



# Swiss Cooperation Strategy

## Albania 2014-2017



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**Swiss Agency for Development  
and Cooperation SDC**

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# Foreword

The Western Balkan region is ranked high on the Swiss foreign policy agenda for increased security, stability and better prospects for European integration. Starting in 1992, Switzerland's support to Albania's transition shifted to a full-fledged programme with the opening of a Cooperation Office in 1997 and the deepening of a trusted partnership based on mutual interests. In 2011, Switzerland ranked 7th in Albania's list of trade partners. Some large Swiss companies have been active in Albania for considerable time and an increasing number of smaller businesses are discovering the Albanian market. In 2011, Switzerland was the 9<sup>th</sup> largest foreign investor in Albania.

The Cooperation Strategy 2014-2017 is rooted in the spirit of the agreements of cooperation between the governments of Switzerland and Albania and was developed by the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO), in close consultation with the Albanian Government and partners, including the civil society. It represents a strong commitment to continue supporting the economic, social and political transition processes in Albania, building on Switzerland's long-term presence in the country and earlier achievements.

Over the years, the cooperation between Switzerland and Albania has grown. Today Switzerland is the 4th largest bilateral development partner in Albania after Italy, Germany and the USA. Albania has achieved remarkable progress in political and macro-economic stability as well as increasing awareness of the importance of international relations in its Euro-Atlantic integration path.

The goal of the Swiss Cooperation is to support the country in addressing remaining challenges in alignment with the priorities as defined by the Albanian Government for specific sectors. It focuses on four thematic domains: Democratisation, Decentralisation and Local Governance; Economic Development; Urban Infrastructure and Energy; Health. Switzerland has relevant expertise in all four domains and is confident that it can make an effective contribution to the development of Albania. The foreseen financial commitments for the period 2014-2017 amount to 88.3 million Swiss francs.

This document provides an overview of recent political, economic, social and environmental trends in Albania. It also discusses the rationale for the Swiss – Albanian cooperation before assessing the achievements and experiences of past interventions. From this it draws implications for the Cooperation Strategy 2014-2017, followed by an outline of the priorities and objectives for the upcoming period. It concludes with information about programme management, monitoring and steering.

The main actors on the Swiss side are the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO), represented by the Swiss Embassy in Tirana, responsible for programme management and coordination. Both agencies will closely cooperate and coordinate in the implementation of their respective parts of the Cooperation Strategy.

We are confident that the strategic goals set out in this strategy are particularly relevant to the sustainable development of Albania and the well-being of its people.

Berne, May 2014

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# Abbreviations

CHF	Swiss Francs
CME	Continuing Medical Education
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DDLG	Democratisation, Decentralisation and Local Governance
EU	European Union
GIZ	German Organisation for International Cooperation
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Assistance
ISSR	Integrated Social Services Reform
LGU	Local Government Unit
NALAS	Network of Associations of Local Authorities of South-East Europe
NATO	North Atlantic Treaty Organisation
NPL	Non-Performing Loan
NSDI	National Strategy for Development and Integration
ODA	Official Development Aid
OSCE	Organisation for Security and Cooperation in Europe
PEFA	Public Expenditure and Financial Accountability
PFM	Public financial Management
PHC	Primary Health Care
PPP	Public Private Partnership
SAA	Stabilisation and Association Agreement
SDC	Swiss Agency for Development and Cooperation
SECO	State Secretariat for Economic Affairs
SME	Small and Medium Enterprise
SWG	Sector Working Group
TAP	Trans Adriatic Pipeline
UN	United Nations
USAID	United States Agency for International Development
VET	Vocational Education and Training
WB	World Bank
WHO	World Health Organisation

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# Executive Summary

Switzerland provides support to Albania since 1992. A full-fledged programme started in 1997 with the opening of a Cooperation Office. It focused on a socially inclusive market economy, democratic political systems providing access to essential services and supporting regional and European integration.

Between 2010 and 2013, Swiss Cooperation supported Albania with an average annual budget of 13 million Swiss francs (CHF) in two priority areas: Democratisation & Rule of Law and Economic Development. The general orientation and approaches applied so far appear to be appropriate to the remaining challenges posed by Albania's economic and democratic transition, therefore the main thrust of the Swiss Cooperation Strategy 2014-2017 remains similar to the former strategy. An analysis of the drivers of change for decentralisation, a health assessment and overall lessons learned lead to the conclusion that Swiss Cooperation is effective in the given circumstances. More emphasis must be given to a socially inclusive market economy and the impetus for a clearer strategic focus per domain of intervention must be maintained. The main change will be the addition of the Health sector as new domain to the programme portfolio.

The Swiss Agency for Development and Cooperation (SDC) and the Swiss State Secretariat for Economic Affairs (SECO) are the main Swiss stakeholders of the Cooperation Strategy in Albania. The Swiss Federal Council Dispatch to Parliament on International Cooperation 2013-2016 and the associated framework credit build the overall domestic foundation for the Cooperation Strategy with Albania.

Switzerland adheres to the principles of the Busan Partnership for effective Development Cooperation and fosters national ownership and aligns its programme to Albania's priorities, as laid down in the draft National Strategy for Development and Integration (NSDI) 2014-2020. There is a notable increase in Swiss Cooperation's foreseen financial commitments with CHF 88.3 million between 2014 and 2017, or CHF 22.1 million per year on average.

The four domains of the Swiss Cooperation Strategy 2014-2017 are:

- Democratisation, Decentralisation and Local Governance (formerly "Democratisation and Rule of Law")
- Economic Development

- Urban Infrastructure and Energy (formerly in the Economic Development Domain)
- Health (new)

Gender and Governance are transversal themes for all projects and programmes.

To further enhance the democratisation and decentralisation process, Switzerland will continue to work with relevant stakeholders engaged in an evidence-based policy dialogue and will advance the decentralisation agenda in a consensual manner. It will accompany the national territorial reform process and give additional emphasis to local economic governance and public financial management at the sub-national level. Quality service provision, in an effective, well planned and socially inclusive manner will be further promoted. Support will be provided for citizens to take a more active role in decision making and in exercising democratic control over administrative and political processes.

In the area of economic development, support to the improvement of the general macro-economic environment will continue through strengthened public financial management capacities, a stronger monetary policy environment, including financial sector regulation and supervision. The private sector will receive targeted support towards an improved business environment in order to offer more jobs. Adequate training will be provided to young women and men and the private sector encouraged to participate in the establishment and the operation of a labour market oriented vocational education and training system. Support will also be given to effective labour market mediation services meeting the needs of job seekers and employers.

Regarding Urban Infrastructure and Energy, support will continue and expand nationally in the water sector, fostering stronger public utilities to operate in a cost effective, customer-oriented manner. Programmes will target additional municipalities to provide their citizens with safe, reliable and affordable water supply and waste water treatment services. A new engagement is foreseen to improve the management of solid waste. In the energy sector, the focus will shift away from dam safety measures, concentrating more on energy supply diversification measures as well as on actions promoting increased energy efficiency.



The health sector will receive substantially more support than it received in the past, with a more systemic support to the central government to improve the management and provision of quality services through better qualified health professionals. The health sector will benefit notably at the primary level, where citizens, especially the marginalised and vulnerable, are expected to have increased access to more decentralised, affordable, quality primary and secondary health services. Furthermore, interventions should help to generate more health conscious citizens, who contribute through increased participation in health promotion and prevention to a more accountable and responsive health system.

The Results Framework in Annex 3 summarizes the goals and the outcomes for the four domains.

This Results Framework will serve as a reference for yearly progress monitoring and reporting as well as for a mid-term review and a final assessment of the achievements of the Strategy.

Bilateral programmes in a large range of institutional settings and adapted to the local context will be complemented by regional programmes in areas such as applied research, Roma inclusion, water and public financial management.

Swiss Cooperation seeks complementarities between its programmes and the EU's Instrument for Pre-Accession Assistance (IPA), harmonisation with other donors' activities and strives for added value and visibility of its activities.



# 1. Context

*Albania is a Mediterranean country in the Western Balkans, where vast coastal zones contrast with remote and mountainous areas. As elsewhere in the region, post-communist transition in Albania started in the early nineties, but unlike its neighbours, suffered less from long lasting episodes of violence and disturbance. After overcoming serious upheavals in the mid and late nineties, Albania maintained political stability and demonstrated progress both in economic and social terms. Environmental issues are slowly rising on the citizens' list of priorities.*

*Data from 2013 shows a decreasing trend in the overall population and rising poverty levels. Many political, economic, social and environmental hurdles remain. Economic transition, widespread corruption and organised crime are among the challenges Albania faces. Democratisation must be further deepened and the rule of law better applied. Decentralisation needs renewed focus, social gaps must be further addressed and economic growth more equally distributed. Opportunities for women and men must be brought to balance and minorities given more attention. Integration into the global modern world is a persistent aspiration of the Albanian people. After gaining NATO Membership in 2009, Albania is increasingly close to being granted EU candidate status.*



## 1.1 Political Context

The historically polarised political climate finds some unity behind EU accession aspirations, but remains a major obstacle for deepening democratisation, functional decentralised institutions and a rigorous application of the rule of law. Low and politically determined financial flows to local governments, underdeveloped tax collection at all levels as well as important capacity gaps, have led to an insufficient coverage and a low quality of public services, and an insecure business environment. A lack of civic engagement results in a still very weak accountability relationship between government and citizens. The absence of a fully performing local government association makes it difficult for local governments to advocate with a powerful voice for necessary reforms. There has been a virtual standstill in the process of further defining the role of the regional governments – known as “Qarks”, the government’s second tier. The fairly elected government in place since early fall 2013 has started promising steps towards major reforms to curb endemic corruption, enhance the territorial administration and foster accountability through increased civic participation. A delay in the government’s expected pace for change may however occur if civil servants’ ability to deliver, both at the national and local levels doesn’t meet expectations. De-politicisation in the public administration and a reduction of the high civil servant turnover rates are highly needed to build and sustain consensus on key reforms, to implement the existing legislation and to strengthen administrative capacities. Women, despite gaining recent electoral successes, continue to generally suffer from limited access to resources and decision making. The multiplicity of media has yet to unleash its potential towards higher quality impartial analysis.

### **Territorial reform and decentralisation**

Responding to current challenges and to electoral promises, the Government is pushing towards a fast reform of the existing territorial and administrative structure. Optimism is allowed after renewed dynamism is injected in the prospects for a more decentralised and efficient delivery model for services at the local level. Despite the government’s intentions to proceed at high speed before the 2015 municipal elections, the outcome of this reform is also strongly linked with the quality of the process, the ability to effectively integrate existing models of excellence in service delivery at the local level, and with an adequate redefinition and attribution of roles at the local, regional and national levels as well as of the means to achieve these roles.





## 1.2 Economic Benchmarks

Albania is now a middle income country, after twenty years of deep transformations towards a more urban and market oriented economy. In the past years, macroeconomic stability was broadly preserved despite the global crisis, reduced economic growth and a rising public debt level. Albania's continued focus on its traditional main trade partners, Italy and Greece, will sustain the current risks associated with its dependence on few and economically weakened partners over the next years, despite rising exports to alternative markets such as Spain and Kosovo. While some migrants from within the region have returned home, the long term effects on remittances are unclear for the moment. The Central Bank is believed to have become genuinely independent and well managed to conduct a reasonable monetary policy. Inflation rates are low and expected to remain below the 3% benchmark and active measures to alleviate borrowing costs have been taken, with an Official Bank Rate set at an all-time low of 2.75% at the beginning of 2014. The business environment despite some improvements remained restrained, for unsolved property issues, low levels of law enforcement and lack of legal security, evidenced by low foreign investment, further undermining economic activity. Important privatizations in the oil and power generation sectors have failed. Improving economic governance remains a major issue, in order to fully embrace the principles of efficiency, accountability and transparency.

The boom years of the mid 2000s with 6% average GDP growth were followed by a marked slowdown. A slow economic recovery is expected, with GDP

growth rates of 2-3% predicted between 2014 and 2016. GDP per capita stood at € 3,340 (30% of the EU average) in 2012, among the lowest in Europe, but income inequality is not a major concern<sup>1</sup>.

Public debt has increased beyond typical EU ceilings and is expected to reach a 76% of GDP peak by 2018, limiting the scope both for expansive fiscal expenditure programmes and further fiscal decentralisation if no widening of the tax base and no increase of collection rates takes place. In that regard, the significant level of informality in Albania's economy (>30%) represents a further hindrance to fiscal equilibrium, because of tax evasion. Agriculture, at roughly 20%, still accounts for a significant share of the economy and employs almost half of the active population.

### Unemployment and the youth

Officially unemployment appears stable at around 13%, yet with an uneven distribution with the North-East bearing the highest rates. Changes in ILO labour statistic standards elevated this figure to 22% in 2013 - 27% if underemployment is added. Young women and men are most affected, with 40% of youth being officially unemployed. With a median age of only 31 years (Switzerland: 42 years), the overall population is therefore widely affected by this phenomenon where the lack of jobs is also rooted in the absence of widespread and functional mechanisms and institutions to bring the different actors of the economy together. Yet, the rather labour-intensive private sector - 80% of GDP / 82% of employment - with a total of 75,000 enterprises where 99 % are of small and medium size, offers reasonable perspectives for future absorption of the unemployed youth, in sectors with good potential such as agribusiness and tourism.



<sup>1</sup> E.I.U. Country report 3rd Q. 2013 and HDR 2013: Gini co-efficient currently stands at 34.5, close to Switzerland's 33.3

Overall, the production base has remained risk prone, for its focus on sectors either adding little value or vulnerable to fluctuations in global commodity prices, such as textiles, footwear and minerals. Currently, the industry sector accounts for 11%, construction for 9% and services for almost 60% of GDP.

### 1.3 Social Development

The emigration of many young Albanians and the reduced fertility rate are believed to be the main reasons for the population's 10% decrease since 1989 according to the 2011 census. Estimates indicate that about half as many Albanians live abroad as in the country, mostly in Italy - where 47% of all Albanian emigrants live - and Greece (43%). Some Albanians are believed to have moved back to Albania after some time abroad, with approximately 25,000 returning migrants from 2001 to 2011. The now roughly 2.8 million inhabitants are mainly urban and young. Social exclusion is suffered mostly

governments. EU aspirations nevertheless led to the design of an integrated social services reform, providing a good working basis, going beyond the improvement of existing social safety nets. This more comprehensive approach will however also require the development and strong involvement of a civil society defending citizens' rights. Prospects for such increased involvement have recently improved. Gender inequality has remained relatively high<sup>2</sup>.

#### Poverty on the rise?

After generally trending downward since 2002, poverty saw an increase, according to the 2011 census data. The significant decrease of 25% since 2002 is now partly offset, with new data on poverty revealing levels of 14.3% (from 12.4% in 2008) and the doubling of extreme poverty since 2008 to 2.2%. More poor people are now registered as urban, shifting disparities away from rural remote areas, with now Kukës, Lezha and Fier as the poorest regions.



#### Health and education: progress but lacking means

Despite remaining largely underfinanced, there is some progress in legal compulsory and pre-university education, in reforms of higher education, and with the development of legislation on vocational education and training. Progress in public health care is slow due to pending implementation of regulations. Capacities in public health remain weak. Substantial efforts are required to upgrade the health system management and the quality of services. Low awareness of providers and patients about the health promotion and protection system hampers its transparent functioning. Of the 5.5% health GDP, only 40% (or 420 €/capita) are public expenditures, the lowest figure among neighbouring countries, leaving the remaining 60% to patients as direct contributions. 2,450 Primary Health Care (PHC) facilities exist with poor infrastructure and 50% of district hospitals function only partly, leaving the gatekeeper role of the PHC non-functional. About 20,000 health workers, including medical and nursing staff as well as pharmacists and dentists represent a limited coverage: when compared with neighbouring countries, the overall density of doctors and nursing staff is well below average, including an unequal rural-urban distribution. Professional qualifications of health workers are often not up-to-date and below regional and EU standards.

by groups such as the Roma, the disabled and internal migrants, affected by continued high unemployment, poor housing and high illiteracy, but quantification has so far proven difficult. While poverty has decreased overall, economic improvements have failed to benefit equally the population of Albania. Mountain and sub-urban areas lag behind. Regional economic and social disparities have widened.

Social development improvements in areas such as health and education have been marginal and domestic violence, affecting almost exclusively women and children, has remained a serious issue. The absence of political consensus limited the scope of implementation of essential reforms and proper resource allocation and led to confusing roles and responsibilities between central and local

2. Human Development Report 2013: Albania ranks #41 of 186, below Croatia or Macedonia, but one rank ahead of the USA





#### 1.4 The Environment

Environmental problems have remained acute, such as visible air pollution in the capital, unaddressed hotspots and untreated solid waste on display. Implementation of legislation remains generally weak also on water quality, noise pollution, wild fires, erosion, overgrazing, illegal logging, overfishing, and loss of biodiversity. A systematic integration of environmental aspects in other sectors remains poor. Waste has remained a major source of pollution and has yet to receive full attention from the central government. Recycling is mostly done by private companies. Progress was made on increased public awareness about solid waste management, notably in some municipalities, but no integrated system exists, despite the approval of a Law on Integrated Waste Management. Regarding energy, the high dependence of Albania on hydropower persists, despite the building of a few thermo plants to enhance capacities. The security of energy supply is still fragile. Looking ahead, the construction of the

Trans Adriatic Pipeline may provide additional energy diversification in the medium term, if the gas market is developed and secondary legislation for the gas sector is approved. Further potential exists within the National Energy Efficiency Action Plan 2011-2018 once its implementation is agreed upon. Electricity distribution has entered an institutional crisis still waiting to be solved, after the brusque 2012 dismissal of the private company in charge of distribution.

Coverage with water and sewerage service points improved moderately with an average water supply of 11 hours per day. As elsewhere in the region, non-revenue water losses still stand at high levels (ca. 67%), impeding water utilities to fully recover costs. Progress was made with the elaboration of the water master plan, including a prioritisation system and investment plan until 2040, requiring €100 million annually to reach short term targets by 2018.

## 2. Rationale for Switzerland's Cooperation with Albania and Donor Landscape

*The Swiss Agency for Development and Cooperation (SDC) and the Swiss State Secretariat for Economic Affairs (SECO) are the main Swiss stakeholders of the Cooperation Strategy in Albania. The Swiss Federal Council Dispatch to Parliament on International Cooperation 2013-2016 and the associated framework credit build the overall domestic foundation for the Cooperation Strategy with Albania.*

Albania is one of five priority countries of the Swiss international cooperation in the Western Balkans together with Bosnia and Herzegovina, Kosovo, Macedonia and Serbia. Swiss support to Albania started in 1992 and aims at sustaining the country's efforts in its transition to democratic and free-market systems; an agenda that is largely driven by the EU accession process and is translated in the Albanian National Strategy for Development and Integration (NSDI), itself broken down into individual sector specific sub-strategies. The Government is currently reviewing the existing framework towards the elaboration of a mid-term budgetary framework supported by the donor community. The thrust of the Swiss Cooperation Strategy matches well with the priorities expressed by the Government, which has emphasised continued focus on decentralisation and territorial reform, water and waste, youth employment, and agriculture.

The fundamentals of cooperation with the region lie on the countries' mutual interest in reconciliation, stability and security, and EU integration. Albania plays an important role for the stability of the region:

enhanced relations with its neighbours would contribute to boost its economy and positioning, further fostering regional stability. The current context of uncertain recovery in Europe speaks for continued support, to avoid the region being caught in a vicious circle of austerity, low growth, high debt and risks of social upheaval. Overcoming these risks in light of Albania's economic potential, strongly supported by a relatively young working force, fully justifies additional support to structural reform efforts, especially in public sector governance, the investment climate and labour markets.

Donor coordination mechanisms put in place by the Government of Albania are well established and functional. The donor community is organised in sector working groups by the Prime Minister's office. Where relevant, Switzerland leads or joins in these sector-wide efforts with other donors. Currently, the Albanian Government and Switzerland co-chair the sector working groups on Decentralisation and Regional Development and on Vocational Education and Training.

Switzerland is among the top ten donors in Albania, together with the EU, Italy, Austria, Germany, the US and the World Bank. It accounts for 4.2% of total ODA in the country. Contrary to others, its aid volume is growing and likely to reach 6.5% of ODA and should help Switzerland enter the top five donors to Albania over the strategy period. Combined with the otherwise declining trend of overall aid volumes from bilateral donors, the partnership and leverage of Switzerland should be considerably strengthened. Several European bilateral donors have already phased out (UK's DFID, the Netherlands and Denmark) or may intend to do so. Remaining "traditional" key donors with a clear bilateral focus on Albania for the coming years are the US, Germany, Italy and Sweden. "New" donors are appearing: Turkey, Japan, the Arabic States and China. The UN system, including the Bretton Woods institutions, is also present, with a UN "Delivering as One" approach in place. Switzerland maintains close coordination with specific partners such as ADA from Austria, USAID and Sweden, as well as German GIZ, and KfW with whom it has a good and long-standing partnership in the water sector. At the same time it has also increasingly engaged through strategic contributions to multilateral partners as main entry points to an enhanced policy dialogue, through their individual convening power: the Council of Europe, OSCE, the World Bank, UNICEF, UNDP and the UN System as a whole.



# 3. Achievements of Swiss Cooperation in Albania 2010-2013

*Looking back as far as 2006, the focus of Swiss Cooperation has remained strongly centred around the current priorities, with democratisation and decentralisation, economic development and basic infrastructure at the core of the mandate. This continuity is based on the high recognition of Swiss Cooperation and its comparative advantage providing Switzerland with a certain edge, reflected in the entrusted co-chairing of Sector Working Groups by the government and other donors. The relevance of the Swiss programme to Albania's national priorities has increased over time, along with the national capacity for policy formulation. Over the last few years, the Swiss Cooperation programme has become increasingly effective and has adopted a more programmatic approach. The former Cooperation Strategy 2010-2013 focused on two domains: Democratisation & the Rule of Law and Economic Development - including infrastructure, with a geographical emphasis on Albania's North West.*

## 3.1 Democratisation and Rule of Law - provision of instruments and working on strategies.

*This domain was divided into two sub-clusters, each following a specific objective.*

**Democratisation and decentralisation:** for this cluster, the main objective consisted in enhancing the capacities of municipalities, communes and the regional governments (Qarks) in Shkodër and Lezhë Regions, with an increased participation of citizens in local and regional decision-making and a strengthened performance and role of civil society organisations (CSOs). At the mid-term of the strategy, some adaptations took place in light of the weakness of CSO development and slow progress in citizen participation. As of today, good results achieved include the improved performance and provision of services delivered by roughly 60 local government units (LGU) - out of a total of 373 LGUs, reaching 15% of the total population - on targeted issues such as (i) higher coverage and quality of waste management, (ii) transparent and efficient fiscal and financial management, (iii) promotion of regional development initiatives and (iv) proactive and regular information and communication with citizens. Manuals and instructions developed jointly with the local administration in waste



and financial management are recognised by the Albanian Government and promoted countrywide, thus yielding a sensible increase of the programme's impact. Overall, successful bottom-up models have been disseminated at the national level and fed into the elaboration of national strategies (e.g. solid waste management strategy and related law); in addition, absorption capacities for available funding have been enhanced, which is of paramount importance in view of substantial financing provided through the EU's Instrument for Pre-Accession Assistance. Switzerland assisted in the formulation of the national policy framework for decentralisation through technical contributions. It maintained a leading role in the coordination of decentralisation and regional development, as co-chair with the Albanian Government of the related Sector Working Group, and provided consolidated and substantial donor feedback on relevant NSDI chapters.

A new partnership with the Council of Europe increased Switzerland's programmatic influence and promoted policy dialogue and evidence-based discussions between local and central governments, resulting in tangible impacts such as (i) enhancing capacities and preparedness for stakeholders to contribute to territorial reform efforts and (ii) an improvement of the civil service legislation, through support provided to the reform of the public administration. The linkages between the different levels of government have received a renewed emphasis by the executive power. Close cooperation with local stakeholders, central government and donors has further promoted the reflection on the future functions and role of the regions (Qarks). Swiss attention



to both local and regional development is mirrored in the donor coordination and is increasingly taken up by the EU.

As a main contribution to knowledge and informed decision-making, the provision of nationally produced reliable data was fostered through targeted budget support to the national institution for statistics as an essential element for upcoming national strategic developments. The active promotion of women in politics generated good results, notably with more women from Northern Albania elected to the national parliament and an overall better performance of women in the last elections.

**Social inclusion:** for this cluster, the main objective consisted in providing Roma with improved access to public services and participation in local decision making, as well as in applying adequate training pedagogy and promoting advocacy for disabled children. Over the period of the strategy, the focus on social inclusion was widened, taking into account the slow development of civic mobilisation and the decision not to reduce exclusion to an ethnic group. Over the period, ongoing programmes continued to provide hands-on contributions, such as the support for increased schooling of Roma, with the view to pave the way for municipalities in targeted areas to take over the programme's role, as foreseen under the current Swiss supported Integrated Social Services Reform. In the four targeted regions of Korça, Elbasan, Berat and Tirana, school enrollment rates for Roma are estimated to have doubled to 40% from the baseline of 2010 and had a remarkable gender impact.



The Swiss Programme supported the introduction of specifically designed pedagogy to allow the integration of the disabled in the regular classroom activities. The paradigm that the disabled only need medical treatment was challenged. The new perception of - and respect for - disabled persons is expected to promote their social inclusion and disability is now addressed as part of the social inclusion strategy.

A strategic partnership with UNICEF has contributed to improve the social protection and inclusion of Roma and provides continuous inputs to feed and inspire the Integrated Social Services Reform. The ISSR is now appropriately designed to bring it closer to European standards. Efforts for policy coherence were made together with the UN to address the still weak institutional capacities.

### 3.2 Economic Development

*This domain was also divided into two sub-clusters, each with its own specific objectives.*

**Economy and Employment:** this cluster's focus was (i) on improved framework conditions, through an enhanced business environment and easier access to finance to promote entrepreneurship, and (ii) on an improved Vocational Education and Training (VET) system to foster employability and income opportunities especially for the youth, women and Roma. Support to the framework conditions contributed to the following examples of achievements: (a) it strengthened the government's institutional capacity to better link key policy objectives and budget allocations through a well-established Integrated Planning System, highly valued by the public expenditure and financial accountability assessment of 2011. This contributed to the elaboration of the Public Financial Management strategy 2013-2020; (b) it improved the business environment in three pilot municipalities - Shkodër, Durrës and Vlorë - tracking changes to business regulation and recording 300 simplified and improved administrative procedures. Transparent and accessible rules for business in these municipalities resulted in time and tax savings for entrepreneurs to the equivalent of \$6 million per year. This model was later replicated in the Tirana municipality; (c) Support to the private sector led to facilitated competitiveness of organic and environmentally-friendly products in the market which generated seasonal employment of 3,700 poor farmers (of which 3,300 women), with an up to ten-fold monthly income increase; (d) it improved economic governance. It supported the improvement of corporate financial reporting with amendments made to the International Accounting Standards and International Financing Reporting Standards (IFRS), both approved as national standards.

Switzerland substantially contributed to strengthen the national VET and Corporate Social Responsibility (CSR) policy and to approximate it to EU standards. Flexible, market relevant and institutionalised systems of qualification were introduced; human resources were developed and the continuing education/skills development for teachers and instructors was introduced or enhanced, as in the case of the health sector; curricula now combine theory and occupational skills; exam procedures and evaluations were standardised in collaboration with the private





sector and some VET schools were renovated; a debate on the role of the private sector for VET and on CSR practices was launched; and the National Employment Service slowly starts to implement labour market measures, with the number of benefitting youth nearly doubling in targeted regions in one year since 2012 with 40% of women participation. Overall, the enrollment rate of VET schools increased by more than 5 percentage points to 23%. While a comprehensive VET strategy is still in the making, clusters in targeted schools evidence both the impact of Swiss intervention and the potential for further strengthening: for instance in the Swiss-supported VET school in Durrës, 70% of students are employed, compared to a national average of 20%.

**Infrastructure:** this cluster had two main objectives, related (i) to the energy sector, with the aim to contribute to increased efficiency and reliability of the sector and (ii) to the water sector, with the objective to contribute to increased reliability and safety of water supply and waste water services. A third intervention line related to a gradual engagement into the field of environment was not further pursued after the strategy mid-term review found that further strategic sharpening was warranted.

In terms of achievements in the energy sector, Switzerland supported Albania's efforts to sustainably operate energy assets through the dam safety programme: an initial € 1 million feasibility study laid the basis for a multi-donor funded programme worth € 65 million to ensure the safety of the Albanian hydro-energy production infrastructure. Increased energy security was promoted by supporting

the preparation of a frame for the development of a natural gas market and the conclusion of two international agreements allowing for the implementation of socially and environmentally compatible large gas infrastructure projects. Switzerland's support significantly contributed to establish the necessary conditions in Albania for the realisation of the Trans Adriatic Pipeline, securing important investments for Albania in the coming years and paving the way for energy diversification.

The water sector was sustained by continued support to the public water utilities in targeted areas, through investments and institutional strengthening for a safer, more reliable and cost efficient supply of drinking water and for more adequate sanitation and wastewater treatment. Substantial input was given to the elaboration of the water and sewerage strategic framework, including the master plan. Access to clean water improved further, securing supply almost around the clock in focus areas with a total population of roughly 120,000. Water utilities managed to further reduce water losses, which nevertheless remained at high levels and progressed moderately towards cost coverage targets. Governance issues were the most important challenges in this area, impeding the completion of activities as planned in one major municipality.

# 4. Main Lessons Learned - Implications for the Cooperation Strategy 2014-2017

*The future orientation of the programme is based on experiences and lessons learned, on general and specific context analysis and on the mutually recognised value added of Swiss Cooperation. It is consistent with the Albanian National Strategy for Development and Integration and with the Swiss Federal Council's Dispatch to Parliament.*

## 4.1 Main lessons learned

Focus and identification: past intervention lines were managed under domains too broad to remain meaningful. A sharper, more streamlined programme sustains improved operational delivery and a better perception of other development actors, eases the policy dialogue and fosters the basic principles of Aid Effectiveness: in the past years the Swiss programme was managed towards a reduction in the number of interventions, aiming in parallel at an increase of the financial volume of individual operations. At the same time, better denominated future domains would help to improve Swiss Cooperation's effectiveness through better identification. Synergies with different components have substantially improved the interaction between existing actions at the crossroads of the Swiss priority lines of intervention.

Flexibility and new partnerships: the strategy period has benefitted from the needed flexibility for operations to remain on track, and, while keeping their initial focus, pragmatically adapting the delivery of specific elements to country conditions, such as for example delayed direct support to local government associations, because no common grounds of cooperation could be found within a given timeframe. New partnerships, especially through contributions to multilateral organisations, such as the Council of Europe and the UN family, have helped to raise the level of influence in given sectors, notably in Decentralisation and Social Inclusion. For economic development, beyond support to the VET sector, it has become strategically important to endorse a more comprehensive view, which has led to the adoption of a three pronged approach beyond VET development, also addressing the demand side of labour, as well as the linkages between supply and demand.

Perseverance as a virtue: Swiss Cooperation is well-positioned in the country thanks to an inclusive, politically neutral and predictable approach as well as

a strong result orientation. Elections did not affect Switzerland's appreciated and valued status. The continued institutional support of Swiss Cooperation to the Albanian Government through building the management capacities of strategic projects contributed to the final decision to favour the Trans Adriatic Pipeline. In the governance domain, slow progress with civic movements does not hinder the development of other capacity-building components.

Importance of leadership: Switzerland's lead role in the donor-government dialogue on issues such as Decentralisation, Regional Development and Vocational Education & Training have proven instrumental to a continued trusted relationship among donors and relevant governmental bodies, to foster the policy dialogue and to increase the potential impact of Swiss Cooperation.

## 4.2 Implications for 2014-2017

Continuity of Swiss cooperation should prevail as the main thrust of the strategy, both as a consequence of past achievements and the priorities set out by the Albanian administration. Its current mandate - since September 2013 - covers almost exactly the period of the present strategy.

Rule of law and democracy will remain a focus area for Swiss Cooperation, now under a new heading, including programmatic support to social inclusion. The efforts to improve local public service delivery will be deepened, new ways will be sought to strengthen cooperation among the different government levels and civic engagement will be fostered. Economic Development will remain an important and better defined field of intervention for Swiss Cooperation and existing, respectively future infrastructure programmes will be grouped in a separate domain of intervention. Based on an assessment conducted in 2012, Switzerland will engage in the health sector, beyond human resource strengthening with Swiss priorities matching the country's extraordinary needs and limited support provided by other donors.

Synergies between the different action lines will be further strengthened to allow for a comprehensive programme and well intertwined individual actions. In that sense, in the future, actions related to Public Financial Management at the local level will be "hosted" by the domain Democratisation,



Decentralisation and Local Governance. The strategy is to retain a mix of approaches and instruments as well as flexible solutions in view of future developments.

To further nourish the policy setting and dialogue with bottom up approaches, continued importance will be given to local capacity building in targeted areas and diversified partnerships, notably with larger institutions with a high convening power; this will remain particularly relevant in the case of social inclusion, which follows a broader approach, as already initiated in 2013, including support to promising mechanisms such as UN's concept of Delivering as One, to which the Government of Albania has fully adhered.

Changes of government bring risks and opportunities, at both the local and/or the national level. The national changes provide new momentum in a number of areas, such as the territorial and

administrative reform, which can provide a better basis for improved service delivery at the local level. The Swiss engagement will take into account the renewed optimism and steer the programme according to realistic and politically neutral assessments of the developments. A strengthened monitoring of general governance issues, notably in the infrastructure sector, will aim at improved delivery of cooperation endeavours and at an adequate collaboration between municipal powers and public utilities.

The government has declared both youth employment and VET and its dual delivery mode as a priority for its tenure. Against this background, the development of an improved national framework for employment and VET integration should enhance the overall formal setting and allow for the integrated Swiss approach to employment in Albania to further gain space. A capitalisation of 20 years of experience supporting VET in Albania will provide the Swiss future support with additional insights.



# 5. Strategic Orientation 2014-2017



## 5.1 Overall Goal

Switzerland supports Albania's transition efforts and contributes to effective democratic systems and a socially inclusive, competitive market economy in support of its European integration.

is to be intensified. The quality of local governance and notably the fight against corruption require an increased engagement. Improved services for the population, including marginalised groups such as the Roma, are fundamental for the overall sustained development of the country. Special measures to ensure social inclusion are deficient despite being an EU accession criterion.

## 5.2 Democratisation, Decentralisation and Local Governance (DDLG) Domain

**Why?** The rationale for engagement lies in past experience, promising developments and a strong EU integration agenda. Even though the past years had shown some signs of slowing, the decentralisation reform has regained momentum after the June 2013 general elections. Strong leadership towards a profound territorial and administrative reform has emerged, providing a good potential baseline for improvements. In parallel, the transfer of competences to local units still requires support in view of even more delegated tasks and improved capacities in sub-national Public Financial Management. LGUs need to federate, the role of regions is to be further clarified and strengthened, and civic participation

**Main goal:** better provision of socially inclusive services through an advanced decentralisation reform and strengthened local democracy.

**What?** Switzerland will continue to contribute to the policy dialogue for the DDLG agenda; yet, even more attention will be given to the linkages between the different levels of government, to improve communication and cooperation between them. As a complement, support to political processes will gain relevance and platforms of dialogue will be promoted to foster the reform agenda beyond political affiliations. More emphasis will be put on public financial management at the sub-national level, transparency as well as on the participation and responsiveness of civil society actors. Quality and access of the population to local public services



for all will be further promoted. Promising drivers of change for decentralisation will be supported, and emphasis will be given to reaching political consensus and a reduction of politicisation of the public administration. New elements will be identified to strengthen local governance and democracy and promote regional development also seizing the opportunities provided by Albania's territorial reform.

The main intervention lines should contribute (i) for relevant stakeholders to engage in an evidence-based policy dialogue and to advance the decentralisation agenda allowing for political consensus building, (ii) to strengthen local economic governance and public financial management at the sub-national level, (iii) for central, regional and local government to plan, allocate resources appropriately, implement and monitor socially inclusive service according to more clearly attributed functions and responsibilities, and (iv) for citizens to take a more active role in decision making and to exercise democratic control over administrative and political processes. Elected representatives and citizens engage in a constituency relationship fostering continuous responsiveness and accountability.

**How?** Successful bottom-up approaches will be fostered to address the major reform issues, including fiscal decentralisation through the transfer of competences and finance to local government units (LGUs). For the improvement of democracy, cooperation will be sought through different means including the media, to improve participation, with a special emphasis given to youth elected representatives, as potential drivers of change. Vertical dimensions

will be addressed through policy dialogue and consensus building. The horizontal dimension will target quality service delivery, by rolling out and scaling up tools, possibly through earmarked municipal budget support in view of fostering governance principles and performance. To ensure socially inclusive measures, a multidimensional and programme-based approach will support ongoing national reforms.

### 5.3 Economic Development Domain

**Why?** The rationale for renewed involvement lies in past successes of Swiss support and current needs and challenges, as main justifications for continuity of focus on economic development through macro-economic support and private sector development and the promotion of employment opportunities and skills development, including through formal VET systems. The business environment and overall framework conditions need further improvements in support of private sector development.

**Main goal:** the Albanian economy benefits from improved framework conditions to follow an inclusive growth path, with increased employment opportunities, especially for the youth.

**What?** Switzerland will favour a holistic approach, addressing different areas of support, including public financial management at the central level, the financial sector, the private sector at large and a comprehensive package to address youth unemployment.

The main intervention lines should contribute to (i) an improved macro-economic environment through strengthening public financial management capacities, the monetary policy environment and financial sector regulation and supervision (ii) enabling the private sector, through an improved business environment, to offer more jobs, including through enhanced entrepreneurial skills, improved corporate governance practices and increased transparency and accountability in corporate financial reporting as well as through facilitated access to finance and enhanced competitiveness of SMEs internationally, and (iii) more adequately trained young women and men for available jobs, whereby employers, notably from the private sector participate in the establishment and the operation of a labour market oriented education and training system. Effective labour market mediation services meet the needs of young job seekers and the private sector.

**How?** Switzerland will contribute to the improvement of macro-economic stability through support of planned reforms via technical assistance and capacity building in partnership with International Financial Institutions and development partners drawing on Swiss expertise when possible and relevant.





Swiss interventions in private sector development will combine a bottom-up approach with policy dialogue, bilateral, multilateral and regional initiatives and will further strengthen existing partnerships. Youth employment will be tackled in a programmatic approach, including a deeper interaction with the private sector, involving the three dimensions of youth employment support: the VET system and adequate skills development, increased employment opportunities and better matching services between the demand for - and the availability of - a skilled labour force. Interventions will privilege comprehensive, inclusive approaches and make use of Public Private Partnerships whenever appropriate.

#### 5.4 Urban Infrastructure and Energy Domain

**Why?** Urban infrastructure and energy supply are important pillars for economic growth. The need to improve basic infrastructure and associated services remains high, alongside the need to continue to enhance the administrative management capacities of local governments. The Swiss Cooperation has produced recognised results since 1992. Also, the integrated approach on public services combining institutional strengthening and investment measures, especially at the local level is an important contribution to Albania's development. The potential for synergies with intervention lines under the domain democratisation, decentralisation and local governance is important, with a common concern for the

quality and sustainability of public services and the focus on municipalities.

**Main goal:** enhanced urban infrastructure and related services as well as reliable energy supply improve the living conditions of the Albanian population.

**What?** Key areas include the promotion of affordable, safe and cost efficient water supply, disposal and treatment of waste water and solid waste; the improvement of energy security through diversification - including the development of the gas market - and energy efficiency.

The main intervention lines should contribute to (i) strengthened public utilities operating in a cost effective and customer oriented manner, (ii) citizens in the targeted areas being provided with safe, environmentally sound, reliable and affordable water supply, waste water and solid waste services and (iii) improved energy efficiency and diversification of supply.

**How?** Swiss cooperation in urban infrastructure and energy will develop along three main complementary lines of action: (i) policy dialogue at the national and local levels, (ii) financing of infrastructure - rehabilitation and upgrade - and (iii) capacity building of public utilities. In the water sector, whenever possible Swiss grants and partners' soft loans will be combined for increased effectiveness, whereby funding of infrastructure investments may be subject to reaching predefined performance targets.



## 5.5 Health Domain

**Why?** Albania's health system is undergoing a reform process and presents good opportunities for continued engagement and expansion to health management issues. Overall, the health system is neither effective nor efficient and suffers from widespread corruption and a non-functional referral system. In 2011, public health contributed to only 2% of Albania's GDP in addition to the private contributions of 3.5% of GDP. Quality services are inaccessible especially for marginalised groups and imply high "out of pocket" expenses and under the table payments. Health is receiving little support from donors, including the EU. In rural areas, where half of Albania's population lives, access to health services becomes even more problematic.

Human resources of the health system need to be further developed. Switzerland's engagement in the health sector has been limited but dates back to 1993 and builds on a solid and recognised network, notably thanks to its ongoing and successful support in strengthening capacities and promoting continuing medical education in the country. There is an important synergy potential with other Swiss interventions in Albania, notably those that aim at improving local governance, urban infrastructure, skills development and social inclusion and protection.

**Main goal:** the Albanian population, including the most vulnerable, benefits from better health thanks to improved access to higher quality and better managed health services.

**What?** The portfolio, aligned with the SDC health policy and with the Government priorities and reform in the health sector, will build on the existing experience and network developed in the sector. It will respond to the need to strengthen the capacities of professionals working in the health sector - doctors, nurses and managers - to decrease the burden of non-communicable diseases and to strengthen prevention measures and health promotion. A specific target will be the training for better financing and management of the health system and for improving the responsiveness of the primary health care in selected regions. Interventions can be complemented by limited hardware investments if necessary. Modern techniques such as telemedicine and distance learning will be explored.



From the main intervention lines, it is expected that (i) the central government, donors and other relevant actors engage in the health system reform leading to better management and provision of services, (ii) citizens, especially the marginalised and vulnerable, have increased access to more decentralised, affordable, quality primary and secondary health services. More health conscious citizens contribute through increased participation toward a more accountable and responsive health system.

**How?** Primary health care is to be the main focus of Swiss support to the Albanian health system – where most of people receive their services from. This will be realised by having a systemic approach and pilot regions for reaching out to promote social inclusion and reduce inequities/inequalities. Exchange and learning will be sought within the Region and through SDC's Health Network. The Swiss support will be provided in full coordination and cooperation with other remaining active donors in the health sector namely the WB, WHO (co-chairing SWG in health and involved in policy dialogue), and USAID.

## 6. Programme Implementation and Steering

**Partners, synergies and geographical focus:** The Swiss Cooperation Strategy for Albania will consist of contributions by SDC and SECO, working towards joint objectives and being jointly represented by the Swiss Embassy in Tirana, responsible for programme management and coordination. In order to maximise the coherence and impact of Swiss interventions, close coordination of activities will be ensured by both institutions, especially in areas such as public financial management and private sector development, which have the highest potential for synergies. Implementing partners are governmental bodies, multilateral organisations, NGOs and private sector entities, with most of them based on trustful relationships built over the past. New strategic partners will join according to open tendering procedures, which will continue over the strategy period. Due to the size of the country, there will be no specific geographic focus for Swiss Cooperation intervention; cooperation targets the whole of Albania – but for SDC the poorer regions will remain of particular interest.



**Aid modalities, donor coordination:** In line with the Paris and Accra Declarations and the Busan Partnership for effective Development Cooperation, in view of increased effectiveness and sustainability of cooperation, alignment with the country's own strategies is actively sought by Switzerland and well reflected in the strategy's priorities. Swiss Cooperation will promote donor harmonisation and mutual learning in overall cooperation, seeking whenever possible joint endeavours with other bilateral or multilateral organisations. Donor coordination together with the Government will continue within

Sector Working Groups for specific fields of development. Swiss Cooperation will either continue to lead strategic forums or closely follow upon other relevant ones, including through existing strategic partnerships such as with the UN system, which operates under a Delivering as One scheme in Albania. Given the important role the EU plays for Albania's policy and strategy formulation, through the IPA Programme and the pre-accession agenda, close cooperation will be sought to enhance and leverage Swiss contributions.

**Transversal themes:** The mainstreaming of gender to achieve equal opportunities and rights for women and men and notably to make best use of the often underutilised resources of women for development will continue. Accordingly, a culturally sensitive gender analysis will prevail to feed the implementation of programmes and projects, with the minimal pre-requisite of the "do no harm" principle for any Swiss financed endeavour. Besides being addressed specifically through programmes in one domain, governance will also be promoted transversally, along the current principles of Swiss Cooperation. Specific emphasis will be put on the principles of participation, accountability and anti-discrimination as an integral part of the strategic goal of social inclusion.

Regional cooperation is an essential element of Swiss Cooperation Strategies in terms of solving region-specific problems through cooperation between countries, improving relations and enhancing mutual trust. In addition to existing cross-border initiatives and regional programmes, possibilities for simultaneous and coordinated programme development, joint programmes and learning in different countries will be explored. Regional initiatives to foster water associations and applied research will be further supported.

Synergies for increased regional cooperation will be sought among neighbouring Youth Employment programmes whereas exchange will be promoted with health programmes in other countries of the region. Other regional cooperation efforts will target experiences on economic governance and tax reforms as well as on decentralisation processes, through the Network of Associations of Local Authorities of South East Europe and the Open Regional Fund, managed by Germany's GLZ. In addition to this, global and regional initiatives to improve the understanding of public financial management and develop shared knowledge and experience on

public financial management reforms, e.g. through peer learning, capacity building and support to the design and development of reform action plans, will be continued via the Public Expenditure Management Peer Assisted Learning Initiative and the World Bank's SAFE Trust Fund.

**Resources:** The Swiss Programme will be managed by the Director of Cooperation and his/her Deputy. A Regional Advisor (Health) with operational duties (50%) will be available from 2015. In addition up to 5 local staff (NPO) will be in charge for the programme implementation. New commitments in the cooperation with Albania will average CHF 22.1 million per year, i.e. an increase by more than 30% from the previous Cooperation Strategy. As Switzerland chairs the OSCE in 2014, special measures to ensure complementarities will be taken including for supplemental financing for specific projects.

**Steering and Monitoring:** The steering of individual programmes will in most cases be delegated to a Committee of relevant Ministries, stakeholders and Swiss Cooperation, with implementers acting as secretariat of the Committee. Overall, the Cooperation Strategy will be subject to systematic, ongoing monitoring to contribute to ensuring relevance,

effectiveness and efficiency of the Swiss programme and easier accounting for results. The monitoring process is the overall responsibility of the Director of Cooperation. For the progress assessment of the Swiss portfolio, implementing partners, as well as other stakeholders relevant for a particular domain of intervention, provide the Swiss Embassy with the relevant data as needed. As reflected in more detail in Annex 2, the monitoring of the Programme is carried out at three levels: (i) at the country level to assess progress made in delivering the expected results as stipulated in national sector strategies; (ii) at the Swiss portfolio level to keep track of the achievements in the different domains and to assess their contribution to national level policies; and (iii) at the Swiss Embassy level to measure and verify the performance in terms of application of aid modalities, cooperation with partners, allocation of financial resources and other management dimensions. The Swiss Embassy will engage at least twice a year in different components of strategic monitoring, including the analysis of the country context. A mid-term review will gather data and reflect the need for potential adjustments to the strategy. Annual reports will provide helpful data for the mid-term steering of the strategy.

## Budget 2014 – 2017

Domain of intervention	Planned disbursements 2014-2017			Planned disbursements 2014-2017			Planned commitments 2014-2017		
	(in CHF million)			(in percentage of total planned disbursements)			(in CHF million; including new commitments that entail disbursements beyond 2017)		
	SDC	SECO	Total	SDC	SECO	Total	SDC	SECO	Total
Democratisation, Decentralisation, Local Governance	23	1	24	27%	1%	28%	25	1	26
Economic Development	13	7	20	16%	8%	24%	13	9	22
Urban Infrastructure & Energy		25	25		30%	30%		25	25
Health	10		10	12%		12%	10		10
Programme Management and Other Costs*	3.4	1.3	4.7	4%	2%	6%	4	1.3	5.3
<b>Total</b>	<b>49.4</b>	<b>34.3</b>	<b>83.7</b>	<b>59%</b>	<b>41%</b>	<b>100%</b>	<b>52</b>	<b>36.3</b>	<b>88.3</b>

\* Includes: Programme Management (CHF 3.5 million) and Global Credit (CHF 1.8 Million)

# Annex 1: Swiss Cooperation Strategy Albania 2014-2017 at a Glance

Overall Goal			
Switzerland supports Albania's transition efforts and contributes to effective democratic systems and a socially inclusive, competitive market economy in support of its European integration			
Democratisation, Decentralisation and Local Governance	Economic Development	Urban Infrastructure and Energy	Health
<b>Objective:</b> Better provision of socially inclusive services through an advanced decentralisation reform and strengthened local democracy.	<b>Objective:</b> The Albanian economy benefits from improved framework conditions to follow an inclusive growth path, with increased employment opportunities, especially for the youth.	<b>Objective:</b> Enhanced urban infrastructure and related services as well as reliable energy supply improve the living conditions of the Albanian population	<b>Objective:</b> The Albanian population, including the most vulnerable, benefits from better health thanks to improved access to higher quality and better managed health services.
<b>Outcomes:</b> <ul style="list-style-type: none"> <li>Relevant stakeholders engage in an evidence-based policy dialogue and advance the decentralisation agenda allowing for political consensus building.</li> <li>Local economic governance and public financial management at sub-national level are strengthened.</li> <li>Central, regional and local government plan, allocate resources appropriately, implement and monitor socially inclusive service according to more clearly attributed functions and responsibilities.</li> <li>Citizens take a more active role in decision making, exercise democratic control over administrative and political processes. Elected representatives and citizens engage in a constituency relationship fostering continuous responsiveness and accountability.</li> </ul>	<b>Outcomes:</b> <ul style="list-style-type: none"> <li>The macro-economic environment is improved through strengthening public financial management capacities, the monetary policy environment and financial sector regulation and supervision.</li> <li>Private sector, through an improved business environment, offers more jobs. Enhanced entrepreneurial skills, improved corporate governance practices and increased transparency and accountability in corporate financial reporting, facilitated access to finance as well as enhanced competitiveness of SMEs internationally.</li> <li>Young women and men are adequately trained for available jobs. Employers, notably from the private sector participate in the establishment and the operation of a labour market oriented education and training system. Effective labour market mediation services meet the needs of young job seekers and the private sector.</li> </ul>	<b>Outcomes:</b> <ul style="list-style-type: none"> <li>Strengthened public utilities operate in a cost effective and customer oriented manner.</li> <li>Citizens in targeted areas are provided with safe, environmentally sound, reliable and affordable water supply, waste water and solid waste services.</li> <li>Energy efficiency and diversification of supply are improved.</li> </ul>	<b>Outcomes:</b> <ul style="list-style-type: none"> <li>Central government, donors and other relevant actors engage in the health system reform leading to better management and provision of services.</li> <li>Citizens, especially the marginalised and vulnerable, have increased access to more decentralised, affordable, quality primary and secondary health services. More health conscious citizens contribute through increased participation toward a more accountable and responsive health system.</li> </ul>
Transversal Themes: Gender and Governance			
Regional Cooperation			

# Annex 2: Monitoring system

The Monitoring of the Cooperation Strategy will involve the gathering, analysis, synthesis and documentation of data from different sources of information. It will be carried out at three levels:

The country context will be monitored by an existing well established Monitoring System for Development-Related Changes (MERV). The Swiss Embassy regularly monitors the overall context development to allow timely responses to changes impacting the Swiss programme.

Results of the Swiss Portfolio will be monitored based upon the Results Framework (Annex 3) to understand and steer programme developments. The instrument is used by Swiss Embassy staff with information received from project staff. It will also serve

to monitor developments in the transversal themes gender and governance.

At the management level, 3 to 4 instruments are used to monitor the management dimension: the Internal Control System and the Office Management Report as internal steering mechanisms. It allows for monitoring the implementation of objectives related to the allocation of financial resources, aid modalities, donor coordination, human resource development and knowledge management. The external audit serves as additional means of verification. Besides these annually used instruments, internal audits are carried out on a regular, but unplanned basis. They seek to foster general accountability principles and round up and verify the other existing control mechanisms.

## Monitoring System of the Swiss Cooperation Strategy Albania 2014-2017

Level	Monitoring field	Mechanism	Frequency	Responsibility
Country Context	Overall country context relevant to Swiss Country Strategy	MERV	Annually	Swiss Embassy +External feedback
Results of Swiss Portfolio	Swiss Portfolio outcomes	Results Monitoring and Annual Report	Annually	Swiss Embassy
	Country Development	Results Monitoring and Annual Report	Annually	Swiss Embassy
	Transversal Themes: Gender and Governance	Results Monitoring and Annual Report	Annually	Swiss Embassy
Management	Swiss Embassy efficiency and compliance	Office Management Report	Annually	Swiss Embassy /HQ
		Internal Control System	Annually	Swiss Embassy /HQ
		External Audit	Annually	Swiss Embassy
		Internal Audit	Unspecified	HQ



# Annex 3: Results Framework

**Overall Goal:** Switzerland supports Albania's transition efforts and contributes to effective democratic systems and a socially inclusive, competitive market economy in support of its European integration.

<b>Domain of Intervention: Democratization, Decentralisation and Local Governance (DDLG)</b> <b>Objective:</b> Better provision of socially inclusive services through an advanced decentralisation reform and strengthened local democracy		
(1) Swiss Portfolio Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes <sup>3</sup>
<p><b>Outcome statement 1</b></p> <p>Relevant stakeholders engage in an evidence based policy dialogue and advance the decentralisation agenda allowing for political consensus building.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Number of priority issues of decentralisation/regional development agenda voiced and brought up in national platforms to the attention of central government.</li> <li>Number of existing mechanisms/arenas where local elected representatives can work for and reach consensus with central government and across party lines.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>No common voice of local government units to advocate their interests at the central level.</li> <li>Debates at national level are not evidence based and especially the data on fiscal decentralisation is not reliable and difficult to access.</li> <li>Regional 'Expert Groups' established for waste management, financial management and strategic planning but not systematically consulted by central government.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Multi party platforms of LGUs advocating for decentralisation reform and regional development are effective and address key issues (i.e. territorial reform, fiscal/financial autonomy, etc.).</li> <li>Shkodër and Lezhë models (and possibly others at a later stage) enrich the national discussion on regional development.</li> <li>Research and data feed into professional expertise and lay the basis of policy papers.</li> <li>Regional 'Expert Groups' are taken into account by central government.</li> </ul>	<p><b>Link between (1) and (3),</b> <i>Intermediate results/sequence</i></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Supports vertical integration of the decentralisation reform through facilitating platforms for political compromise and evidence based policy making.</li> <li>Will co-lead with Gov. of Albania the sector working group on decentralisation and regional development.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>The government revitalizes the vision for a decentralisation agenda and effective administrative reform.</li> <li>Elected representatives and bodies at local and regional levels are accountable to citizens (rather than only to their political party).</li> <li>Gradually, reformed associations of LGUs become functional again in the advocacy, expertise and capacity development.</li> <li>New Law on Public Administration is implemented efficiently also at the local level.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Main political parties may continue to contribute to the divide among LGUs, further weakening the role of local government associations.</li> </ul>	<p><b>Outcome statement 1</b> <i>To be revised upon completion of NSDI</i></p> <p>The vision for local government conforms to the provisions of the Constitution, the principles of the European Charter of Local Self-Government, and the objectives in the framework of the SAA (NSDI 2007-2013: p.40).</p> <p>The vision (for regional development) is a balanced and sustainable socio-economic growth among the regions of Albania, in general, and of mountainous and remote areas in particular, aimed at supporting the rapid development of the entire country (NSDI 2007-2013: p.78).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Fulfillment of principles of European Charter of Local Self-Government.</li> <li>Funding of local government corresponds better with decentralised responsibilities (in 2013 local government are underfunded also in regional comparison).</li> <li>Better correspondence of regional budget with regional development policies promoting regional potentials and reducing disparities.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Weak and fragmented local government associations.</li> <li>Unreliable statistical system no systematic local data gathering.</li> <li>High inefficient number of local government layers and of LGUs.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Stronger platforms to ensure participation on decentralisation reforms.</li> <li>Improvement of the quality and professionalism of public administration through implementation of the new Civil Servant Law.</li> <li>Government starts the reform process on the second layer of governance (Regions i.e. Qarks).</li> </ul>

3. Sources for all domains: (i) EU Progress Report 2013 for Albania, (ii) draft Albanian National Strategy for Development and Integration 2014-2020 (NSDI) and (iii) sector specific strategies (mostly unfinished at the time of publication, such as the VET and Employment Sector Strategy 2014-2020.



<p><b>Outcome statement 2:</b> Local economic governance and public financial management at sub-national level are strengthened.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Sub-national budget cycle and inter-governmental finance system.</li> <li>Sub-national PFM assessment (e.g. according to PEFA methodology).</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Proven need and increasing demand for PFM reform a) insufficient, unpredictable and non-transparent central to local government transfers; b) inadequate priority setting in capital investment; c) lacking financial management and procurement skills and procedures; d) unclear tax policy.</li> <li>Municipal finance and expenditure review (WBI 2013 t.b.c.).</li> <li>No full-fledged sub-national PEFA assessment and no sub-national PFM action plans available.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Increased financial predictability at the sub-national level.</li> <li>Strong demand for increased financial transfers to and overall funding levels of local governments.</li> <li>Enhanced PFM capacities and increased tax collection (along clarified tax policy)/own local revenue in targeted areas.</li> <li>PEFA sub-national assessments conducted and discussed.</li> </ul>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Improves PFM capacities of targeted local government units. Currently, effective sub-national PFM is also limited by central government reform gaps with ongoing fiscal decentralisation reform. While the focus is on improved sub-national PFM, interventions can thus not be reduced to sub-national government level only and need to take national PFM reforms into account.</li> <li>Ensures that PFM reforms strike a balance between the objectives of macroeconomic stability, sufficient funding for public service delivery and an attractive business environment. Therefore, close cooperation between the interventions for Outcome 2 (Governance Domain) and Outcomes 1 and 2 (Economic Development Domain) is required.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Political willingness of the government towards public financial management reforms.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Severe economic situation hinders the ongoing reforms.</li> <li>Budget discipline, inadequate strategic allocation of funds, quality and effectiveness of PFM procedures.</li> </ul>	<p><b>Outcome statement 2 To be revised upon completion of NSDI</b></p> <p>Ensure prudent and sustainable fiscal framework to improve fiscal resource mobilisation and public expenditure management (strategic goal 1: public finance).</p> <p>Ensure realistic, well integrated and efficient planning and budgeting: upgrade the capacity of the public and civil service for transparent, accountable and effective performance and service delivery (strategic goal 2: public finance).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Predictability and transparency of an equitable municipal and regional finance system.</li> <li>Other fields of observation to be defined based on NSDI 2014-2020 strategy once drafted/approved by government.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Formula on unconditional grants lacking transparency and predictability.</li> <li>Weak fiscal autonomy of local government (revenue structure at 30/70 with majority from State budget).</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>More transparent formula for unconditional grants leading to more predictable transfers, based on the principles of proportionality, fairness and equality.</li> <li>Local finance and budgeting is consolidated by increase of own revenue.</li> </ul>
<p><b>Outcome statement 3:</b> Central, regional and local government plan, allocate resources appropriately, implement and monitor socially inclusive services according to more clearly attributed functions and responsibilities.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Provision of quality services to citizens by local government.</li> <li>Progress in municipal Waste management reform.</li> <li>Inclusive reform at the municipal level social services.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Low citizens' satisfaction with service delivery.</li> <li>Already disseminated good practice guidelines in planning municipal waste management.</li> <li>Social inclusion of Roma in education and health, and respective decision making is low.</li> <li>Responsibilities of Qarks in service delivery and monitoring under constant dispute.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Higher citizen's satisfaction with municipal service delivery.</li> <li>Country wide implementation of guidelines in planning municipal waste management.</li> <li>Increased responsiveness of LGUs to satisfy the marginalised groups' demand and the exercise of their rights to equal access to services (sustained efforts to achieve MDG and EU standards).</li> <li>Services provided by incapacitated Qarks/larger LGUs generate a widely acknowledged added value for regional development.</li> </ul>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Supports the coherence of policies, structures and capacities at central, regional and local levels (i.e. through integrated planning system, support to Public Administration Reform and Integrated Social Services Reform) and in line with EU standards.</li> <li>Supports roll out and up-scaling of good practices in waste management, mid-term budgeting, strategic planning and e-governance and others.</li> <li>Strengthening regional development.</li> <li>Ensure synergies with the domain Urban Infrastructure and Energy and primary health care delivery.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Financial resources of LGUs will increase and their distribution will be more transparent and predictable.</li> <li>The citizens increase their demand for qualitative services from their LGUs.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Political party polarisation continues to undermine progress in service delivery reform.</li> </ul>	<p><b>Outcome statement 3 To be revised upon completion of NSDI</b></p> <p>Effective local government bringing services closer to citizens, ensuring their participation in decision making and transparency (NSDI 2014-2020).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Inclusive service provision to the citizens.</li> <li>Civil Servant Law implementation.</li> <li>Other fields of observation to be defined based on NSDI 2014-2020 once drafted /approved by the government.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Unclear functions for service provision among levels of government.</li> <li>Uneven quality and access to basic services for citizens.</li> <li>Limited funding and technical capacities of local governments to deliver services.</li> <li>Regional policies unable to address internal migration and widened social disparities.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>A professional, modernised and impartial administration, capable of offering transparent and quality services to the public (Public Administration Reform).</li> <li>Implementation of the Integrated Social Services Reform (ISSR).</li> <li>Strengthened regional development and reduced regional disparities.</li> </ul>

<p><b>Outcome statement 4:</b> Citizens take a more active role in decision making, exercise democratic control over administrative and political processes. Elected representatives and citizens engage in a constituency relationship fostering continuous responsiveness and accountability.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Accountability and transparency as basic principles of local democracy exercised at LGU level.</li> <li>Interaction with and engagement of citizens, civil society groups and media in improving governance at local level (i.e. decision-making/budgetary processes, information to citizens).</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Engagement of citizens and civil society in decision making processes at local level is limited or non-existent.</li> <li>There is a lack of trust of citizens toward their elected representatives and government structures at any level.</li> <li>LGU's processes and mechanisms are not transparent and sharing of power at local level is asymmetrical.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Municipal administrations respond better to the citizens' demand for quality services and enforce dialogue with citizens.</li> <li>Municipal Assemblies exercise their oversight functions, hold municipal administrations accountable and report transparently about their efforts and findings.</li> <li>Public information about LGU decision making and performance is enhanced.</li> <li>Civil society is better organised, increasingly takes part to decision-making processes and fosters accountability and transparency at the local level.</li> </ul>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Supports constituency building processes of locally elected representatives and promotes local democracy principles.</li> <li>Encourages the role of identified drivers (i.e. media, youth groups) at the local level to foster civic mobilisation and public debates.</li> <li>Fosters transparency of local decision making processes (i.e. budgetary processes, elections for instance through e-governance) as well as the accountability of locally elected people.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>The power of citizens and civil society when it comes to keeping accountable their elected officials is very much underutilised.</li> <li>Establishment of a check-and-balance system at local level is crucial for having a genuine democracy and good governance.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Unwillingness of LGUs to open up and to co-operate along principles of transparency and accountability. Limited possibilities to foster integrity in public administration.</li> <li>Next local elections may have negative impact (i.e. turn-over, increased political tensions).</li> <li>Not a strong or non-existent civil society at local level.</li> <li>Continuous political tension and weak dialogue might limit the positive energy directed at national policies and their implementation.</li> </ul>	<p><b>Outcome statement 4 To be revised upon completion of NSDI</b></p> <p>Strengthen the fight against corruption through reinforced integrity of institutions, good governance, consolidation of the check-and-balance system, as well as further development of systems that provide high transparency in public service delivery (NSDI 2014-2020, 2.1).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Transparency of decision-making and service delivery at the local governance.</li> <li>Level of participation of citizens in decision-making processes at the local level.</li> <li>Women's empowerment, representation and participation in political and public decision-making at the local level.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Civic mobilisation is non-existent.</li> <li>Local government decision-making lacks transparency and consultation with civil society organisations and other relevant stakeholders.</li> <li>Civil society plays a limited role in the fight against corruption.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Develop e-governance and offer interactive public services via internet for the citizens and the businesses.</li> <li>Strengthen the fight against corruption through reinforced integrity of institutions, good governance, consolidation of the check-and-balance system, as well as further development of systems that provide high transparency in public service delivery.</li> <li>Enhance professionalism and integrity of public administration to meet the EU integration and national development challenges.</li> <li>Albania, a country with a low corruption level and integrity institutions that promotes the values of good governance.</li> </ul>
<p><b>(4) Lines of intervention (Swiss Programme)</b></p>		
<p><b>Outcome 1:</b></p> <ul style="list-style-type: none"> <li>Promote donor coordination and policy dialogue.</li> <li>Support different platforms for achieving political consensus among local elected representatives and with the central government.</li> <li>Support research and institutionalisation of expertise/know-how in key areas relevant for (decentralisation-related) policy developments.</li> </ul> <p><b>Outcome 2:</b></p> <ul style="list-style-type: none"> <li>Support to sub-national public financial management reform, taking national PFM reform into account (e.g. budget planning, execution, procurement, reporting and audits according to good governance standards).</li> <li>Increase municipal own revenues and advocate for higher predictability and reliability of central to local government transfers.</li> <li>Improve public financial management at the local level by participating in the World Bank Multi Donor trust Fund for public financial management (Integrated Planning System) in combination with support for analytical work and approaches to reform (e.g. local PEFA).</li> </ul> <p><b>Outcome 3:</b></p> <ul style="list-style-type: none"> <li>Strengthening of public administration at the sub-national level</li> <li>Disseminate and scale-up of methodologies and management standards.</li> <li>Capitalise and roll-out models developed in pilot regions (i.e. waste management).</li> <li>Earmarked budget support on a performance basis.</li> <li>Supporting capacity development in view of accessing IPA funding/upcoming structural funds.</li> <li>Support knowledge generation for evidence-based social inclusion policies.</li> <li>Increase horizontal, vertical and across sectors policy management capacity of central govt. level to coordinate, monitor and evaluate the implementation of social inclusion and protection policies.</li> <li>Support the implementation of designed inclusive policies at regional and local levels.</li> <li>Enhance LGU's capacity to respond to the marginalised groups' rights to equal access to services.</li> </ul> <p><b>Outcome 4:</b></p> <ul style="list-style-type: none"> <li>Enhancing public information.</li> <li>Build constituencies at local level, using interaction opportunities and public platforms for increasing transparency and accountability.</li> <li>Identify and utilize drivers of changes that can enhance democracy and foster civic mobilisation at the local level.</li> </ul>		
<p><b>(5) Resources, Partnerships (Swiss Programme)</b></p>		
<p>Budget: CHF 26 million: 25 Million SDC; 1 Million SECO Main partners: Ministry of Finance, Ministry of Local Issues and associated Ministries to decentralisation processes, MSWY (Ministry of Social Welfare and Youth), Regional Structures, Municipalities, Municipal councils, LGUs and region Associations; Civil society Organisations; UN Agencies, Council of Europe (incl. Congress of Local and Regional Authorities). Coordination with other donors: USAID, ADA (also in delegated cooperation), Italian Cooperation, SIDA, GIZ and OSCE mainly.</p>		

<b>Domain of Intervention 2: Economic Development</b> <b>Objective:</b> The Albanian economy benefits from improved framework conditions to follow an inclusive growth path, with increased employment opportunities, especially for the youth.		
(1) Swiss Portfolio Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes
<b>Outcome statement 1</b> The macro-economic environment is improved through strengthening public financial management capacities, the monetary policy environment and financial sector regulation and supervision. <b>Fields of observation:</b> <ul style="list-style-type: none"> <li>Key public financial management (PFM) indicators according to PEFA in the following areas: a) credibility of budget b) comprehensiveness and transparency c) policy-based budgeting d) predictability and control in budget execution d) accounting, recording and reporting e) external scrutiny and audit.</li> <li>Number and type of relevant measures to strengthen the monetary policy environment and financial market regulation and supervision.</li> </ul> <b>Baselines:</b> <ul style="list-style-type: none"> <li>National PEFA 2011.</li> <li>Need to maintain financial stability in the face of different challenges (Eurozone spill overs, increase in NPLs, monitor capital and liquidity levels; IMF Art. IV consultations 2012).</li> </ul> <b>Targets:</b> <ul style="list-style-type: none"> <li>Improvement on key PFM indicators according to PEFA.</li> <li>Maintain monetary and financial stability; contribute to financial sector development and strengthening of financial market regulation and supervision.</li> </ul>	<b>Link between (1) and (3), Intermediate results/sequence</b> <b>Switzerland supports:</b> <ul style="list-style-type: none"> <li>Improvement of macroeconomic stability through support for planned reforms and policy dialogue with respective key institutions (e.g. Ministry of Finance). Support will focus on strengthening public financial management capacities and strategic planning at the national level.</li> <li>Enhancement of financial sector regulation and supervision and strengthening of institutional capacities for an efficient, robust and inclusive financial sector;</li> </ul> <b>Risks and Assumptions</b> <b>Assumptions:</b> <ul style="list-style-type: none"> <li>Positive attitude of the government towards macroeconomic stability reforms.</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>Slow progress in macroeconomic stability reforms due to a lack of support from the government. Severe economic conditions which hinder the implementation of reforms.</li> </ul>	<b>Outcome statement 1</b> Maintaining a stable and predictable macroeconomic environment. (Draft NSDI 2014-2020) <b>Fields of Observation:</b> <ul style="list-style-type: none"> <li>Macroeconomic stability – inflation, exchange rates etc.</li> <li>Financial sector stability – non performing loans etc.</li> </ul> <b>Baselines:</b> <ul style="list-style-type: none"> <li>Public debt has reached 67% in 2013</li> <li>Financial markets are underdeveloped and potentials are not fully used.</li> </ul> <b>Targets:</b> <ul style="list-style-type: none"> <li>Public debt is stabilized and later reduced</li> <li>Developed financial markets and improved financial supervision.</li> </ul>
<b>Outcome statement 2:</b> Private sector, through an improved business environment, offers more jobs. Enhanced entrepreneurial skills, improved corporate governance practices and increased transparency and accountability in corporate financial reporting, facilitated access to finance as well as enhanced competitiveness of SMEs internationally. <b>Fields of observation:</b> <ul style="list-style-type: none"> <li>Number of start-ups and entrepreneurs trained, male and female, still in business after one year.</li> <li>Number of SMEs with greater access to finance and international markets / volume of exports.</li> </ul> <b>Baselines:</b> <ul style="list-style-type: none"> <li>The new entrepreneurship programme will determine baselines.</li> <li>Increase rate of SMEs with access to finance: 11% (2012) (from low level – but no official data available).</li> </ul> <b>Targets:</b> <ul style="list-style-type: none"> <li>To be determined by new entrepreneurship programme.</li> <li>Annual Rate of increase of SME's with access to credit remains at 5-15%, as long as it is below reaching 60% of SME's.</li> </ul>	<b>Link between (1) and (3), Intermediate results/sequence</b> <b>Switzerland:</b> <ul style="list-style-type: none"> <li>Provides support to making business environment more conducive, increasing entrepreneurial skills and improving access of SMEs to financing and international markets which should over time strengthen their competitiveness, thereby creating jobs.</li> </ul> <b>Risks and Assumptions</b> <b>Assumptions:</b> <ul style="list-style-type: none"> <li>Positive attitude of the government towards business environment and economic competitiveness reform.</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>Heated political climate may undermine SMEs' investment in Albanian economy.</li> <li>Dependence on the global economy/recovery.</li> </ul>	<b>Outcome statement 2</b> A competitive economy, with dynamic entrepreneurship and productive industries. (Draft NSDI 2014-2020, World Bank Business Indic). <b>Fields of Observation:</b> <ul style="list-style-type: none"> <li>Number and type of successful reforms.</li> <li>Contribution of private sector to GDP.</li> </ul> <b>Baselines:</b> <ul style="list-style-type: none"> <li>Contribution of private sector to GDP is 80%.</li> <li>Contribution of private sector to employment is 82%.</li> </ul> <b>Targets:</b> <ul style="list-style-type: none"> <li>Improved business climate.</li> <li>Developed export market (regional/EU).</li> <li>Contribution of private sector to GDP increases.</li> <li>Contribution of private sector to employment: number of jobs created and/or retained.</li> <li>Promote a culture of entrepreneurship through qualification and training for 2,000 young potential entrepreneurs.</li> <li>Increase the level of lending and create schemes to support 100 women-led businesses and 1,000 new businesses (start-ups).</li> </ul>

<p><b>Outcome statement 3:</b></p> <p>Young women and men are adequately trained for available jobs. Employers, notably from the private sector, participate in the establishment and the operation of a labour market oriented education and training system. Effective labour market mediation services meet the needs of young job seekers and the private sector.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Number of companies in the relevant sectors satisfied with skills and work attitudes of VET schools and university graduates.</li> <li>Size of gap between school exit and labour market entry.</li> <li>Number of private sector companies engaging/entering the matching service market.</li> <li>Number and quality of certified VET operators entering or established in VET market.</li> <li>Number of jobs created through improved business and financial services as well as reformed policy and regulation.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>22,000 jobs posted in 2012; very low information level for the young unemployed; percentage of young women and men satisfied by labour market services and information to be defined.</li> <li>More baselines to be determined with start of new programmes.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Jobs created: 4,000 in agribusiness, 4,500 in tourism and 2,500 in ICT, by 2017.</li> <li>Young people increasingly enter into the job market in the selected sectors through increased access for youth to job intermediation services, including the media.</li> <li>30,000 jobs posted by 2017; 100,000 young people, out of them at least 50% women, have access to job opportunities through labour market information and better policies.</li> </ul>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Swiss Cooperation:</b></p> <ul style="list-style-type: none"> <li>Supports labour market oriented education and training including both soft and technical skills in economic sectors with potential to generate employment, such as: agro-processing, tourism, garment and ICT.</li> <li>Supports the coordination of skills development with employers from sectors with a good potential for providing jobs.</li> <li>Stimulates self-employment/entrepreneurship.</li> <li>Supports the scaling up and institutionalisation of existing job matching services.</li> <li>Stimulates the private sector to enter this matchmaking service market.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Economic growth enhances private sector absorption capacities on a labour market provided with skilled labour. Matching services are used for formalising employment and business. Youth employment, VET, skills development remains a priority for the government.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Perceptions, attitudes and stakeholders' willingness to cooperate are detrimental to the involvement of young people in the labour market. Replacement by skilled demand oriented labour from VET schools by higher education degrees.</li> </ul>	<p><b>Outcome statement 3</b></p> <p>Life-long access and employment opportunities for all.</p> <p>(Draft NSDI 2014-2020 and Government of Albania Programme 2013-2017; draft strategy for VET and employment 2014-2020).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Job creation.</li> <li>National Employment Services.</li> <li>Skills development.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>1 million unemployed.</li> <li>Poor satisfaction of businesses and job seekers with National Employment Services.</li> <li>Skills providers and human resource consultancies do not work closely with businesses to equip young women and men with adequate skills that meet the needs of the private sector.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>300,000 jobs by 2017: 155,000 in agriculture and livestock; 11,000 in tourism; 4,000 in ICT, while 52,000 in productive industry; 15,000 in maritime industry, 62,000 through reform social assistance scheme.</li> <li>Modernize National Employment Services, strengthen National Labour Council and establish National Agency of Employment by 2017 which improves considerably the satisfaction of businesses and job seekers.</li> <li>All job seekers under 25 are trained by 2015.</li> </ul>
<p><b>(4) Lines of intervention (Swiss Programme)</b></p>		
<p><b>Outcome 1:</b></p> <ul style="list-style-type: none"> <li>Support strengthening of management of public resources at national level (tax policy, tax administration, internal audit, budget, treasury and public debt operations).</li> <li>Improve monetary policy capacities through the bilateral programme with the Bank of Albania.</li> <li>Support strengthening of financial sector regulation and supervision as well as development of financial markets.</li> </ul> <p><b>Outcome 2:</b></p> <ul style="list-style-type: none"> <li>Improve the business environment through increased transparency, accountability and reporting.</li> <li>Improve access to finance and international markets for SMEs.</li> <li>Foster entrepreneurship with a view to encouraging new business start-ups, help the growth of existing ones and (formal) job creation..</li> </ul> <p><b>Outcome 3:</b></p> <ul style="list-style-type: none"> <li>Strengthen labour market oriented education and training in sectors with growth potential and which are attractive to the youth, thus increasing the likelihood of providing jobs.</li> <li>Facilitate the set-up of quality services and access to finance to private enterprises in sectors with good employment generation potential.</li> <li>Improve and enhance existing public and private job matching and employment services.</li> </ul>		
<p><b>(5) Resources, Partnerships (Swiss Programme)</b></p>		
<p>Budget: CHF 22 million: 13 Million SDC; 9 Million SECO</p> <p>Main partners: Ministry of Finance, MSWY (Ministry of Social Welfare and Youth), Central Bank of Albania, private sector associations and actors.</p> <p>Coordination with other donors: WB, IFC, GIZ, ADA, UN.</p>		

<b>Domain of Intervention 3: Urban Infrastructure and Energy</b> <b>Objective:</b> Enhanced urban infrastructure and related services as well as reliable energy supply improve the living conditions of the Albanian population.		
(1) Swiss Portfolio Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes
<b>Outcome statement 1</b> Strengthened public utilities operate in a cost effective and customer oriented manner. <b>Water and Wastewater management services</b> <b>Fields of observation:</b> <ul style="list-style-type: none"> <li>Technically sustainable operational and maintenance cost coverage.</li> <li>Collection efficiency.</li> </ul> <b>Baselines:</b> <ul style="list-style-type: none"> <li>Cost coverage: Berat-Kuçova &gt;100%; Delvina ~50%; Gjirokastra 110%; Kamza 80%; Librazhd 82%; Lushnja 77%; Lezha 58%.</li> <li>Collection efficiency: Berat-Kuçova 74%; Delvina 85%; Gjirokastra 85%; Kamza 85%; Librazhd N/A; Lushnja 80%; Lezha 90% (urban) and 30% (rural).</li> </ul> <b>Targets*:</b> <ul style="list-style-type: none"> <li>Cost coverage: Berat-Kuçova &gt;100%; Delvina &gt;90%; Gjirokastra &gt;110%; Kamza &gt;90%; Librazhd &gt;90%; Lushnja &gt;90%; Lezha 100%.</li> <li>Collection efficiency: Berat-Kuçova &gt;85%; Delvina &gt;=85%; Gjirokastra &gt;90%; Kamza &gt;90%; Librazhd &gt;90%; Lushnja &gt;80%; Lezha 80%.</li> </ul> <p>* For some cities targets are modest as they are confronted with new cost structures.</p> <b>Solid waste management services</b> Fields of observation, baseline and target values will be defined in the design of the solid waste management programme.	<b>Link between (1) and (3), Intermediate results/sequence</b> <b>Swiss Cooperation:</b> <ul style="list-style-type: none"> <li>Supports strengthening of public utilities to improve their performance (efficient, reliable and affordable water supply and sanitation services) and financial sustainability.</li> </ul> <b>Risks and Assumptions</b> <b>Assumptions:</b> <ul style="list-style-type: none"> <li>Positive attitude of the managers of utilities.</li> <li>Positive attitude of government towards improving performance of public utilities.</li> </ul> <b>Risks:</b> <ul style="list-style-type: none"> <li>Weak management capacities.</li> <li>High energy cost.</li> <li>Deficient regulatory framework.</li> </ul>	<b>Outcome statement 1</b> Orientate utilities towards full cost recovery and control. (NSDI 2014-2020; National Action Plan on Energy Efficiency Growth; Energy Sector Strategy, National Water Supply and Sewerage Services Sector Strategy 2011-2017; Water Supply and Sewerage Master Plan for Albania 2013-2040). <b>Fields of Observation:</b> <ul style="list-style-type: none"> <li>Maintenance and operation costs in utilities.</li> <li>Level of non-revenue water.</li> <li>Collection rate.</li> </ul> <b>Baselines</b> (average for all 58 utilities): <ul style="list-style-type: none"> <li>Operational cost coverage: ca. 65%.</li> <li>Non-revenue water is 57.5%.</li> <li>Collection rate is 75%.</li> </ul> <b>Targets:</b> <ul style="list-style-type: none"> <li>Operational cost coverage reaches 100% by 2020.</li> <li>Non-revenue water is lowered to 30% by 2020.</li> <li>Collection rate/willingness to pay reaches 100%.</li> </ul>



<p><b>Outcome statement 2:</b></p> <p>Citizens in targeted areas are provided with safe, environmentally sound, reliable and affordable water supply, waste water and solid waste management.</p> <p><b>Water and Wastewater management services</b></p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Number of citizens having access to improved public services (water and waste).</li> <li>Supply rate: additional connections to water services.</li> <li>Tariffs are socially affordable.</li> <li>Hours of water service continuity.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Lezha 90% in urban area and 30% in rural areas and other TBD.</li> <li>Additional connections to improved sewerage disposal (from 0).</li> <li>Baseline of tariffs will be defined at programme start.</li> <li>Berat-Kuçova ~8h/d; Delvina ~6h/d; Gjirokastra ~2h/d; Kamza ~3h/d; Librazhd ~24h/d; Lushnja ~3h/d; Lezha 21h/d.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>450,000 citizens in seven targeted municipalities; Lezha 94% (urban) and 45% (rural) (4,000 new connections). Other: TBD.</li> <li>Berat-Kuçova 40,000; Delvina N/A; Gjirokastra 5,000; Kamza TBD; Librazhd TBD; Lushnja N/A; Lezha 70%.</li> <li>Targeted municipalities average household water and sewerage expenditures compared to minimum wage per month are below 5%.</li> <li>Berat-Kuçova TBD; Delvina TBD; Gjirokastra TBD; Kamza TBD; Librazhd 24h/d; Lushnja TBD; Lezha 24 h/d water (city center).</li> </ul> <p><b>Solid waste management services</b></p> <p>Baseline and target values will be defined in the design of the solid waste management programme.</p>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Supports improvement of urban infrastructure, with a strong customer oriented focus, which is guaranteed by financially sustainable utility companies.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Continuation of fruitful cooperation with municipalities and public utilities leads to successful completion of interventions.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Political difficulty in setting tariffs towards full cost recovery, affordability and willingness to pay for waste water and solid waste management are challenges still to be solved.</li> </ul>	<p><b>Outcome statement 2</b></p> <p><b>Water, sewerage, waste water treatment:</b></p> <p>Ensure high quality and affordable water supply and sewerage services and waste water treatment, based on financial efficiency and sustainable environmental development.</p> <p>(National Water Supply and Sewerage Services Sector Strategy 2011-2017; Water Supply and Sewerage Master Plan for Albania 2013-2040).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Urban water supply network coverage to 100%, and in rural areas 95%, by 2020</li> <li>Sewerage network coverage in urban areas at 89% and 60% in rural areas</li> <li>Increased percentage of population connected to waste water treatment service to 50%</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Customer satisfaction is poor.</li> <li>Hours of service: 11 hours per day (2013).</li> <li>Water quality not in line with WHO standards.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Customer satisfaction improved</li> <li>Continuity of water supply service reaches 20 hours per day in all the country by 2020.</li> <li>Water quality is line with WHO standards.</li> </ul> <p><b>Integrated waste management (to be developed further)</b> efficient and safe collection, storage, and treatment system that relies on a high awareness of the community on recycling and recovery.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Dispose 45% of landfill waste and recycle 55% of urban waste.</li> <li>Develop regional waste management plans.</li> <li>Develop and operate regional landfills according to EU standards.</li> </ul>
<p><b>Outcome statement 3:</b></p> <p>Energy efficiency and diversification of supply are improved.</p> <p>Improved diversification of energy supply through the development of the gas market in the frame of the Trans Adriatic Pipeline project (TAP). Improved energy efficiency through allocation of counterpart funds to strategic pilot projects.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Capacities of national institutions to manage large infrastructure projects relating to alternative energy resources.</li> <li>Level of energy savings (kwh).</li> </ul> <p><b>Baselines / Targets:</b> will be developed in the new programme.</p>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Supports the improvement of reliability of electricity provision to households and industries and the reduction of constraints to private sector growth.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Timely realisation of Trans-Adriatic Pipeline (TAP).</li> <li>Energy efficiency promotion becomes a priority topic and Government-led allocation of counterpart funds follows this trend.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Insufficient capacity of Government: Dispute with land owners, involvement of municipalities/regional councils and insufficient funding secured for the development of the Albanian domestic gas market.</li> <li>Delayed implementation and construction of TAP.</li> <li>No gas available or allocated for Albanian gas market after finalization of TAP construction works.</li> </ul>	<p><b>Outcome statement 3</b></p> <p>An energy system based on market principles able to cover energy demand for sustainable development of the economy, ensuring environmental protection and social welfare at minimum social cost.</p> <p>(Energy Sector strategy and Action Plan).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Level of domestic gas consumption.</li> <li>Number of measures to improve energy efficiency.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Gas consumption level in 2013: TBD.</li> <li>Level of energy efficiency: TBD.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Increase natural gas consumption of total energy consumption by 15% until 2020.</li> <li>Improve energy efficiency by 200% until 2018.</li> </ul>



**(4) Lines of intervention (Swiss Programme)****Outcomes 1 and 2:**

- Corporate development and technical assistance
- Investments in infrastructure and equipment
- Public information and awareness raising
- Empowerment (institutional capacity development) of public utilities, municipalities, regulatory entities and central government in performing their designated tasks and functions

**Outcome 3:**

- Technical assistance/Support in developing a domestic gas market
- Promoting energy efficiency and renewable energy production through pilot projects

**(5) Resources, Partnerships (Swiss Programme)**

Budget: CHF 25 million SECO

Main partners: Albanian Energy Corporation (KESH), Ministry of Energy and Industry, Ministry of Economic Development, Trade and Entrepreneurship, Ministry of Transport and Infrastructure, Ministry of Finance, Municipalities, Public Utilities.

Coordination with other donors: EU, KfW, GIZ, WB, IFC, EBRD, ADA, USAID.

## Domain of Intervention 4: Health

**Objective:** The Albanian population, including the most vulnerable, benefits from better health thanks to improved access to higher quality and better managed health services

(1) Swiss Portfolio Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes
<p><b>Outcome statement 1</b></p> <p>Central government, donors and other relevant actors engage in the health system reform leading to better management and provision of services.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Functioning and coverage of the continuous medical education system.</li> <li>Function of health financing scheme.</li> <li>Availability of management skills in health system and health financing.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>CME system is still in early steps and not fully accessible by all professionals.</li> <li>There is a shortage of professionals with management and financing skills and know-how, leading to gaps in key aspects of the reform implementation (i.e. health financing, restructuring plan etc.).</li> <li>A school of Health Management has been created recently but is not yet functional and operational.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>A better coverage of CME system for at least 80% of health professionals especially in targeted remote regions.</li> <li>Sound curricula are prepared and institutionalised for health managers.</li> <li>The % of trained health professionals with management and financing skills is increased at least twice (tbd); they feed the system at both central and regional levels (i.e. MoH, regional directorates, hospital and health centres' directors).</li> </ul>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Offers Technical assistance to Health Ministry and/or other important central institutions for core reforms such as CME, health governance and financing and health professional development.</li> <li>Support to a newly created School of Health Management (or other training institution) to be operational and fully equipped with necessary resources and expertise.</li> <li>Key managers of the health system will be trained in health management and financing issues.</li> <li>Due coordination with the Integrated Social Services Reform and social inclusion programme will be ensured.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>The Government will remain committed to the current health sector reform and possibly increase its funding (share of GDP).</li> <li>Public administration will increasingly promote the appointment of health professionals and skilled professional managers in the health system. The newly created school of health management will be supported and given the proper attention from the government.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>The government doesn't maintain the set priorities and approaches.</li> <li>Financial resources for the entire health system can be reduced in the current financial context.</li> </ul>	<p><b>Outcome statement 1</b></p> <p>The multidisciplinary health reform focuses on improving governance and capacity building to ensure effective management of health services and institutions, health system financing, public access to quality health service and expansion of social protection services. Reform financial mechanisms and tools which ensure efficient financial coverage of the rising costs in the health system (Draft NSDI 2014-2020).</p> <p>Due coordination with the Integrated Social Services Reform.</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Improve clinical and administrative management of health institutions at all levels.</li> <li>Basic and continuous education and of health services managers.</li> <li>The gap of health professionals between known best practices and inadequate, outdated practices still used.</li> <li>Continuous strengthening of the financial and managerial autonomy of Primary Health Care Centers.</li> <li>Standardise norms and procedures for institutional management.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Problematic CME system performance in remote areas. 1300 health professionals have no credits and most of them are from remote areas.</li> <li>Shortage of health professionals with management and financing skills.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>The number of health professionals without any credit at all and from remote areas diminishes to 20%.</li> <li>Number of credits received especially by the groups of professionals that have stayed behind increased.</li> <li>Reorganised management and financing of public hospitals and outpatient centers aiming to increase their autonomy.</li> <li>Standardised norms and procedures for the management of institutions.</li> <li>Creation of spaces required for the efficient use of income.</li> </ul>

<p><b>Outcome statement 2</b></p> <p>Citizens, especially the marginalised and vulnerable, have increased access to more decentralised, affordable, quality primary and secondary health services. More health conscious citizens contribute through increased participation towards a more accountable and responsive health system.</p> <p><b>Fields of observation:</b></p> <ul style="list-style-type: none"> <li>Variety of health services available and accessible at local level.</li> <li>Number of trained health professionals at local level; the quality of working conditions in order to ensure a conducive environment for supporting health professionals.</li> <li>Level and number of transparency and accountability mechanisms established at the local level.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Referral system does not work. Bad quality of services at primary level do oblige patients to seek care directly in the better equipped policlinics, leading to inefficiencies, informal payments and decreased access to basic services for the poorest.</li> <li>12,000 nurses are not part of Continuous Medical Education system. Health professionals lack the most basic skills and because of also unattractive environment, lack the motivation to perform.</li> <li>Non-communicable diseases are on the rising trend in Albania causing 2-3 times more deaths than in Western Europe. Preventive measures are missing and the focus is still on curative care.</li> <li>Corrupted practices are very high with health professionals being ranked second in the list of the most corrupted public officials.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>% of vulnerable groups benefiting from service of primary and secondary level is increased by 50% in selected regions.</li> <li>In selected regions, CME activities are provided for all health professionals that are out of the system, such as nurses and midwives.</li> <li>Basic infrastructure in selected primary health care institutions in at least 2 Qarks is established and functional.</li> <li>Citizens in at least 2 Qarks are made aware of risk factors and health promotion takes place with at least two campaigns per year.</li> <li>Introduce mechanisms where citizens can offer their feedback on access and quality of services received at primary level in at least 2 Qarks.</li> </ul>	<p><b>Link between (1) and (3), Intermediate results/sequence</b></p> <p><b>Switzerland:</b></p> <ul style="list-style-type: none"> <li>Focuses on improving the functioning of and access to primary and secondary health care in selected regions, building exemplary cases of a functioning referral system.</li> <li>Intends to decrease health related “out of pocket payments” for poor and marginalised people.</li> <li>Supports improved management capacities at primary and secondary levels to foster the autonomy of regional structures, a more efficient management of resources and more accessible / responsive needs-based services, incl. the poorest.</li> <li>Strengthens capacities of health professionals at primary level, incl. limited provision of equipment and infrastructure, as needed for them to work in decent conditions.</li> <li>Strengthens health promotion in the regions, targeting key professionals (i.e. General Practitioners, nurses) and communities, service users and disadvantaged groups, leading to more ‘health literacy’.</li> <li>Fosters measures that increase citizens’ interaction with health institutions to enhance transparency and accountability mechanisms.</li> <li>Ensures coordination/cooperation with regional/local governments, when shared functions are involved.</li> </ul> <p><b>Risks and Assumptions</b></p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>The dysfunction of the referral system starts at primary care level with deficient infrastructure, lack of professional capacities and medicines, and need of professional managers.</li> <li>Situation of primary care level deprives especially marginalised groups from accessing quality services.</li> <li>Non-communicable diseases are the leading cause of morbidity in Albania and the current focus on curative care should change toward a preventive one.</li> <li>The high level of corruption penalises especially the marginalised groups from accessing quality services at local level.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>High corruption level can impede the performance of primary and secondary levels and consequently access to quality services.</li> </ul>	<p><b>Outcome statement 2</b></p> <p>Protect and improve public health through reachable and equal services for all; establish a qualitatively new health service; provide services with standards comparable to the EU countries, for all Albanian citizens.(Draft NSDI 2014-2020).</p> <p><b>Fields of Observation:</b></p> <ul style="list-style-type: none"> <li>Managerial autonomy of Primary Health Care Centres, the clear definition of the service package and treatment protocols, and infrastructure investment.</li> <li>Quality of services through improved clinical and institutional management.</li> <li>The gap of health professionals between known best practices and inadequate, outdated practices still used.</li> <li>Structures and mechanisms to receive, review and address patient complaints.</li> </ul> <p><b>Baselines:</b></p> <ul style="list-style-type: none"> <li>Inadequate and inefficient referral system.</li> <li>Marginalised groups are the most penalised groups from accessing health services.</li> <li>Out of pocket payment for receiving health services is very high.</li> </ul> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>Improved chronic disease prevention and control programmes through mechanisms that identify and address risk factors such as smoking, alcohol abuse, drug abuse, unhealthy nutrition, physical inactivity, unhealthy living style and developed efficient health promotion strategies and policies.</li> <li>Supported and enabled participation of organisations advocating patients’ rights in cross-sector coordination mechanisms, in boards of health institutions, in forums that discuss on health policies, and in policy formulation, implementation and monitoring.</li> <li>Reduced citizens’ direct “out of pocket” payments to obtain necessary health services, especially for poor and marginalised people.</li> <li>Identified and addressed socio-economic factors and those related to the organisation of the health system to improve social protection mechanisms and specific care to the elderly, to prevent and manage chronic morbidity and improve survival across the social gradient.</li> </ul>
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**(4) Lines of intervention (Swiss Programme)****Outcome 1:**

- Technical assistance provided for CME system and health governance and financing.
- Trainings in management and financing of the health system (incl. potentially assistance to the newly created health management school).
- Health system is strengthened by targeting primary and secondary health care levels. Due coordination with the Integrated Social Services Reform is ensured.

**Outcome 2:**

- Develop a show-case for a functioning referral system.
- Strengthening of human resources at primary/regional level, incl. management skills.
- Improvements of basic infrastructure at selected locations.
- CME system supported for health professional in selected regions, with focus on General Practitioners, nurses.
- Fostering health promotion with citizens more conscious of disease risks and their lifestyle.
- Supporting mechanisms for a greater accountability and transparency of the health sector at the local level.
- Reduce "out of pocket payments"; Ensure due coordination/cooperation with regional local governments when shared functions are involved.

**(5) Resources, Partnerships (Swiss Programme)**

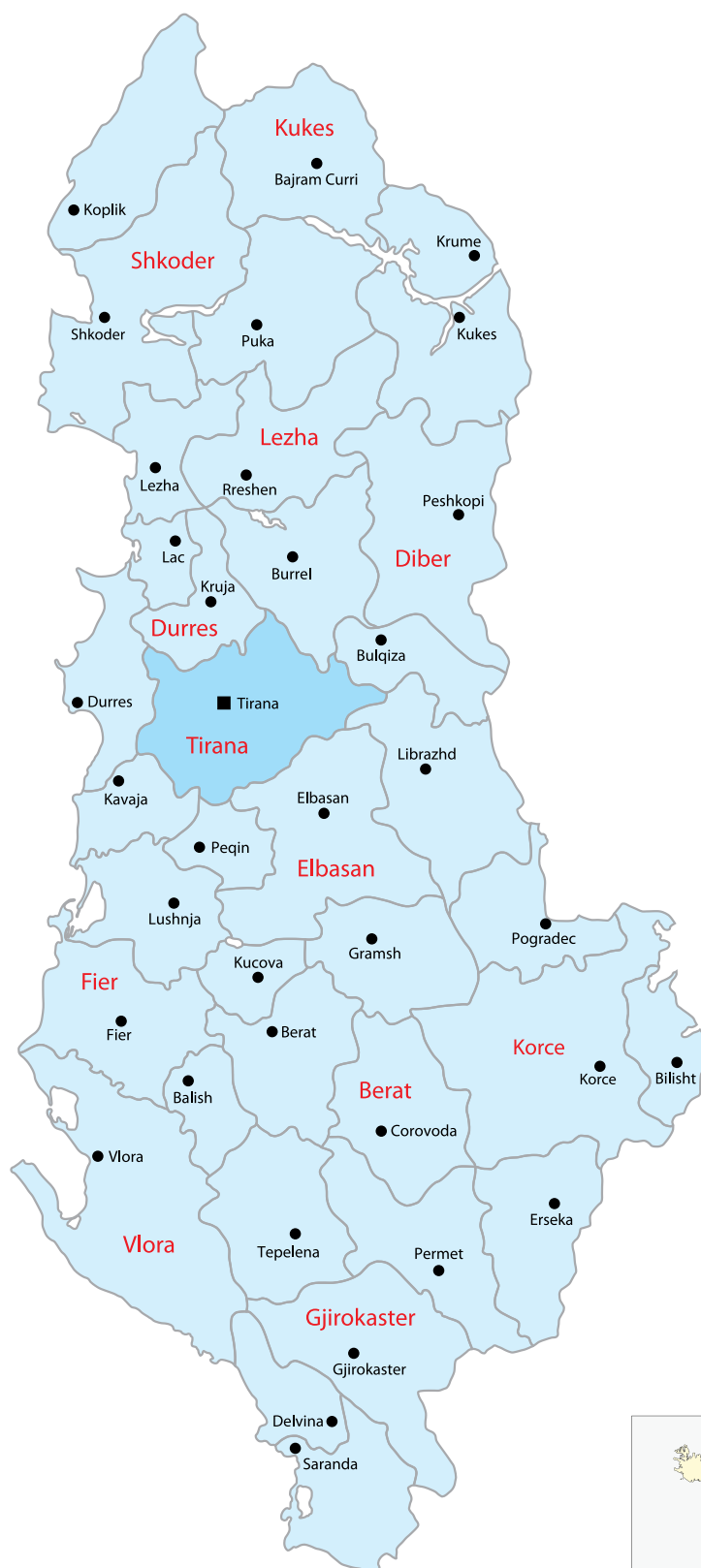
Budget: CHF 10 million SDC

Main partners: Ministry of Health and related institutions at central and regional levels, Faculty of Medicine, the School of Health Management, Health Insurance Institute, health professional associations others.

Coordination with other donors: WHO, USAID, WB, Italy, Save the Children, if possible according to the Providing for Health (P4H) approach.



## Annex 4: Map of Albania







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