



Swiss Cooperation Strategy Albania 2018-2021



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**Swiss Agency for Development
and Cooperation SDC**

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Foreword

The stability and prosperity of the Western Balkan countries constitute a fundamental goal of Swiss foreign and security policy. Switzerland's engagement in the region was initiated in the 1990s, by providing humanitarian assistance and refuge for many people.

Between 1992 and 1997, Switzerland's cooperation with Albania shifted to a full-fledged programme supporting the transition process. Swiss cooperation has always benefited from a trusted partnership with Albania based on mutual interests. The new Swiss Cooperation Strategy 2018-2021 is rooted in the spirit of the agreements of cooperation between the governments of Switzerland and Albania. It represents a strong commitment to continuing support for economic, social and political transition processes in Albania, building on Switzerland's long-term presence in the country, and earlier achievements. Over the years, Swiss-Albanian cooperation has grown. Today, Switzerland is among the three largest bilateral cooperation partners in the country.

Albania has achieved substantial progress in political and macro-economic stability. Switzerland is determined to support the country in addressing the remaining challenges in specific sectors in line with the priorities defined by the Albanian government.

The overall goal of this cooperation strategy is to contribute to a functioning democracy, to improved public services and to an inclusive, competitive mar-

ket economy in support of Albania's European integration. The strategy focuses on four thematic domains, all of which complement each other and are mutually reinforcing. The foreseen financial commitments for the 2018-2021 period amount to CHF 105 million.

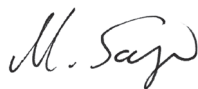
This document develops the rationale for Swiss-Albanian cooperation. On the basis of context developments in Albania and the achievements and experiences of past activities, it draws implications for the 2018-2021 strategy, followed by an outline of the priorities and objectives for the upcoming period. It concludes with information about programme management, monitoring and steering.

The Swiss Cooperation Strategy 2018-2021 has been developed by the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO), in close consultation with Albanian government offices and civil society partners. Both the SDC and SECO, represented by the Swiss embassy in Tirana, closely cooperate and coordinate in the implementation of their respective parts of the strategy.

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

Bern, February 2018

Swiss Agency for Development
and Cooperation (SDC)



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Executive Summary

Switzerland and Albania have just celebrated 25 years of cooperation. The Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO) have shared responsibility for Swiss assistance to Albania since the 1990s. The integrated Swiss representation primarily focuses on international cooperation.

During the last strategy cycle in 2014-2017, the Swiss government cooperated with Albania in four areas: (i) *democratisation, decentralisation and local governance*; (ii) *economic development*; (iii) *urban infrastructure and energy*; and (iv) *health*. Total disbursements during this period amounted to around CHF 83.7 million. Overall, the Swiss portfolio proved to be relevant, producing tangible results and changes in the system and for individuals. Switzerland's persistent approach and complementarity to EU modalities were considered valuable.

International interest in Albania's transition continues. The EU is by far the largest grant contributor. Germany, Turkey, Switzerland and Italy were the largest bilateral donors in 2012-2015. Albania's national development policies and strategies, EU accession-related reforms, the Federal Dispatch for Switzerland's International Cooperation and the Sustainable Development Goals of the United Nations provide the general framework for Swiss Official Development Assistance to Albania. The Swiss embassy maintains close working relations with the EU and other donors, inter alia through the government-led Integrated Policy Management Groups. Additional opportunities for working with the private sector in order to realise relevant development outcomes will be identified.

The new cooperation strategy 2018-2021 will sustain previous efforts to maintain the dynamics and quality of locally-owned reforms and their implementation for the benefit of the Albanian people. Switzerland will continue working in the existing four thematic domains. It will support efforts (i) to promote a performing and inclusive *democratic governance* system based on the rule of law; (ii) to enhance inclusive and sustainable *economic growth* that creates employment; (iii) to improve *urban infrastructure and the energy* sector; and (iv) to strengthen the *health* system.

Compared with the previous strategy, the following portfolio adjustments are planned:

- Adding support for legislative authorities of the government at local and national levels as well as for civic education and participation
- Greater focus on vocational education and training
- Phasing-out of dam safety interventions and phasing-in of municipal energy efficiency activities
- Increasing the focus of health promotion and disease prevention on preventing non-communicable diseases

The strategy's overall goal is to contribute to a functioning democracy, improved public services and to an inclusive, competitive market economy in support of Albania's European integration. It focuses on four objectives:

- People benefit from inclusive, effective and democratic institutions
- Sustainable growth offers more employment and better business opportunities for all
- People benefit from high-quality municipal infrastructure services and improved energy supply and efficiency
- A more health-literate and engaged population benefits from well-performing and quality primary healthcare services

Good governance is one of the six objectives of Albania's National Strategy for Development and Integration 2015-2020 (NSDI). The *democratic governance* domain represents Switzerland's largest programme portfolio. Development interventions will support the successful continuation of reforms in the areas of decentralisation, regional development, social inclusion, public administration and sub-national public financial management (PFM). They will support local governments, the national and local parliaments and civil society, in particular excluded groups, in order to bring decision-making closer to the people and enhance their participation, resulting in inclusive and efficient services.



An increasing number of tourists visit Albania's mountainous areas.

Albania graduated to upper middle-income status in 2009 but remains one of the poorest nations in Europe. In the *economic development and employment* domain, Switzerland will enable sustainable and inclusive growth and employment by simultaneously fostering macro-economic stability, facilitating job and income creation, and developing market-oriented skills. The Swiss programme will help to strengthen economic governance by supporting key national public finance institutions to improve PFM and financial sector regulation and supervision. It will address the challenges of the private sector, especially those in agriculture, IT and tourism, and – in view of a consistently high unemployment rate among young people – strengthen its focus on labour market oriented vocational education and training (VET).

Switzerland's activities in the area of *urban infrastructure and energy* will ultimately lead to better municipal service delivery, for the benefit of public health and the environment. Water supply, sewerage services and waste management are constrained by unclear responsibilities and insufficient domestic funding. Infrastructure support and capacity development for public utilities should improve this situation and accelerate reforms. Recent energy sector reforms have been a great success, but Albania's energy system performance still remains at risk. The Swiss portfolio will support the diversification of energy resources. Diversified energy will be supplied reliably and used efficiently.

Health services in Albania suffer from structural deficits within the system and a tight budget. In support of the NSDI and the National Health Strategy 2017-2020, Switzerland's *health* portfolio promotes efficient primary healthcare (PHC) institutions that deliver better quality and more efficient services. In addition to improved primary healthcare, the Swiss portfolio will contribute to an improved health status by implementing health promotion and non-communicable disease (NCD) prevention activities.

Governance and gender are transversal themes. Governance will be integrated, including through the promotion of anti-corruption measures and by way of mainstreaming inclusion in the social, economic and political spheres. Swiss projects seek to promote gender-sensitive policymaking and increase women's representation in decision-making processes, as well as to decrease the burden of unpaid work among women and foster their participation in education and the official labour market. In addition, root causes of migration will be tackled. Migration and development will be addressed where appropriate. In particular, projects will explore opportunities to benefit from the Albanian diaspora, remittances and returnees. Where appropriate, Switzerland will also consider measures for dealing with Albania's communist past.

Switzerland plans to increase its budget for cooperation with Albania. For the period 2018-2021, planned commitments amount to CHF 105 million or an average CHF 26.25 million annually, a 19% increase compared to the previous strategy.

1. Country context

Gradual and continuous reform progress

Albania has developed at a fast pace over recent decades. In 1991, the communist regime was dissolved and Albania started its transition from one of the most oppressive and isolated communist regimes towards a democracy.

In just over 25 years, the country has made remarkable progress. Despite challenges from its past, governments have alternated relatively peacefully. With the exception of civil unrest in 1997, there have been no major social, cultural or religious tensions during the last twenty years. Reforms have got underway, including important improvements in the sectors of territorial and public administration, PFM, energy and justice.

Albania has generally contributed to stability in the Western Balkans. It joined NATO in 2009 and was granted EU candidate status in 2014. In December 2016, the EU commission recommended starting accession negotiations under the condition that the judiciary reforms advance.

There are no signs of transition fatigue in Albania. Aspiring for EU accession is the shared vision of most Albanians, the government and all major parties. Reforms are expected to continue, although at which pace remains to be seen. Decentralisation, for instance, has progressed well. More functions have been delegated to the newly-created local governments. They have been provided with a new legal framework on their functioning, organisation and on local finances, with more financial and fiscal autonomy. Local governments are thus able to improve service delivery to the extent that their scarce resources and weak capacities allow. But real change will depend on central government backing for more funding (transfer to and own revenue generation by local governments) and the continued modernisation and professionalisation of the municipal services with a mid- to long-term perspective. Depoliticising the public administration is an additional challenge.

There is a common consensus regarding the need to implement sensitive judicial reforms and to tackle widespread corruption and organised crime. However, resistance from those profiting from the status quo is undermining the reform process and could delay the start of EU accession negotiations. Cannabis cultivation and drug trafficking pose major



Children near the town square in Has, north Albania.

threats to transition and long-term prosperity. Accusations of links between government officials and organised crime have increased during recent years. Due to recent improvements in the legal framework with regard to tracking the criminal records of public officials, the infiltration of politics by organised crime will become more difficult. However, the power and money involved in organised crime will remain a considerable and influential factor.

Overall, EU accession prospects are rather positive for Albania. However, considering the mentioned internal factors and the current extension fatigue within the EU, the accession process could last another ten years.



Young people participate at an event in Cakran, Fier, south Albania.

Nascent civil society participation

Albanian citizens have a low level of trust in state institutions, the parliament in particular, and hesitate to engage in political dialogue. On the other hand, Albanian civil society is becoming a slightly more active participant, especially in urban centres and with regard to women's rights. Its calls for more transparency and accountability among political elites are growing. The media is caught between political and economic interests and is far from being independent. Legal consequences for and intimidation of journalists are a reality. Online platforms offer possibilities for quality journalism.

One of the poorest nations in Europe with moderate economic growth prospects

After emerging from 45 years of communist rule, Albania embarked on a fast transition from a centrally-planned to a market-oriented economy. Thanks to growth fuelled by domestic consumption, Albania graduated to upper middle-income status in 2009.

The 2008 financial crisis caused a sharp slowdown of Albania's growth. The limited expansion of the economy since then was driven by exports and government fiscal stimulus, which has built up a large public debt. As a result, public debt is high (71% of GDP at the end of 2016) but on a slow downward trend thanks to reforms aimed at increasing macro-economic and fiscal stability.

Agriculture (21%), trade and services (18%) and industry (13%) are the biggest contributors to GDP. Textiles, footwear, minerals and construction materials have had the largest share in exports. Businesses face challenges related to weak rule of law, a cumbersome regulatory environment and substantial skills mismatches.¹ The informal economy has been reduced but is still estimated at 30% of GDP. Unemployment is persistently high (officially 16% in 2016), with a low female workforce participation of only 57% and a high unemployment rate for young people (15-29 years) at 30%. According to the 2011 census data, 8,300 Roma live in Albania (0.3% of the population). However, Roma associations estimate that the correct number is rather around 100,000² out of which at least 16,000 are considered vulnerable. Employment rates for Roma are very low due to a lack of educational qualifications and socio-economic exclusion.

Labour migration towards Western Europe has slowed down compared to its peak in 2015 but continues to primarily affect young adults and remains a concern. As a result of this and owing to a low fertility rate, Albania's population will age rapidly, putting pressure on the social welfare system. Albania is neither a country of destination nor transit for large numbers of migrants.

1. Albania ranks 58th out of 190 economies in the 2017 World Bank Doing Business Index.

2. The term Roma also includes other minority groups such as Egyptians and Ashkali.

An array of economic and social trends has influenced poverty. After declining by half to 12% in 2008, relative poverty has stalled at around 15% and absolute poverty at 2% (up from 1.2% in 2008). Targeted measures should reduce poverty rates and inequalities between urban and rural areas and different population groups. However, poverty pockets will remain. For now, Albania remains one of the poorest nations in Europe. In 2016, GDP per capita was USD 4,147.³ Women are more exposed to extreme poverty, especially female-headed households.

Looking ahead, moderate economic growth prospects of 3-4% will offer only limited benefits in terms of jobs and income. In addition, Albania will face the challenge of replacing current important growth contributors such as the Trans Adriatic Pipeline (TAP) and the Devoll hydropower project once they have been completed.

Unequal access to public services

The availability and quality of public services are improving. However, access is not universal. The rural population and women are particularly disadvantaged, as are the elderly, disabled and poor. Health services suffer from structural deficits within the system and a tight budget. Private households are required to make out-of-pocket payments for health-care, excluding many who cannot afford it. The spread of non-communicable diseases has increased sharply. The inter-sectoral Albanian National Health Strategy, approved in 2017, is an important instrument for effective health promotion and disease prevention, as well as for more sustainable health financing. Social care service delivery is improving. Vulnerable and marginalised groups are expected to increasingly benefit from equal and dignified access.

Albania's water supply has seen some progress: 79% of the urban population enjoy water supply. In comparison, only 49% is connected to sewerage services. Despite strengthened public utilities and considerable infrastructure investments, greater coverage is constrained by a slow implementation of reforms, unclear responsibilities and insufficient domestic funding. Limited progress is noted in the solid waste sector, affecting the environment and public health. Without external support, waste management will remain a neglected issue. Despite positive rhetoric, environmental issues are still considered to be a lower priority.

Successful energy sector reforms, but the performance remains at risk

Recent energy sector reforms have been a great success. Albania ranked 25th among 127 countries in the 2017 Global Energy Architecture Performance Index Report, outperforming all other South-East European countries. Progress in the development of the gas sector and especially the construction of the Trans Adriatic Pipeline (TAP) are significant for economic growth and future energy diversification. The TAP is a strategic investment that connects Albania with European gas networks, thus fostering Albania's position as reliable partner in the European economy. However, energy supply is likely to remain at risk owing to a vulnerability to droughts, the slow diversification of energy resources and a weak financial performance. Low energy efficiency offers considerable potential for improvement.



Fierza hydropower dam over river Drin, north Albania.

3. <http://www.worldbank.org/en/country/albania/overview>.

2. Swiss foreign policy in Albania and donor context



High level exchanges between Switzerland and Albania have intensified.

Cooperation with Eastern Europe is an integral component of Swiss foreign policy and foreign economic policy. Switzerland supports former communist countries in Eastern Europe – their governments and civil societies alike – on their paths to democracy and social market economies. Switzerland's transition assistance in the region is founded on mutual interest in inclusive socio-economic development, stability, security and European integration. It is underpinned by Switzerland's solidarity with the poor and excluded, and respect for human rights. Despite obvious progress, a backlog of reforms remains in areas such as decentralisation, rule of law, economic development and public services. Furthermore, transition assistance opens up economic opportunities for Switzerland.

Continued international engagement

International interest in Albania's transition continues. Overall, Official Development Aid (ODA) flows to Albania have remained more or less constant over recent years with some shifts from traditional to non-traditional donors. Germany, Turkey, Switzerland and Italy were the largest bilateral donors in 2012-2015. Total ODA to Albania in 2015 was USD 334 million⁴ or 3.5% of GDP.

The EU is by far the largest grant contributor. Thanks to this and Albania's EU aspirations, it sets the development agenda for most sectors. The United Nations (UN), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD), the Organization for Security and Co-operation in Europe (OSCE) and the Council of Europe (CoE) are the most active multilateral organisations.

The Albanian government has set up four Integrated Policy Management Groups for inter-sectoral coordination around integrated water management, good governance and public administration, employment and the social sector, and competitiveness and innovation. To ensure the success of the projects financed by Switzerland, the Albanian government's contribution to their efficient and effective implementation is imperative. Switzerland co-leads the two sub-thematic groups on local government and VET. Generally speaking, Switzerland has played a pro-active role in policy dialogue. Thanks to its ODA volume and the integrated Swiss representation, Switzerland is able to exercise a positive influence on Albanian policies.

Over 25 years of Swiss presence in Albania

The SDC and SECO have shared responsibility for Switzerland's assistance to Albania since 1992, and thus since the beginnings of the country's transition to a democracy and market-oriented economy. Switzerland's neutral approach to foreign relations and complementary role to EU cooperation have proved valuable.

Albania's national development policies and strategies, EU accession-related reforms, the Federal Dispatch for Switzerland's International Cooperation and the Sustainable Development Goals (SDGs) of the United Nations provide the general framework for planning and delivering Swiss ODA to Albania. Specifically, cooperation with Albania during 2018-2021 contributes to the seven strategic objectives of the Federal Dispatch 2017-2020.⁵

4. According to OECD/DAC.

5. Dispatch on Switzerland's International Cooperation 2017-2020: "<https://www.eda.admin.ch/deza/en/home/sdc/strategy/legalbases/message-international-cooperation-2017-2020.html>".

3. Achievements and lessons learnt 2014-2017

Democratisation, decentralisation and local governance

Key accomplishments
▪ The establishment of a Consultative Council in 2017, in which local and regional governments are consulted on national decisions, highlights the new and strengthened role of local governments in parallel with progressing decentralisation. ▪ Integrated one-stop-shops established in 10% of Albanian municipalities, which serve as a model for a scaling-up nationwide, provide modern administrative services to citizens and are increasing the level of trust in local governments. ▪ Online municipal financial data portals including data from all 61 municipalities are accessible and contribute to the transparency and accountability of local governance. ▪ 42 Swiss-funded civil society projects have improved participation, accountability and transparency. ▪ 320 Roma families (25% of Roma families in the four target cities) have gained access to vocational training and income-generating opportunities.

Switzerland has provided support to the government of Albania to accelerate and broadly anchor its decentralisation agenda. Within the fast-paced territorial and administrative reform processes, Swiss expertise supported the drawing of new municipal borders for the entire country. Switzerland also contributed to designing and implementing new policies and legal frameworks for administrative and fiscal decentralisation and regional development. It promoted and supported the introduction of a merit-based government administration at national level and professional human resource management at local level. A Swiss-funded programme modernised administrative service delivery through integrated one-stop-shops that offer electronic services to citizens and connect the centre of municipalities with administrative units in the municipal peripheries. Thanks to a new law on local finances and capacity building efforts, municipal Public Financial Management (PFM) was strengthened across the country. Selected northern municipalities also benefited from direct support in public financial and waste management and expanded the coverage of service delivery.

Swiss financial support also helped establish an institutionalised consultation mechanism, the Consultative Council, for discussing issues between the local, regional and central levels, the first of its kind in Albania, and considered a milestone in the development of local democracy.

In collaboration with the UN in Albania, a solid policy framework for social inclusion in line with international best practice and EU requirements has been set up. In four targeted regions, access to school for 40% Roma children increased sustainably and 1,300 families (25% of total targeted Roma families) benefited from increased access to social care, education and income generating opportunities.

Switzerland has promoted civil society actions in Albania, especially in relation to the functioning of local government. Swiss-supported civil society stakeholders and media successfully mobilised citizen



Women politicians from north Albania supported by the Swiss decentralisation programme.

calls for more transparency and accountability. With Swiss support, the Alliance of Women Parliamentarians – a cross-party network of local and national women parliamentarians – lobbied for increased gender equality and inclusion.

Lessons learnt: The decentralisation agenda in Albania has advanced in a remarkable way and at a striking pace. Switzerland was able to contribute in a meaningful way thanks to its long-standing experience at municipal level. Further support is needed to consolidate the reforms and foster democratic institutions. Hence, in addition to the ongoing support, in future the national parliament and local councils will be strengthened in their oversight, representative and legislative functions. This will be carried out in parallel to continuing support for civil society and media initiatives to enhance democracy.

Economic development

Key accomplishments
▪ A new macro-economic forecasting model was developed with the Ministry of Finance, providing a basis for evidence-based policymaking. ▪ New software enables better data recording and reporting on public debt. ▪ Simplification of tax procedures for businesses. ▪ Improved debt resolution framework. ▪ Improved skills and EUR 6.4 million additional private sector investments in ICT, tourism and agro-processing. ▪ 6,276 young people employed, accounting for 7.6% of registered unemployed youth. ▪ Increased organic production and improved legal framework, aligned with EU acquis, on organic agriculture.



Vocational hospitality and tourism students in Vlora, south Albania.

During 2014-2017, Switzerland supported macro-economic stability, private sector development and youth employment. At the macro-level, with Swiss support, the Ministry of Finance built a macro-economic forecast model for evidence-based policymaking. The Bank of Albania improved its capacity for monetary policy formulation, which has contributed to a gradual return of inflation towards its target value. New software helps the Albanian government to better manage and report on its public debt.

Swiss cooperation initiatives have improved the attractiveness of doing business in Albania – e.g. a transparent transfer pricing system was established and costs and time for paying tax obligations were reduced. Furthermore, the insolvency regime and corporate financial reporting have been considerably improved.

Swiss-funded market system development initiatives created employment for 900 young people

in the promising ICT, tourism and agro-processing sectors, with equal benefits for men and women. 5,376 young women and men were placed in jobs thanks to an improved public and private job matching system. Female participation in both categories was 52%. The quality and relevance of vocational education, particularly in four assisted schools, also improved thanks to greater involvement by the private sector. As a result, enrolment rates increased considerably.

Lessons learnt: Whereas Albania has achieved considerable macro-economic stability, it still faces challenges to maintain sustainable growth that allows for inclusive job creation. Further efforts will be needed to support an increase of productivity, be it through improving framework conditions that stimulate investments or through knowledge, innovation and technology. Complementary Swiss initiatives, supporting private sector growth, the job matching system and skills development will be increased.

Urban infrastructure and energy

Key accomplishments

- 175,000 citizens in Shkodra and Lezha benefit from a 24-hour water supply and an improved sewerage system.
- Successful re-negotiation of the Trans Adriatic Pipeline (TAP) agreement brings EUR 80 million additional benefit for Albania.
- Albanian Gas Transmission System Operator (AlbGas) established and capacitated.
- Secondary legislation on gas tariff methodology developed.
- 140 technical experts from different ministries involved in implementing the TAP project capacitated to deal with several gas-related topics.

Swiss support for upgrading water supplies and sewerage systems contributed to improved access to a safe, environmentally-sound, reliable and affordable water supply and sewerage services in Shkodra and Lezha, accounting for 14% of Albania's urban population. Citizen satisfaction with the services increased by more than 50%.

By upgrading dam safety, the reliability and sustainability of hydropower production, which accounts for 95% of total domestic electricity production in Albania, was enhanced. A particular highlight, in view of increasing energy security through domestic diversification, was the provision of support to the government of Albania for a successful start to the construction of the TAP. The TAP is Albania's largest infrastructure project and an important driver of economic growth and transformation. Switzerland provided CHF 6 million to strengthen the capacities of the Albanian state to develop and manage its gas sector. With Swiss support, the government was able to renegotiate its contract with the TAP, thereby

gaining around EUR 80 million mainly in the form of increased future tax payments and corporate social responsibility investments.

Lessons learnt: Over the last two decades, Switzerland has contributed substantially to the development of Albania's energy supply system including dam safety. To continue leveraging its experience and good reputation in this sector, Swiss engagement will shift to energy demand by improving energy efficiency.



Trans Adriatic Pipeline installation works underway 100 km south of Tirana.

Health

Key accomplishments
▪ A professional Master's degree programme in health management at the University of Tirana started in 2017. ▪ Continuing medical education covers 100% of medical professionals, including all registered 12,000 nurses (90% women). ▪ Increased health awareness thanks to over 250 health education sessions at village and school levels and new health promotion strategy and action plan ready for implementation. ▪ Quality of health services improved thanks to better trained doctors and renovated and equipped health centres in Fier and Dibër regions that serve approximately 15% of the Albanian population.

Switzerland has supported the Albanian health sector since the 90s and since 2013 with an emphasis on primary healthcare. Contributions have led to a series of initiatives and innovations to improve the health system at local and national levels. Swiss expertise considerably supported and influenced the newly-approved national health promotion policy and action plan and contributed to the National



Nurses at a renovated health centre in south Albania.

Health Strategy. Changes for better managing primary healthcare as well as quality of care through improved clinical capacities were introduced in 15% of Albania's rural health centres. In particular, co-operation between Switzerland and the Ministry of Health enabled the renovation and equipment of health centres in the Fier and Dibër regions that serve around 55,000 citizens with improved quality services.

Moreover, the first professional Master's degree programme in health management at the University of Tirana was set up and continuing medical education for all medical professionals - doctors, nurses, midwives, and lab technicians - was formalised.

The removal of user fees at Primary Health Care (PHC) facilities and campaigns for increased health awareness contributed to improving the quality of and access to PHC services.

Lessons learnt: Further efforts are needed outside the health sector to tackle the steep increase of non-communicable diseases (NCD) through health promotion. Technical support at local level offers valuable insights for supporting the country's reforms at national policy level.

General lessons learnt

Overall the four domains of Swiss cooperation proved to be relevant, building on Switzerland's comparative advantages and producing tangible results and changes in the system and for individuals. More specifically, the following general lessons learnt should be emphasised:

- **Capacities:** Given the generally limited capacities of state institutions, capacity building is a crucial mode of engagement. However, the considerable degree of political influence on public services limits its impact, underlining the need for public administration reforms.
- **Whole-of-government:** The 'one voice' approach of the integrated Swiss representation to address political and economic affairs and development cooperation improves understanding of the context, access to decision-makers and leverage.

4. Implications for the new Cooperation Strategy 2018-2021

The Cooperation Strategy 2018-2021 will sustain previous efforts to maintain the dynamics and quality of locally-owned reforms and their implementation for the benefit of the Albanian people.

Based on the forecasted context development (see annex 2), Albanian priorities⁶, EU accession requirements, the Federal Dispatch for Switzerland's International Cooperation 2017-2020, and the encouraging results and lessons learnt from the previous strategy cycle, Switzerland will continue working in the four thematic domains. It will support efforts to promote a performing and inclusive *democratic governance* system based on the rule of law; to enhance inclusive and sustainable *economic growth* that creates employment; to improve *urban infrastructure and the energy sector*; and to strengthen the *health* system.

In order to support government efforts to address widespread corruption and threats from organised crime, the future Swiss portfolio aims to strengthen the system of checks and balances through support for legislative institutions such as the national parliament and municipal councils. Furthermore, support for civil society and the investigative media will continue, also in view of strengthening their role as watchdog.

Considering that Albania has improved its capacity to raise capital in the international markets, many endeavours by the government no longer require grants. This is why the Swiss cooperation programme will focus on sectors that cannot be funded by loans or where Swiss grants can leverage loans. It will also focus on activities that address the systemic level, for instance reforms aimed at improving framework conditions, which do not have a direct return on investment.

In light of pending far-reaching reforms on Albania's path to European integration, Switzerland will intensify its engagement in and support for participatory policy dialogue, building on its strong track record and credibility.



Citizens receiving services at newly built municipal one-stop-shop.

The Swiss portfolio will also shift from an area-based approach targeting selected poor regions to work, where possible, on a national scale. When piloting or addressing specific needs in targeted areas (addressing pockets of poverty and vulnerable groups) it will be done with a view to upscaling development interventions to the entire country. The shift in geographical focus will serve to increase synergies and the relevance and effectiveness of Switzerland's portfolio.

Excluded groups are explicitly defined at the domain and project level. Particular attention will be paid to multiple dimensions of exclusion. Where possible, priority beneficiaries of Swiss support are poor women, Roma families, the disabled and unemployed young people.

Planned commitments will increase by 19% to CHF 105 million for the 2018-2021 period (see annex 4). While the number of projects will be reduced, individual project budgets will increase.

6. For instance, the National Strategy for Development and Integration 2015-2020.

5. Strategic orientation and Swiss priorities for 2018-2021

The overall goal of the Swiss Cooperation Strategy 2018-2021 is to contribute to a functioning democracy, improved public services and an inclusive, competitive market economy in support of Albania's European integration.



IT students at the vocational school 'Pavarësia' in Vlora.

To achieve this, Switzerland will support Albania within the four thematic domains of (i) *democratic governance* (in line with SDG 16), (ii) *economic development and employment* (SDG 8), (iii) *urban infrastructure and energy* (SDG 11, SDG 7), and (iv) *health* (SDG 3).

Democratic governance: Good governance is one of the six objectives of the NSDI. The impact hypothesis of the *democratic governance* domain is that supporting local governments, national and local legislative powers as well as civil society and targeted vulnerable groups, brings decision-making processes closer to the people and enhances their participation.

The *democratic governance* domain represents Switzerland's largest programme portfolio, co-financed by the SDC and SECO. During the forthcoming strategy cycle, it will experience a strategic change, including new development interventions and the phasing out of some longstanding projects. It will support the successful implementation of Albania's decentralisation, regional development, social inclusion, public administration reform and sub-national PFM strategies.

Switzerland will support sub-national (including regional) executive institutions to perform their functions (outcome 1). To this end, it will support further decentralisation efforts, promote cooperation between various government levels, and strengthen local governments.

In order to counterbalance support for the executive and to encourage a system of checks and balances, Switzerland will initiate activities that improve the performance of legislative bodies (outcome 2).

More than in the previous strategy, Switzerland will support citizens, including vulnerable groups, the media and civil society organisations (CSOs) in playing an active role in democratic decision-making and oversight (outcome 3).

Democratic governance domain objective:

People benefit from inclusive, effective and democratic institutions

Swiss portfolio outcomes:

- Outcome 1 - High-performing executive institutions: Responsible sub-national executive institutions offer inclusive and efficient services
- Outcome 2 - Legislative bodies: National parliament and municipal councils perform their oversight and representative functions better
- Outcome 3 - Citizen engagement: Citizens and civil society engage in decision-making and hold the government accountable

Economic development and employment: The impact hypothesis of the *economic development and employment* domain is that sustainable and inclusive growth and employment are enabled by simultaneously fostering sustainable macro-economic stability, addressing key challenges of the private sector and developing adequate market-oriented skills. The *economic development and employment* domain will be implemented jointly by the SDC and SECO.

To foster sustainable macro-economic stability, Switzerland aims to further improve PFM at national level as well as financial sector regulation and supervision (outcome 1).

Switzerland will step up its support for efforts to improve framework conditions for doing business and improving the investment climate. Switzerland will also contribute to enhancing the start-up and entrepreneurship ecosystem, to strengthening private sector competitiveness, to facilitating international market access and to improving market systems (outcome 2). Development interventions, including policy dialogue, are expected to create and maintain decent jobs and generate higher incomes and increased export volumes, especially in the labour-intensive sectors where Albania demonstrates growth potential - i.e., agriculture, IT and tourism.

Lastly, Switzerland will strengthen its focus on VET. More young men and women, with a particular focus on vulnerable groups (Roma, Egyptians, orphans and young offenders), should find employment thanks to a strengthened and labour market oriented VET system that applies elements of the Swiss dual system as well as support for school-to-work transition schemes (outcome 3). Switzerland will contribute to lowering the number of persons who are neither in education, employment, or training.

Economic development and employment domain objective:

Sustainable growth offers more employment and better business opportunities for all

Swiss portfolio outcomes:

- Outcome 1 - Macro-economic stability: National institutions improve public financial management and resource mobilisation; the financial sector is strengthened
- Outcome 2 - Private sector development: Framework conditions for doing business, competitiveness of the private sector, and market systems are improved
- Outcome 3 - Employability: Young people benefit from labour market oriented vocational education and training and better job placement

Urban infrastructure and energy: The impact hypothesis of the *urban infrastructure and energy* domain is that improved sector governance and better oversight by regulators, strengthened management of public utilities and investments in infrastructure will lead to better municipal service delivery. The *urban infrastructure and energy* domain will be funded by SECO.

Switzerland will continue to contribute to equitable access to quality urban infrastructure services and energy. Infrastructure support will improve drinking-water, wastewater and solid waste services in selected municipalities in terms of their reliability, affordability, population coverage, service quality and climate resilience. Improving the management of responsible public utilities will complement fi-

nancial investments and increase their sustainability (outcome 1). Disaster risk reduction (DRR) measures will be supported in areas that are vulnerable to the impact of climate change.

Switzerland will further strengthen the energy sector and the reliable provision of diversified energy mainly through policy dialogue and capacity building. As a new line of activity, Switzerland will test support for improved energy efficiency in selected municipalities (outcome 2), thus also contributing to climate change mitigation. To sharpen its portfolio, Switzerland will phase out dam safety interventions.

Urban infrastructure and energy domain objective:

People benefit from high-quality municipal infrastructure services and improved energy supply and efficiency

Swiss portfolio outcomes:

- Outcome 1 - Urban infrastructure: People benefit from reliable and affordable high-quality drinking-water, wastewater and solid waste services provided by sustainably managed public utilities
- Outcome 2 - In selected municipalities, energy is reliably supplied from different sources and used efficiently

Health: The impact hypothesis of the *health* domain is that supporting national and local health authorities, capacities in human resources for health and health management, lead to better and more efficient quality services at primary healthcare level. Thanks to improved primary healthcare, health promotion and disease prevention activities, the Albanian population adopts healthier lifestyles and improves its health status. The *health* domain falls under the responsibility of the SDC. The country commitment to the health sector will be a key aspect in developing this domain⁷.

In support of the NSDI and the National Health Strategy, Switzerland will aim for more efficient PHC institutions that deliver better quality services (outcome 1). For this purpose, Switzerland will first and foremost focus on systemic reform aspects in the health sector that lead to improved quality and more efficiency. It will engage in policy dialogue in support of structural reforms in primary healthcare.

On the other hand, Switzerland will strengthen health promotion and disease prevention with a focus on NCDs, which carry the biggest share of Albania's disease burden. Engaging with partners, including CSOs, will raise the population's health literacy and demand for quality care (outcome 2).

7. See results framework, thematic domain Health, field 6 (p.30)

Health domain objective:

A more health-literate and engaged population benefits from high-performing and quality primary healthcare services

Swiss portfolio outcomes:

- Outcome 1 - Health services: More efficient primary healthcare institutions deliver better quality services
- Outcome 2 - Health literacy: The population is more health literate and public health institutions are oriented towards health promotion and disease prevention, with a focus on non-communicable diseases

Transversal themes: Switzerland will apply a governance and gender-sensitive approach in all of the aforementioned domains in alignment with SDC and SECO guidelines for transversal themes. As regards the integration of governance, Switzerland will address corruption and promote anti-corruption measures – e.g. as part of VET, health sector reforms and the corporate development of public utilities. It will pursue different aspects of inclusion (social, economic and political) through a programmatic approach.



Swiss-Albanian singer Elina Duni in concert in Tirana.

Throughout the Swiss portfolio, projects seek to promote gender-sensitive policymaking and increase women's representation in decision-making processes⁸, as well as decrease the burden of unpaid work among women and foster their participation in education and the official labour market.

Where appropriate, Switzerland will also consider integrating measures for dealing with Albania's communist past.

The root causes of migration will be tackled in all four domains since joblessness and a lack of quality education and health services are main push factors. Migration and development will be addressed where appropriate. In particular, projects will seek opportunities to benefit from the diaspora (e.g. as mentors or investors in local start-ups, working with the newly-established Minister of State for Diaspora), remittances (e.g. by using funding for development and lowering the fees for remittances) and returnees (e.g. through using their knowledge in the health sector).

Culture and development: In addition to these four thematic domains, the Swiss embassy will foster the independent cultural scene in Albania and regional collaboration with cultural stakeholders in the Western Balkans. One per cent of the SDC's operational budget is devoted to supporting initiatives in the local arts and culture sector, through dedicated projects and/or programmes based on the SDC's culture and development policy.

⁸ This is a must for all SDC activities; for SECO only where appropriate.

6. Programme management and implementation

Use of country systems: Following the principles for effective development cooperation, Switzerland's ultimate goal is to work through country systems. In close cooperation with other donor agencies, Switzerland will actively contribute to creating the necessary conditions for greater implementation by local institutions and increased use of Albania's country systems – e.g. by strengthening PFM at local and national levels and by improving data availability and reliability. The appropriateness of using country systems will be assessed closely at regular junctures.

Partnerships: Multilateral organisations, other donor agencies, as well as Swiss, international and Albanian NGOs will remain important partners. In particular, Switzerland will actively pursue multi-stakeholder policy dialogue and development partner coordination, and seize co-financing opportunities in support of the Albanian government and its reform agenda. In particular, Switzerland intends to retain the co-chair of two sub-thematic groups for donor coordination on VET and local government.

Switzerland collaborates closely with multilateral organisations such as the UN (especially UNDP, UNICEF, WHO, UNFPA and UN Women), the Bretton Woods Institutions, the EBRD, the Organization for Security and Co-operation in Europe and the Council of Europe. More cooperation and complementarities with the EU as a like-minded donor will be sought. In line with the Federal Dispatch 2017-2020, opportunities for increasingly working with the private sector in development cooperation in order to realise development outcomes will be identified.

Synergies: Programmatic synergies, or at least complementarities and additionalities, can be achieved from different perspectives. A conscious effort will be made to identify opportunities for cross-sectoral cooperation and to create synergies among the four thematic domains – e.g. between sub-national PFM support and infrastructure projects; between local governance and health; between macro-economic oversight and support for Parliament, and between VET and health. The stronger national focus (as opposed to the earlier focus on selected poor regions) increases the scope for working on interfaces. Work in the aforementioned domains will also benefit

from synergies with regional and global initiatives, including the SDC global programme on health and SDC and SECO multilateral engagements.

Anti-corruption: Several projects will contribute to the reduction of corruption (e.g. parliamentary support and public finance management) and specific anti-corruption measures will be included in projects where appropriate (e.g. in the health and water sectors). Finally, embassy and partner staff will be trained and sensitised on this topic.

Resources: Total planned commitments for 2018-2021 are CHF 105 million. *Democratic governance* is the largest domain in monetary terms (CHF 38 million); *health* is the smallest (CHF 12 million). Compared to the 2014-2017 strategy, funding for *democratic governance* (+46%), *economic development and employment* (+41%) and *health* (+20%) will increase, while there will be a slight reduction in funding for *urban infrastructure and energy* (-8%). The increase in SDC funding for VET is in line with the Federal Dispatch on International Cooperation. Annex 4 provides detailed information for 2018-2021 compared to 2014-2017.⁹



Discussions and group work during a workshop.

9. Albania also benefits from regional and global initiatives financed by the SDC and SECO. If these measures are not earmarked for a specific country, they are not included in the financial projections for this strategy.

7. Strategic steering

The purpose of the cooperation strategy monitoring system is to provide crucial but selective information on a regular and timely basis to steer the implementation of the strategy in order to achieve its objectives. The nature and quality of the information collected through monitoring has to be in line with this responsibility. The monitoring system offers a dependable global picture of the programme reality from a bird's-eye view, keeping a critical distance from the trials and tribulations of project implementation. The aim of the monitoring system is to check the progress and shortcomings of the entire programme from the 'final perspective' of targets and goal achievement, measured by outcomes, effects and impacts (intended or not). This approach will assist the programme steering process by providing a basis for adjusting the Swiss portfolio if needed.

The overall responsibility for monitoring and steering the implementation of the cooperation strategy lies with the Swiss embassy in Tirana. Strategic steering of the strategy takes place at three levels (context, programme, and management monitoring), and in constant dialogue with the implementing agencies. Reporting takes place via the annual reports (see annex 5).

Context monitoring

The monitoring system offers an overview of how the cooperation strategy adheres to the context using an analysis of country developments that are relevant to the strategy. The Monitoring System for Development Related Changes (MERV) is used to this end. The scenario table (see annex 2) contains adaptations to the cooperation strategy which may be needed in case of changes to the context. Specific focus will be put on observing the different challenges of the country (e.g. corruption and organised crime, as also outlined in chapter 1) and their potential implications for the country portfolio. For this purpose, the Swiss embassy will also be in regular exchange with other donor agencies and embassies.

Programme monitoring

The monitoring system of the cooperation strategy is organised so that the effectiveness and coherence of its implementation, including the use of country systems, is checked at programme level through the use of a monitoring matrix derived from the results framework (see annex 3). This carries out an annual assessment of the progress made towards achieving the expected outcomes of Switzerland's activities and their contribution to country development, including with regard to social, political and economic inclusion and the transversal themes of gender and governance.

Management monitoring

Efficiency is measured by monitoring the overall operational targets of the Swiss embassy. These targets reflect the best use of human and financial resources in achieving the objectives of the projects and programmes implemented with Swiss support. For this purpose, operational plans with objectives and indicators are developed and reviewed annually.

The monitoring system has been developed in a manner that provides possibilities for assessing and evaluating the usefulness of all monitoring instruments; based on the findings, they can be amended to ensure more accurate and practical monitoring.

Annex 1: Results synopsis 2018-2021 (Swiss Portfolio)

Overall Goal of Cooperation Strategy Albania 2018-2021: Contribute to a functioning democracy, improved public services and to an inclusive, competitive market economy in support of Albania's European integration			
Democratic governance	Economic development and employment	Urban infrastructure and energy	Health
Objective: People benefit from inclusive, effective and democratic institutions	Objective: Sustainable growth offers more employment and better business opportunities for all	Objective: People benefit from high-quality municipal infrastructure services and improved energy supply and efficiency	Objective: A more health-literate and engaged population benefits from high-performing and quality primary healthcare services
<u>Outcome 1</u> (high-performing executive institutions): Responsible sub-national executive institutions offer inclusive and efficient services.	<u>Outcome 1</u> (macro-economic stability): National institutions improve public financial management and resource mobilisation; the financial sector is strengthened.	<u>Outcome 1</u> (urban infrastructure): People benefit from reliable and affordable high-quality drinking-water, wastewater and solid waste services provided by sustainably managed public utilities.	<u>Outcome 1</u> (health services): More efficient primary health-care institutions deliver better quality services.
<u>Outcome 2</u> (legislative bodies): National parliament and municipal councils perform their oversight and representative functions better.	<u>Outcome 2</u> (private sector development): Framework conditions for doing business, competitiveness of the private sector, and market systems are improved.	<u>Outcome 2</u> (energy supply and efficiency): In selected municipalities, energy is reliably supplied from different sources and used efficiently.	<u>Outcome 2</u> (health literacy): The population is more health literate and public health institutions are oriented towards health promotion and disease prevention, with a focus on non-communicable diseases.
<u>Outcome 3</u> (citizen engagement): Citizens and civil society engage in decision-making and hold the government accountable.	<u>Outcome 3</u> (employability): Young people benefit from labour market oriented vocational education and training and better job placement.		
Transversal themes: Gender, Governance			

Annex 2: Context scenarios

Pessimistic scenario: Stagnating reforms	Realistic scenario: Gradual progress in reforms	Optimistic scenario: Accelerated EU-integration
Politics / Governance		
- EU negotiation talks stand still if the vetting process and the justice reform fail. Corruption is wide-spread. - The opposition boycotts parliament. The government acts increasingly authoritarian and increases clientelism. The media is increasingly controlled by the business and political elite. - Organized crime rises, increasingly undermining democracy. - Civil society reflects party politics, thereby undermining its credibility. - Local government lacks funding and competences for service delivery. The Government of Albania (GoA) centralises further. The territorial reform is seen as a failure. Women are less present in politics at local and central level. - Relations with Serbia, Macedonia and Greece deteriorate, jeopardizing regional stability.	- The EU opens the negotiation, yet with slow progress. The Albanian political elite curb the justice reform. Corruption remains a problem. - Polarization and clientelism dominate the political culture. Electoral corruption hinders creating transparent and democratic institutions. The media is caught by political and economic interests. - The GoA fights cannabis cultivation, yet the entanglement of politicians and the police with the organized crime is difficult to be addressed. - Civil society slowly increases its activism, asking for more transparency and accountability from state institutions. - Local government starts improving service delivery, yet not in remote areas. The power struggle over the decentralisation continues. The % of women improves in government structures at all levels. - Albania engages in regional initiatives and has stable relations with neighbouring countries.	- EU negotiations start and progress. The justice reform is implemented and shows concrete results through vetting. - Political parties debate constructively. Election reform guarantees free and fair elections. Performance is increasingly considered in recruitment. An independent media improves transparency. - The GoA tackles root causes of cannabis cultivation. A better functioning judiciary and police fight organized crime. - Civil society gets more independent and stronger, demanding more accountability from state institutions. - Local government delivers services inclusively. Decentralisation advances. Albania becomes a success story, in terms of women's representation in government. - Albania constructively engages in regional initiatives and plays an arbitrating role in the region.
Economics		
- Slowdown of economic growth increases unemployment and inequalities. - The initiated major reforms (fiscal consolidation, public expenditure management, regulatory reform, VET) slow down significantly. - Investments are discouraged due to political instability, bad governance and unresolved property issues.	- Moderate economic growth of 3-4% offers limited benefits in terms of jobs and income. - The GoA is committed to the macro-economic agenda and fiscal stability. Public debt decreases, inflation is stable, VET quality improves slowly. - The private sector faces challenges related to taxation, property issue and law enforcement. Investment is limited.	- Economic growth leads to more jobs, investment and better wealth-distribution. - Reforms in macroeconomics and fiscal stability are successful. The debt is decreased and inflation is controlled. - The GoA creates a better investment climate, attracts more foreign investments and pushes VET.
Social / Health		
- Poverty rates and the number of people benefiting from the cash aid scheme increase. Failure of delivery of health and social care services at local level. Exclusion becomes more prominent & gender inequalities more visible. - Emigration increases considerably. Albania becomes a route for refugees. - Religious extremism is on the rise. Actions on gender equality become difficult to be implemented. - There is no commitment for a reform in the health sector. Citizens receive health services of bad quality. Corruption persists. - Due to lacking financial resources, the GoA increasingly privatizes. Most of the state budget goes for hospitals, further degrading primary level. Citizens bypass primary care and invest more out-of-pocket payment (OOP). - More health specialists and nurses leave the country.	- Poverty rates decrease slightly; inequalities between urban and rural areas decrease but remain between capital and the rest. Decentralized public health and social care service delivery progresses, yet vulnerable groups do not enjoy equal access. Gender equality measures are implemented mainly in urban areas. - Migration trend and brain drain continues. - Religious tolerance persists, yet no prevention of religious extremism takes place. - The implementation of the National Health Strategy is challenging and takes time. Municipalities take additional (financial) responsibilities for the health sector. Accountability improves slightly, but remains an issue. - GoA funding for the health sector gets closer to 4% and more health services and functions are privatized. Citizens slightly reduce the substantial OOP. - The most specialised parts of the health workforce see migration outside Albania as a better career opportunity.	- Poverty rates decrease considerably; inequalities between urban and rural/ capital and the rest decrease. Public social care services are decentralized. Equal access to opportunities is ensured. Gender equality measures produce significant results. - Fewer people emigrate. - Religious tolerance persists. State authorities work comprehensively on the prevention of religious extremism. - The GoA launches and implements a health reform that focuses on primary healthcare and preventive care. Health becomes more decentralized. Accountability improves. - The funding for the health sector goes above 5% of GDP and a new and effective health financing system is introduced and implemented. OOP is reduced. - Better work conditions keep the health workforce in the country.

Water & Environment

▪ The quality, availability and sustainability of water and waste services deteriorate. ▪ Natural disasters have negative impacts on energy supply and the socio-economic situation. ▪ Natural disasters hit Albania at a large proportion, creating human, financial and property damages.	▪ Limited progress is achieved in improving quality, reliability and sustainability of water supply and sewerage. Solid waste management remains problematic. ▪ Energy supply remains vulnerable. ▪ Limited prevention and preparedness work is undertaken regarding natural disasters. Eventual natural disasters have negative impact on energy supply and properties.	▪ Quality, coverage, and sustainability of public service delivery in water and waste management improve. ▪ Reliability of energy supply improves and diversification in the resources advances. ▪ The GoA works on prevention for disaster risks.
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Implications of the scenarios for the domains

Pessimistic scenario: Stagnating reforms	Realistic scenario: Gradual progress in reforms	Optimistic scenario: Accelerated EU-integration
Democratic governance		
▪ Work with change agents in municipalities on technical level.	▪ Outcome 1: High-performing executive institutions ▪ Responsible sub-national executive institutions offer inclusive and efficient services.	▪ Strengthen institutions at sub-national level ▪ Working more on the system through national agencies strengthening Local Government Units (LGUs). ▪ Performance-based grants will be provided to LGUs.
▪ Support administrative side of legislative and evidence basis. Issue based work in commissions and alliances supporting consensus building instead of boycotting.	▪ Outcome 2: Legislative bodies ▪ National parliament and municipal councils perform their oversight and representative functions better.	▪ Strengthen institution building of national parliament. ▪ Strengthen role of municipal councils institutionally.
▪ Intensify work with credible part of civil society. ▪ Consider support to media and other potential change agents.	▪ Outcome 3: Citizen engagement ▪ Citizens and civil society engage in decision-making and hold the government accountable.	▪ No changes needed.
Economic development and employment		
▪ Use opportunities in areas where reforms are still feasible. ▪ Increase policy dialogue to foster changes.	▪ Outcome 1: Macro-economic stability ▪ National institutions improve public financial management and resource mobilisation; the financial sector is strengthened.	▪ No change needed.
▪ Work more with private sector actors increasing their skills and entrepreneurship. ▪ Reconsider supporting corporate governance.	▪ Outcome 2: Private sector development ▪ Framework conditions for doing business, competitiveness of the private sector, and market systems are improved.	▪ Support areas that can profit most from positive development. ▪ Support government in decreasing informal sector.
▪ Shift VET support to private sector actors. ▪ Focus more on active labour market measures in order to engage young people in the labour market. ▪ Increase policy dialogue to push for continuity of VET reform agenda.	▪ Outcome 3: Employability ▪ Young people benefit from labour market oriented vocational education and training and better job placement.	▪ Widen support to VET reforms and schools.
Urban infrastructure and energy		
▪ Increase support to municipalities that apply good governance. ▪ Increase stakeholder participation to leverage pressure on relevant authorities.	▪ Outcome 1: <i>Urban infrastructure</i> ▪ People benefit from reliable and affordable drinking-water, wastewater and solid waste services provided by sustainably managed public utilities.	▪ More co-financing from national partners. ▪ Support national level reforms and their implementation.
▪ Moving from supporting central government to municipalities that show willingness to improve energy efficiency.	▪ Outcome 2: Energy supply and efficiency ▪ In selected municipalities, energy is reliably supplied from different sources and used efficiently.	▪ Assess an expansion of the capacity building support to the national level.
Health		
▪ Working on technical and local level, focusing on increasing quality and efficiency. ▪ Setting conditions for further continuation.	▪ Outcome 1: Health services ▪ More efficient primary healthcare institutions deliver better quality services.	▪ Pilot new models of service delivery. ▪ Support restructuring of PHC. ▪ Support health human resources with task sharing/shifting, specialist care etc.
▪ Further reach and mobilize community for health promotion and disease prevention.	▪ Outcome 2: Health literacy ▪ The population is more health literate and public health institutions are oriented towards health promotion and disease prevention, with a focus on non-communicable diseases.	▪ Support patients' rights organisations and other non-state actors claiming their rights (professional orders). ▪ Working on best buys for reducing NCD risk factors.

Annex 3: Results framework

Domain 1: Democratic governance (SDC, SECO)		
Domain Objective: People benefit from inclusive, effective and democratic institutions (contributing to SDG 16) Impact Hypothesis: Supporting local governments, legislative powers at national and local levels as well as civil society and targeted vulnerable groups, brings decision-making processes closer to the people and enhances their participation		
(1) Swiss portfolio outcomes	(2) Contribution of Swiss Programme	(3) Country development outcomes
Outcome statement 1 High-performing executive institutions: Responsible sub-national executive institutions offer inclusive and efficient services Indicators: 1) Solid public management (modif. SECO SI 2): No. of supported municipalities (LGUs) with public administration practices in accordance with internationally recognised minimum standards <i>2017 Baseline:</i> Selected PEFA indicators: 0 LGUs, Human Resource Management: 0 LGUs <i>2021 Target:</i> Improvement in selected PEFA indicators: 61 LGUs, Human Resource Management: 61 LGUs 2) Efficiency in interactions between government authorities (vertical and horizontal): Improved coordination and co-operation between government authorities and responsible public sector actors at different levels (DDLG RI) <i>2018 Baseline:</i> consultative council set up <i>2021 Target:</i> regular consultative council meetings take place; regional development structures function based on a legal framework; more funds allocated at regional level based on programmes 3) Provision of high-quality public services (modif. DDLGN RI 9): Proportion of the population covered by services in accordance with internationally recognised minimum standards <i>2018 Baseline:</i> % of people, including % of poor Roma and disabled, are covered by selected services ¹⁰ in accordance with internationally recognized minimum standards <i>2021 Target:</i> % of people, including % poor Roma and disabled, are covered by selected services in accordance with internationally recognized minimum standards	Switzerland contributes to transparent and better performing public institutions through improved municipal governance and regional development. This encompasses inclusive service delivery at the local level for administrative and social services. It also focuses on better functioning municipal administrations, more predictable, reliable and transparent municipal PFM capacities, and evidence-based decision making of municipalities, which inform and involve citizens. Statistical registers at municipal level will be built with Swiss support and provide statistics at municipal level. Switzerland supports coordination between local and national authorities to facilitate these reforms. Switzerland contributes to increased transparency and predictability in public resource management, particularly regarding the legal and financial framework as well as through institutional strengthening. <i>Assumptions:</i> - The consolidation of the Territorial Administrative Reform into a full decentralisation, including fiscal decentralisation, is continued. - The central government is committed to pursuing the design and implementation of the reform on regional development. <i>Risks:</i> - Poor commitment and slow progress in implementing public administration reform at central, local and intergovernmental levels. - Staff changes due to political rotation endanger the sustainability of projects. - Inter-municipal co-operation is not sought due to different political affiliations. - Centralisation tendencies counteract a bottom-up approach in developing and implementing the framework on regional development.	Outcome statement 1 Transparent and high integrity public institutions that enjoy public trust, guarantee quality services, and do not fall prey to corrupt practices (NSDI 2015-2020) Indicators: 1) Governance and Public Administration Reform composite indicator: average of government effectiveness, burden of government regulation and regulatory quality¹¹ <i>2012 Baseline:</i> 53.23 <i>2020 Target:</i> 63.19 2) Standards of services established and enforced: <i>2014 Baseline:</i> 1 sector (education) <i>2020 Target:</i> 100% of services

10. The selection of services is yet to be finalised depending on the 'Bashki të Forta' working field. One of the selected services will be social services, the other one will be defined during 2018, including the baseline and target value

11. Scale between 1 (worst) and 100 (best) of composite indicator; Source: NSDI 2015-2020; EU Indicative Strategy Paper for Albania 2014-2020.

Outcome statement 2 Legislative bodies: National parliament and municipal councils perform their oversight and representative functions better Indicators: 1) Representation by parliament (DDLGN RI 2): satisfaction of the population that their interests are represented by national parliament and municipal councils (gender disaggregated) <i>2016 Baseline</i>¹²: (no data) of the satisfaction of the population with the national parliament, (no data) for municipal council¹³ <i>2021 Target</i>: 50% of satisfaction with national parliament and 50% per municipal council 2) Oversight role of legislative powers: parliament and municipal councils take measures to oversee the executives based on reports by commissioners and audits etc <i>2017 Baseline</i>: 4 parliamentary interpellations, 2 investigative commissions, 9 hearings, 70 requests for information <i>2021 Target</i>: 10 parliamentary interpellations, 5 investigative commissions, 15 hearings, 100 requests for information	Switzerland contributes to a better oversight over executive institutions by strengthening national parliament and municipal councils in their core functions. The relationship of members of parliament and councils with citizens will be built and legal reform efforts supported to improve the representation of the whole population in the legislative branches. <i>Assumption:</i> - Parliament and municipal councils strive to become more open and transparent. <i>Risks:</i> - Party interests hinder parliament and municipal councils in their core functions, e.g. through boycotts. - Lacking technical capacities in the administrative services of parliament make it harder for Members of Parliament to do their work. - No division of power between legislative and executive power.	Outcome statement 2 Transparent, inclusive and qualitative legislative process, in line with best European practices (NSDI 2015-2020) Indicators: 1) No. of initiatives for public policies and for monitoring and financial and administrative control by municipal councils¹⁴ <i>2016 Baseline</i>: no evidence yet; data from first measurements in 2016-2017 <i>2020 Target</i>: increasing trend
Outcome statement 3 Citizen engagement: Citizens and civil society engage in decision-making and hold the government accountable Indicators: 1) Effectiveness of civil society initiatives (DDLGN RI 3): no. of well-founded, concerted requests or proposals by supported CSOs, media or citizens to state authorities. Among those, number that represent the interests of women, vulnerable population groups and number that result in concrete measures <i>2018 Baseline</i>: to be defined <i>2021 Target</i>: 4 women, 2 vulnerable groups, 6 that result in concrete measures 2) Local government transparency and openness (ARI GO 1): no. of local authorities that inform citizens transparently, involve them in decision-making processes and consider their interests in local and regional development and budget plans, incl. specific measures for disadvantaged groups <i>2018 Baseline</i>: to be defined, municipality conducts systematic consultation of citizens, to be defined no. of LGUs increase in transparency rating <i>2021 Target</i>: All 61 municipalities involve citizens in decision making and consider their interests. All municipalities improve in the transparency rating	Switzerland contributes to an improved democracy by supporting civic actors, incl. the media, in their actions towards influencing the priority setting, decision making, and accountability of governmental authorities. <i>Assumptions:</i> - Regulatory framework for an improved situation of civil society is set and being implemented. - Civil society starts focusing more on establishing its constituency. <i>Risks:</i> - The trend of politicisation of civil society and media continues. - Political apathy and general frustration among the population hinders a mobilisation of citizens. - Limited freedom of media increases	Outcome statement 3 Better co-operation and partnership between government and civil society, including the existence of a free and independent media (NSDI 2015-2020) Indicators: 1) Strengthen community structures at local level (heads of villages, liaisons in towns): number of 61 new municipalities with community structures <i>2016 Baseline</i>: 0% <i>2020 Target</i>: 50% 2) Design a programme on possibility of effective citizen access to local decision-making and local normative acts through proactive publication and use of information and communication technology¹⁵ <i>2015 Baseline</i>: 30% <i>2020 Target</i>: 100%

12. IDM: Opinion Poll on Trust in Governance, Albania 2016.

13. No data, Proxy: 49% trust local government (IDM 2016).

14. Source: National Cross-cutting Strategy on Decentralization and Local Governance 2015-2020.

15. Source: National Cross-cutting Strategy on Decentralisation and Local Governance 2015-2020.

(4) Lines of activity (Swiss Programme)

Outcome 1:

- Support selected municipalities in improving institutional and human capacities in core areas of PFM, based on the sub-national PEFA findings.
- Strengthen municipalities in effectively managing social services and promoting social inclusion and central government in implementing the policy framework for providing and funding social services.
- Strengthen municipalities in improving the service delivery and local and regional development.
- Support to development of local statistics (register based by function).
- Enhance responsibility and support the GoA in implementing the reform on public administration (Human Resources Management) at the local level.
- Support the central government and regional structures actively involving local governments and stakeholders in the design and implementation of the reform on regional development.

Outcome 2:

- Support municipal councils and national parliament in their core functions such as representation, maybe legislative and oversight. This means that the parliamentary administration will be strengthened, as well as the members of parliament and councillors in selected topics. Intervention areas will be defined early 2018.

Outcome 3:

- Strengthen democracy by supporting drivers of change in demanding integration into decision-making, accountability and transparency of governmental institutions.
- Support the empowerment of vulnerable people to enjoy equal access of opportunities and have a voice in decisions which affect their lives.
- Foster mobilization of citizens through civic education activities.
- Support the capacity and willingness of municipalities to become accountable towards their citizen and to involve them in decision making processes.
- Strengthen interlinkages and co-operation between supply and demand side accountability actors.

(5) Resources, partnerships (Swiss Programme)

Budget: CHF 38 million (SDC CHF 35 million; SECO CHF 3 million sub-national PFM)

Partners: Ministry of Interior, Ministry of Infrastructure, Ministry of Finance and Economy, Ministry of Health and Social Protection, Agencies for Regional Development, National Agency for Regional Development, CSOs, media, Municipal Councils and Municipal administrations (Local Government Units), Associations of Municipalities and Association of Qarks.

Coordination with development partners: USAID, WB, EU, SIDA, UNDP, UN, OSCE, CoE

(6) Management/performance results, including indicators (Swiss Programme)

- The governance portfolio undergoes quite a strategic change in including new interventions and phasing out long standing projects. A strategic steering is therefore needed throughout the cooperation strategy as well as a stronger focus on results. Indicator: Strategic portfolio adjustment according to cooperation strategy results framework.
- Switzerland remains committed to ensure the lead in the thematic coordination and contributes actively to an enhanced coordination and synergies among all partners. The synergies of Swiss interventions will be fostered at subnational level. Indicator: # of synergy enhancing contributions resulting from internal and external thematic coordination.
- A close policy dialogue with the respective ministries and alignment will be sought for improvements of local and regional issues as well as the Public Administration Reform. Indicator: # of contributions to reform improvements formulated and retained.

Domain 2: Economic development and employment (SDC, SECO)		
Domain Objective: Sustainable growth offers more employment and better business opportunities for all (contributing to SDG 8)		
Impact Hypothesis: By fostering sustainable macro-economic stability and addressing different key challenges of the private sector, sustainable and inclusive growth is enabled. Developing adequate market-oriented skills of (young) people increases their employability and therewith reduces unemployment for all segments of the society.		
(1) Swiss portfolio outcomes	(2) Contribution of Swiss Programme	(3) Country development outcomes
Outcome statement 1 Macro-economic stability: National institutions improve public financial management and resource mobilisation; the financial sector is strengthened Indicators: 1) Key PFM indicators as per the PEFA framework (SECO SI 2) <i>2017 Baseline:</i> according to the PEFA assessment 2017 (ongoing) <i>2021 Target:</i> improved key PFM indicators according to PEFA 2) Measures for improving PFM capacity development (SECO SI 3) <i>2017 Baseline:</i> insufficient capacities of officials to provide transparent and reliable PFM services <i>2021 Target:</i> sufficient capacities of officials to provide transparent and reliable PFM services 3) Measures for financial market regulation and supervision (SECO SI 5) <i>2017 Baseline:</i> 3 Investment Funds operating with net asset value around EUR 520m; the non-banking financial regulator has insufficient tools and low capacities to supervise the capital market <i>2021 Target:</i> better legal framework and capacities of regulators to supervise capital market	- Strengthened institutional capacity and better performance of the public financial management (PFM) at central level contribute to better balanced budget and reduction of the debt ratio. - Stronger monetary policy formulation and enhanced regulation and supervision of the financial sector contribute to a more stable and extensive financial sector. <i>Assumptions:</i> - Reforms on macroeconomic and fiscal stability advance steadily, but fiscal risks remain, mainly as a result of demographic pressure coming from low fertility and emigration. This translates in limited fiscal space for manoeuvre for the coming years. - Financial sector remains overall stable; however, euroization of the banking sector and the emerging capital market need to be steadily addressed. <i>Risks:</i> - The macro stability reform programme deviates from the committed targets because of the electoral cycle and the conclusion of the agreement with IMF. - Financial sector risks: high euroization of banks deposits and loans; high concentration of foreign banks; systemic vulnerabilities of the nonbank sector.	Outcome statement 1 Financial stability and sustainable economic convergence thanks to a better balanced and sustainable budget with a reduced debt ratio to GDP, responsible financial institutions, and developed and consolidated financial market¹⁶ Indicators: 1) Public debt ratio to GDP <i>2016 Baseline:</i> 71% of GDP <i>2019 Target:</i> 62.8% of GDP <i>Source:</i> Ministry of Finance official statistics 2) Key PFM indicators <i>2016 Baseline:</i> as per PFM Strategy implementation <i>2020 Target:</i> as set in the PFM Strategy in terms of progress <i>Source:</i> PFM strategy monitoring report 3) Ratio of NPLs, financial system indicators <i>2017 Baseline:</i> inflation rate 2.1% financial market stability indicators <i>2021 Target:</i> inflation targeting at 3% <i>Source:</i> Bank of Albania reports; IFI-s reports
Outcome statement 2 Private sector development: Framework conditions for doing business, competitiveness of the private sector, and market systems are improved Indicators: 1) Number of jobs created and retained (SECO SI 9) <i>2017 Baseline:</i> 0 <i>2021 Target:</i> at least 3,000 (young) people ¹⁷ benefit from additional jobs or self-employment. 50% women and 150 persons from/belonging to vulnerable and socially-excluded groups including rural women, Roma and Egyptians, orphans and returned migrants 2) Direct compliance cost savings (SECO SI 15) <i>2017 Baseline:</i> 0 <i>2021 Target:</i> CHF 20m 3) Additional investment generated <i>2017 Baseline:</i> 0 <i>2021 Target:</i> CHF 20m	- A more conducive business-environment lowers transaction costs and stimulates business growth, investments and competitiveness. - Product quality matching international demand and standards makes export industry more competitive and improves market access. - Strengthened market systems in agriculture, IT, textile and tourism sector creates employment, including for women and vulnerable and socially-excluded groups. - Strengthened start-up/entrepreneurship eco-system and capacities for running businesses leads to business growth and job creation. <i>Assumptions:</i> - Macro-economic reforms and fiscal stability advance steadily. - Business environment, labour market reforms and economic growth advance moderately. <i>Risks:</i> - Lack of or slow progress of the structural and justice reforms: regulatory framework, labour market, land market and property rights. - Negative external outlook, especially in the Albanian export markets.	Outcome statement 2 A more dynamic economy with increased level of foreign investments, increased diversification of exports and incentives that stimulate the creation of new businesses¹⁸ Indicators 1) Unemployment rate¹⁹ <i>2016 Baseline:</i> 15.6%; young people 28.9% <i>2019 Target:</i> 12.5% 2) Ranking and performance according to WB Doing Business Report and WEF Economic Competitiveness Report <i>2016 Baseline:</i> DB 97 th out of 190 economies with 61 points; <i>Global Competitiveness:</i> 80 th out of 138 economies with 4.06 points <i>2021 Target:</i> Increase in ranking (in absolute terms and relatively to the peers in the region) 3) Value of goods exported and FDI²⁰ <i>2016 Baseline:</i> EUR 660m FDI as per Q3 of 2016; EUR 0.8bn exports of goods <i>2019 Target:</i> EUR 1.2bn FDI; EUR 1bn exports of goods

16. Source: NSDI 2015-2020; Public Finance Management Strategy 2014-2020.

17. 2,200 jobs for young men, women and vulnerable groups created through SDC projects; 800 jobs targeting all age groups created through SECO projects.

18. Source: Business and Investment Development 2014-2020.

19. Source: INSTAT LFS 2016, Economic Reform Programme 2017-2020.

20. Source: Bank of Albania BoP statistics; Economic Reform Programme, 2017-2020.

Outcome statement 3 Employability: Young people benefit from labour market oriented vocational education and training and better job placement Indicators: 1) Number of young people (14-24 years) and adults (m/f) successfully involved in improved vocational skills training (SDC ARI EV2) 2017 Baseline: 0 young people and 0 adult trainees in tourism, construction, ICT and textile in 5 supported public providers; 20% women of whom X% (to be defined) pass exams 2021 Target: At least 7,500²¹ young people and 6,000 students trained; 30% women of whom 60% pass exams 2) Contribution to changes in the VET and labour market system (SDC COI VSD 2) 2017 Baseline: capacities in public administration limited, responsibilities centralised, private sector plays limited role, no national qualification framework in place 2021 Target: capacities in 7 public providers increased, responsibilities decentralised, private sector active in definition and delivery, national qualification framework established 3) Number of job placements through career guidance and job-matching services²² 2017 Baseline: 0 2021 Target: 3,000 people; 50% women and 300 vulnerable and socially-excluded people	- Labour market-oriented skills development leads to better trained people and improved job market opportunities. - Training providers applying selected elements of the Swiss dual system (e.g. work-based learning, new ways of learning) increase the quality and market-orientation of training. - Effective labour market policies foster decent job opportunities. - Capacitated national institutions develop policies on work-based learning, quality assurance and accreditation. - Improved job placement and career guidance services increase youth employment. Assumptions: - Market-oriented VET remains a high national priority and VET becomes more attractive. - Private sector plays an active role in the design and delivery of VET. Risks: - Public providers do not have the financial resources to develop the technical infrastructure necessary for quality VET provision. - Shortage of teachers and low salaries limits their motivation. - Reluctance of private sector to get fully engaged in VET and/or regulatory framework.	Outcome statement 3 Higher skills and better jobs for all women and men²³ Indicators 1) NEET²⁴ rate 2016 Baseline: 32.8% 2020 Target: 20.0% 2) Registered unemployed benefiting from employment promotion programmes 2015 Baseline: 1% 2020 Target: 10% Source: Official statistics NES 3) Employment rate of vocational education graduates 2015 Baseline: 16% 2020 Target: 40.0% Source: Official statistics
(4) Lines of activity (Swiss Programme)		
- Policy dialogue aiming at supporting the GoA in its economic reform efforts and advocating for good governance principles. - Support to institutional PFM capacities at central level and strengthened domestic resource mobilization, with a focus on: debt management, public accounting, government financial statistics and tax administration, as well as increasing institutional capacity and performance. - Financial sector: supporting the i) the <i>Bank of Albania</i> in monetary policy formulation capacities as well as boosting research and analytical work for informed decision making and ii) the <i>Albanian Financial and Supervisory Authority</i> for better regulation and supervision of the investment funds/municipal bonds market. - Promote an efficient business environment through i) economy-wide reforms and/ or ii) targeted industry-specific reforms; explore interventions at subnational level. - Facilitate competitiveness and international market access for Albanian companies. - Support the entrepreneurship eco-system and entrepreneurs with the needed skills for launching and growing companies in order to create jobs. - Promote market systems development in the ICT, tourism and agro-processing sectors. - Step up the support to VET with interventions on policy and school/provider level, promoting elements of the dual VET system. With special attention towards the inclusion of special needs of vulnerable groups (Roma, Egyptians, orphans and young people with penal precedents), VET participants to be equipped with the skills requested by the private sector and aligned with their aspirations; therewith increase their employability.		
(5) Resources, partnerships (Swiss Programme)		
Budget: CHF 31 million (SECO CHF 12 million; SDC CHF 19 million)		
Main partners: Ministry of Finance and Economy, Bank of Albania, Financial Supervisory Authority, public and private VET providers, private sector actors including Public Private Development Partnerships.		
Coordination with development partners: IMF, WB, UN, GIZ, EUD, ADA, Italian Cooperation, EBRD		
(6) Management/performance results, including indicators (Swiss Programme)		
- Switzerland will co-lead the thematic working group on VET and support government – donor coordination contributing to reforms. Indicator: # of thematic working group contributions to reforms. - Synergies between Swiss-funded projects in the area of job creation will be fostered through a coordination platform that convenes quarterly. Indicator: # of synergy-enhancing initiatives taken. - Further synergies will be sought with programmes of the governance domain, especially between sub-national and national PFM projects. - Switzerland will seek opportunities to promote principles of decent work through policy dialogue and its programme portfolio.		

21. 1,500 young men and women are equipped with labour market-oriented skills provided by private non-formal training providers and 6,000 adults receive short-term training delivered by public providers.

22. Source: In-depth analysis/assessments/reports conducted by Swiss funded projects; official statistics.

23. National Employment and Skills Strategy 2014-2020.

24. Not in Education, Employment or Training; Source: INSTAT LFS.

Domain 3: Urban infrastructure and energy (SECO)		
Domain Objective: People benefit from high-quality municipal infrastructure services and improved energy supply and efficiency (contributing SDG 7, 11)		
Impact Hypothesis: Improved sector governance, strengthened management of public utilities and investment in renewed infrastructure will lead to better water, sewerage, waste management and energy service delivery.		
(1) Swiss portfolio outcomes	(2) Contribution of Swiss Programme	(3) Country development outcomes
Outcome statement 1 <i>Urban infrastructure:</i> People benefit from reliable and affordable high-quality drinking-water, wastewater and solid waste services provided by sustainably managed public utilities Indicators: 1) Number of persons covered by improved drinking water, wastewater and solid waste services (SECO SI 6; SDG 6) <i>2017 Baseline for water/wastewater:</i> 148,800 citizens in 2 municipalities of Shkodra and Lezha covered by improved services <i>2021 Target for water/wastewater:</i> 600,000 citizens in 12 municipalities covered by improved services <i>2017 Baseline for solid waste:</i> 0 <i>2021 Target for solid waste:</i> 230,000 citizens in 5 municipalities of Berat region covered by improved solid waste services 2) Strengthened and financially-sustainable public utilities (SECO SI 7) 2a: % of non-revenue water in selected public utilities <i>2017 Baseline:</i> 68.5% <i>2021 Target:</i> reduction of non-revenue water by 15% in all selected public utilities 2b: % of cost-coverage (for operation and maintenance)/collection rate in selected public utilities For water supply and wastewater: <i>2017 Baseline:</i> 85%/80% <i>2021 Target:</i> 100%/95% for solid waste: to be defined during inception phase	- Through better management and infrastructure investments, selected public utilities are better placed to offer improved and sustainable drinking water, wastewater and solid waste services. Utilities have the capacities and funding to invest in operation and maintenance and therefore increase sustainability. Thereby, Swiss support contributes to reliable, affordable and climate-resilient services which increase customers' satisfaction, their willingness to pay fees and accept possible tariff increases. - Through effective treatment of wastewater and solid waste, the Swiss portfolio contributes to improvement of the environment. - Switzerland contributes to high quality <i>urban infrastructure</i>, which are important framework conditions for inclusive and sustainable economic growth in line with EU requirements. Assumptions: - National and municipal authorities efficiently implement the national strategic documents and the different laws on water, wastewater and solid waste, and allocate the needed financial resources. They apply full cost recovery tariff system reform on operations and maintenance for wastewater and solid waste and support the work of the regulators. Risks: - Low commitment, ability and willingness of public utilities and municipalities diminish their pace of meeting the performance targets in water, wastewater and solid waste services potentially leading to implementation delays. - Staff changes in public utilities and maintenance of the built infrastructure endanger sustainability of the projects. - Missing inter-municipal co-operation due to lack of trust, especially in the preparation of regional investment measures on solid waste could slow down implementation.	Outcome statement 1 Expansion of Albanian population covered by improved, reliable and affordable drinking water, wastewater and solid waste services²⁵ Indicators: 1) % of population covered by improved drinking water, wastewater and solid waste services <i>2017 Baseline for water and wastewater:</i> 71% (water) / 44% (wastewater) of population covered <i>2020 Target:</i> 73% / 47% <i>2017 Baseline for solid waste:</i> 60% of urban and 10% of rural population covered by services <i>2020 Target:</i> 70% of urban and rural population covered 2) Increased effectiveness of water, wastewater and solid waste services provided by public utilities 2a) % of non-revenue water <i>2017 Baseline:</i> 67% <i>2021 Target:</i> 59% 2b) % of cost-coverage (for operation and maintenance)/collection rate for water and wastewater <i>2017 Baseline:</i> 70% / 87% <i>2020 Target:</i> 87% / 93% 2c) for solid waste: # of reforms on building municipal capacities, developing EU-compliant waste management system and closing current dumpsites are realized by 2021 <i>2017 Baseline:</i> unfavourable regulatory and policy framework; insufficient human, technical and financial resources at municipal level <i>2021 Target:</i> improved regulatory and policy framework and development of EU-compliant municipal waste collection and disposal system based on better human, technical and financial capacities
Outcome statement 2 Energy supply and efficiency: In selected municipalities, energy is reliably supplied from different sources and used efficiently. Indicators: 1) Dam safety monitoring system on Drin and Mat rivers cascades²⁶ is reliably in use according to European standards <i>2017 Baseline:</i> dam safety monitoring system on Drin and Mat rivers cascades not aligned with EU standards due to insufficient allocation of financial, human and investment resources <i>2019 Target:</i> functional and EU-compliant dam safety monitoring system, which is well maintained with adequate financing, trained staff and investments	- Switzerland fosters an enabling environment for the development of the gas sector and strengthens key institutions, which lays the foundations for diversification of energy supply. Swiss support targets the enhancement of renewable hydropower security through upgraded dam safety systems contributing to reliable energy supply. Through measures to increase energy efficiency, resources are allocated more economically and mitigation of climate change impacts is improved. - Reliable and diversified energy services are important framework conditions for inclusive and sustainable economic growth and in line with EU requirements.	Outcome statement 2 The energy sector ensures improved reliability, security of power supply and diversifies resources, integrates with regional and European markets and increases energy efficiency Indicators: 1) Albanian dam safety monitoring system on Drin and Mat rivers cascade operates reliably to increase the lifespan of dams²⁷ <i>2017 Baseline:</i> weak dam safety institutional set-up and low dam safety culture. <i>2019 Target:</i> operational dam safety monitoring system with trained staff, strengthened institutions and suitable financing

25. Source: Draft National Programme for Water Sector 2017-2027; National Strategy/Plan for Waste Management 2010-2025

26. SDG 7 and 13: 3 hydropower plants on Drin river cascade have an installed capacity of 1,448 MW, accounting for 76% of country's total generation capacity. 250,000 living below dams benefit from improved dam safety notably in view of climate change impacts like floods. Sources: Project reports.

27. Source: KESH Action Plan, 2015.

2) The capacity of gas sector-related institutions is strengthened (SECO SI 3) and policy and regulatory frameworks improved <i>2016 Baseline:</i> lack of institutional set up; weak human, technical and financial capacities; under-developed regulatory framework <i>2021 Target:</i> functional gas TSO/DSO, oil and gas institute; trained public staff; new tariff methodology and enhanced regulatory framework; and completed feasibility study for linking Vlora TPP with TAP²⁸ 3) Implemented energy efficiency reforms of targeted municipalities <i>Baseline</i>²⁹: to be decided during inception phase <i>Target:</i> to be decided during inception phase	<i>Assumptions:</i> - Government authorities take up their leading role and efficiently implement the national strategic documents and the different laws on energy and allocate the needed financial resources. They apply full cost recovery tariff system reform on operations and maintenance for energy and support the work of regulator. - Citizens become more and more aware of the need for a sound environment and climate change mitigation. <i>Risks:</i> - The responsible institutions are not capable to address such projects due to lack of skills, finances or political hurdles.	2) Reform measures for building gas sector-related institutions, developing regulatory framework aligned with EU requirements and tariff system are implemented³⁰ <i>2017 Baseline:</i> Incomplete institutional set up for gas sector; lack of competences and know-how; missing tariff system and regulatory framework <i>2019 Target:</i> Operational gas related institutions and improved regulatory framework and tariff methodology 3) Reform actions on energy are realized through capacity building and an improved regulatory framework³¹ <i>2017 Baseline:</i> Weak capacities at the new energy efficiency agency and municipalities as well as incomplete policy, plan and legal framework on energy efficiency <i>2020 Target:</i> Improve performance of energy efficiency agency; implement legislation; increase energy efficiency by 7.5%, compared to 2017
(4) Lines of activity (Swiss Programme)		
- Support to strengthening sector-related institutions and regulators and improving regulatory framework on water, wastewater, solid waste, renewable energy, gas and energy efficiency. - Policy dialogue to address core reform issues related to corporate development, tariff system, financing and sustainability. - Provide institutional strengthening/corporate development of public utilities at municipal level and water association at national and regional level. - Improve water/wastewater, solid waste and energy efficiency through infrastructure investments and management measures (including piloting of the European Energy Award in targeted municipalities). - Support implementation of integrity measures in public utilities. - Support implementation of pilot investment and capacity building measures on integrated urban development and/or Disaster Risk Reduction, which are synergized with existing or future urban infrastructure projects. - Strengthen inclusive growth by assessing in every new project whether vulnerable groups are excluded and by ensuring appropriate counter measures.		
(5) Resources, partnerships (Swiss Programme)		
Budget: CHF 23 million (SECO) SECO projects are co-financed in a range of 10% of the total project budgets by contributions from the Albanian national and local level budgets. - The main implementing partners are international and national organisations such as KfW, EU, WB and EBRD (creating synergies and ensuring optimal efficiency between donors/financers working in the same areas) and private consultancy firms. - The main national counterparts are the Ministry of Energy and Infrastructure, Ministry of Tourism and Environment, municipalities, the public utilities and CSOs in the project areas.		
(6) Management/performance results, including indicators (Swiss Programme)		
- Focus is placed on management for results, ensuring relevance, efficiency and effectiveness of interventions. Progress to be reported in Annual Reports. - Outcome: National and international partners integrate approaches promoted by Switzerland: Indicators: (1) performance based modalities are increasingly integrated in public and donor supported projects; (2) partners understand the importance of governance as a transversal theme in relation with the delivery of public services and are willing to take measures when needed; (3) the inclusion dimension is more systematically addressed in the designing of projects; (4) result-oriented policy dialogue is more systematically tackled by partners.		

28. Agreement on Capacity Building Project for Large Gas Infrastructure Developments II signed between Albania and Switzerland on 18 March 2015, Article 2.2: Expected Results.

29. Data will be available upon the completion of the inception phase on energy efficiency project in 2018.

30. Source: NSDI 2015-2020, Draft Energy Sector Strategy 2017-2030, Gas Master Plan 2016-2040, Ministry of Energy and Industry and Energy Regulator Entity progress reports.

31. Source: National Energy Efficiency Action Plan 2014-2020, Ministry of Energy and Industry and municipality progress reports; energy efficiency project reports.

Domain 4: Health (SDC)		
Domain objective: A more health-literate and engaged population benefits from high-performing and quality primary healthcare services (contributing SDG 4) Impact Hypothesis: Supporting national and local health authorities, human resource capacities and management, leads to better and more efficient quality services at primary healthcare level. Thanks to improved primary healthcare, health promotion and disease prevention activities, the Albanian population adopts healthier lifestyles and improves its health status.		
(1) Swiss portfolio outcomes	(2) Contribution of Swiss Programme	(3) Country development outcomes
Outcome statement 1 Health services: More efficient primary health-care institutions deliver better quality services. Indicators: 1) Service utilisation: number of PHC facility / outpatient department visits per person per year (RI 1, SDC Health Network, gender and socially disaggregated) <i>2017 Baseline:</i> 33% of registered patients in Dibër, 26% in Fier <i>2021 Target:</i> 50% of registered patients visit PHC once per year in both regions. 2) Satisfaction with the provision of services: percentage of patients satisfied with the provision of services by health facilities based on their needs (RI 3, SDC Health Network, gender disaggregated) <i>2017 Baseline:</i> 30% of people very satisfied <i>2021 Target:</i> 55% of people very satisfied 3) Updated national basic service package for PHC and related standards available and implemented <i>2016 Baseline:</i> not updated <i>2021 Target:</i> updates on financing, staffing, referral, staff skills patterns, PHC teams, nursing, equipment available and used	Switzerland will offer technical assistance for re-forming and improving Albania's PHC system. Another focus will be on upgrading the skills and competencies of health-workers and managers at primary level. Specific actions will aim at improving governance structures and processes (e.g. referral system) and increasing the transparency and accountability of health institutions. At the same time, interventions will aim to increase the population's engagement with public health institutions and make them more aware of their rights for quality health services. Working with health centres in including CSOs and citizens in participatory approaches will be further strengthened. Both Swiss portfolio outcomes contribute ultimately to the improved health status and healthier lifestyles of the population as defined in the Albanian Health Strategy (2017-2020) and will be measured through the country development outcome statement 2, indicator 3. Assumptions: - The National Health Promotion Strategy and the National Health Strategy 2017-2020 will be implemented without major delays. - The GoA will increasingly pay more attention to and consider restructuring the PHC Risks: - Slow pace in decentralising and limited consideration for restructuring the PHC level. - Increasing share of the health sector budget allocated to hospital level. - Emigration of skilled workforce leading to shortages in medical staff.	Outcome statement 1 Strengthen the role of primary healthcare teams as gatekeepers of the first contact with the healthcare system (National Health Strategy 2017-2020) Indicators: 1) Number of trainings for health staff on improved packages of preventive care, adolescent health and palliative care <i>2017 Baseline:</i> 20% of health professionals will have been trained in the new (extended) healthcare packages <i>2020 Target value:</i> 100% of health professionals dealing with preventive care, adolescent health and palliative care will have been trained. 2) Establishment and operability of health boards with the participation of civil society and the community <i>2017 Baseline:</i> No health boards <i>2020 Target:</i> Establishment of health boards
Outcome statement 2 Health literacy: The population is more health literate and public health institutions are oriented towards health promotion and disease prevention, with a focus on non-communicable diseases Indicators: 1) Health education outreach: number of people reached through health education sessions related to the prevention of NCDs (ARI H3, gender disaggregated) <i>2016 Baseline:</i> 29% in Fier (28%) and Diber (32%) <i>2021 Target:</i> 50% of population nationwide 2) National health promotion action plan: numbers of health promotion initiatives implemented <i>2017 Baseline:</i> 0 <i>2021 Target:</i> 20 action lines 3) Health literacy: percentage of the population that understands their 1) right to quality health-care, 2) how to access healthcare and 3) how to act to maintain health (in future gender and socially disaggregated) <i>2018 Baseline:</i> 1) 22% of population aware of at least two NCDs risk factors; 2) no data of population changed their behaviour related to NCD risks; 3) < 50% of men visiting family doctor <i>2021 Target:</i> 1) 44% of population; 2) 20% of population; 3) > 50% of men visit family doctor	Switzerland contributes to improving the population's health literacy in response to rising trends of NCDs and in order to tackle behavioural risk factors. PHC delivery will be reoriented towards health promotion and prevention in response to rising NCDs. Switzerland continues to support the GoA in pursuing the implementation of the action plan of the national health promotion strategy. Assumptions: - The GoA applies a multi-sectorial approach to implementing the national health strategy and national health promotion strategy - The GoA pays increasing attention to disease prevention and health promotion. Risks: - Other interest groups promoting unhealthy lifestyles might be more influential and stronger on governmental and citizen's level, leading to worsening trends in risk factors (food/beverage/tobacco industry).	Outcome statement 2 Promote healthy lifestyles and enable healthy choices. (National Health Strategy 2017-2020) Indicators: 1) Implementation of the National Check-Up Programme for 35 to 70 year-old population <i>2016 Baseline:</i> 50% of the age group <i>2020 Target:</i> 70% of the age group 2) Implementation of strategic documents <i>2017 Baseline:</i> approval of National Health Strategy and Health Promotion Strategy <i>Target:</i> implementation according to action plans 3) Prevalence estimates for selected health indicators <i>2017 Baseline:</i> (1) smoking prevalence among ≥15 population: 51.2% for men and 7.6% for women; (2) overconsumption of alcohol in last month of the survey among ≥15 population: 11.7% for men and 1.0% for women; (3) prevalence of overweight and obesity among ≥18 population: 54.5% for men and 46.5% for women; (4) prevalence of obesity only among ≥18 population: 14.6% for men and 17.5% for women <i>2020 Target:</i> (1) 35% for men and 4% for women; (2) 5% for men and 0.3% for women; (3) 40% for men and 35% for women; (4) 8% for men and 10% for women

(4) Lines of activity (Swiss Programme)
Policy dialogue and policy influencing related activities: ▪ Maintain regular and effective policy dialogue on major systemic and structural issues related to both outcomes as well as health sector overall. ▪ Strengthen donor coordination and alignment. ▪ Support the decentralisation of PHC facilities and the restructuring of PHC. Outcome 1: ▪ Improve efficiency and quality of PHC services by improved management capacities and restructuring. ▪ Organizational and individual capacity development. ▪ Limited equipment for PHC centres. ▪ Policy influencing on PHC structure, standards, protocols. ▪ Improved governance, transparency, accountability, anti-corruption (such as in health institutions). ▪ Empowering CSOs and supporting advocacy platforms. ▪ Reorganizing the health services and team work, including referral system. ▪ Fostering inter-sectoral co-operation especially between health and social sectors and between health facilities and local authorities. Outcome 2: ▪ Behaviour change activities by involving community, schools and other institutions. ▪ Introducing WHO's "Best-buys" to reduce risk factors and prevent NCDs. ▪ Health promotion and disease prevention activities. Improve services to better manage and control NCDs. ▪ Strengthening non-state actors.
(5) Resources, partnerships (Swiss Programme)
▪ Budget: CHF 12 million (SDC). ▪ Human Resources: The domain will be managed by a National Programme Officer with support provided by a management staff. ▪ Key counterparts in the policy dialogue are the Ministry of Health and Social Protection, Health Insurance Fund, Institute of Public Health (IPH), WHO, WB, UNFPA, UNICEF, EU and Italian Cooperation. ▪ The programme is closely aligned with relevant GoA strategies such as the National Health Strategy 2017-2020, Health Promotion Strategy, NSDI 2015-20 and other sectorial strategies. Switzerland will also provide transfer of know-how through the expertise of Swiss-based organisations such as the Swiss TPH, Terre des Hommes Foundation and Save the Children. The engagement of citizens and CSOs will be strengthened in terms of health promotion and better accountability of health institutions. ▪ Concerning aid modalities, the domain mainly consists of mandate projects.
(6) Management/performance results, including indicators (Swiss Programme)
▪ The domain is under development. Based on the mid-term review of the Health for All Project (HAP), the domain will be restructured and new projects added. Indicator: Strategic portfolio adjustment according to cooperation strategy results framework. ▪ An assessment of GoA's progress with health sector reforms, increase of public financing for health and of the Swiss portfolio results achieved will be undertaken and inform whether, and if yes, how the Swiss health domain engagement shall be pursued in the second half of the strategy period and beyond. Indicator: Assessment informs future health portfolio development.

Annex 4: Indicative budget allocations 2018-2021

Indicative disbursements planned 2018 – 2021					
Domain	SDC million CHF	in % of total	SECO million CHF	in % of total	Total SDC & SECO million CHF
Democratic governance	36	54%	3	8%	39
Economic development and employment	18	27%	12	32%	30
Urban infrastructure and energy	n/a	n/a	23	60%	23
Health	12	18%	n/a	n/a	12
Other interventions*	2	1%	n/a	n/a	2
Total budget allocation 2018 - 2021	68	100%	38	100%	106

Indicative commitments planned 2018 – 2021					
Domain	SDC million CHF	in % of total	SECO million CHF	in % of total	Total SDC & SECO million CHF
Democratic governance	35	52%	3	8%	38
Economic development and employment	19	28%	12	32%	31
Urban infrastructure and energy	n/a	n/a	23	60%	23
Health	12	18%	n/a	n/a	12
Other interventions*	1	2%	n/a	n/a	1
Total budget allocation 2018 - 2021	67	100%	38	100%	105

*without office management costs, including Small Project Credit of Cooperation in Albania. Estimated office management costs for the International Cooperation amount to CHF 1.1 million per year. Albania also benefits from regional and global initiatives financed by SDC and SECO. When these measures cannot be earmarked to a specific country, they are not accounted for in the financial projections mentioned here.

Annex 5: Monitoring system

Purpose of the Monitoring System

The Swiss Cooperation Strategy Albania 2018-2021 is subject to systematic monitoring in order to keep track of progress towards expected results and to allow for corrective measures if and when required (steering). The monitoring system observes three dimensions: the country context, the Swiss Results Framework and programme management. Country context monitoring looks at the political, social, economic, and environmental development of Albania and how it affects the Swiss portfolio. Monitoring of the Swiss Results Framework assesses progress in achieving expected results of Swiss interventions, including the transversal themes. Programme management monitoring focuses on the efficiency and effectiveness of the Embassy and compliance with management and aid principles.

Monitoring Instruments

Different monitoring instruments are used to monitor the three dimensions:

Dimension	Monitoring Areas / Fields of Observations	Instruments	Periodicity
Country Context	- Overall political and socio-economic trends - International and regional developments - Risks - Country development outcomes	- MERV - Regular exchange with other donors and experts - Result Monitoring Matrix - Annual Report	- Yearly (October), if need be also half yearly - October
Swiss Portfolio	- Swiss programme outcomes - Changes in transversal themes (gender equality and good governance)	- Result Monitoring Matrix - Annual Report	October
Management	Embassy efficiency and compliance	- Operational Planning - Annual Report - Internal Control System Report - Local Security Plan	- January - October - September - Annually

The first level – *the country context* – is monitored by the Monitoring System for Development-Related Changes (MERV). The Embassy conducts yearly assessments of the development relevant changes. The analysis and findings are validated in a workshop with the participation of an external expert and are documented in the MERV document. Additionally, the country development outcomes in the four domains are analysed during the Annual Report elaboration process.

To monitor the *Swiss portfolio* – the Swiss Results Framework – a Results Monitoring Matrix is used. With this instrument, project and programme developments are monitored (i.e., ‘Swiss portfolio outcomes’ and project outcomes/outputs) including the transversal themes.

To monitor the *management dimension*: The Operational Planning allows for monitoring of the operational side: day to day supervision of the implementation of projects and programmes.

The cooperation strategy Monitoring System and its instruments are continuously reviewed, revised and further elaborated, enabling a clear focus on domain results. As a consequence, awareness for sector development objectives increases and translates into programme and project design working towards stronger impact on policies.

Annex 6: Map of Albania



Abbreviations and acronyms

ADA	Austrian Development Agency
AR/AP	Annual Report / Annual Programme
ARI	Aggregated Reference Indicator
BoP	Balance of Payments
CHF	Swiss francs
CoE	Council of Europe
CSO	Civil Society Organisation
DB	Doing Business (World Bank Indicator)
DDLG	Democratisation, Decentralisation and Local Government
DRR	Disaster Risk Reduction
EBRD	European Bank for Reconstruction and Development
EU	European Union
EUD	European Delegation
EUR	Euro
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIZ	German Organisation for International Cooperation
GoA	Government of Albania
HAP	Health for All Project
IDM	Institute for Democracy and Mediation
IPH	Institute of Public Health
IMF	International Monetary Fund
INSTAT	Albanian Institute of Statistics
KESH	Albanian Power Corporation
KfW	Kreditanstalt für Wiederaufbau / German Development Bank
LFS	Labour Force Survey
LGU	Local Government Units
MERV	Monitoring System for Development-Relevant Changes
MoHSP	Ministry of Health and Social Protection
NATO	North Atlantic Treaty Organisation
NCD	Non-communicable disease
NEET	Not in Education, Employment, or Training
NGO	Non-Governmental Organisation
NES	National Employment Service
NPL	Non-Performing Loan

NSDI	National Strategy for Development and Integration
ODA	Official Development Aid
OECD	Organization for Economic Cooperation and Development
OOP	Out-of-pocket Payment
OSCE	Organisation for Security and Cooperation in Europe
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PHC	Primary Healthcare
RI	Reference Indicator
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SECO	State Secretariat for Economic Affairs
SI	Standard Indicator
SIDA	Swedish International Development Cooperation Agency
Swiss TPH	Swiss Tropical and Public Health Institute
TAP	Trans Adriatic Pipeline
TPP	Thermal Power Plant
TSO/DSO	Transmission System Operator / Distribution System Operator
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USD	United States Dollar
VET	Vocational Education and Training
WB	World Bank
WEF	World Economic Forum
WHO	World Health Organisation

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