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# Swiss Cooperation Programme **Albania** 2022–2025





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# Foreword

The stability and prosperity of the Western Balkan region remains a strategic goal of Swiss foreign policy. Switzerland's engagement in the region intensified in the 1990s with the provision of humanitarian as well as peacekeeping assistance and refuge for many people affected by armed conflict. Since then, Switzerland and the Western Balkans have developed close ties, best documented by close cooperation and a sizeable diaspora living in Switzerland. More than 500,000 Swiss residents have family ties to the Western Balkans.

Switzerland has been supporting Albania's political, social and economic transition since 1992, having established diplomatic relations in 1970. Today, Switzerland ranks among Albania's largest bilateral cooperation partners. Bilateral agreements between the governments of Switzerland and Albania in various fields such as trade, economic cooperation, investment protection and social insurance underpin this trusted partnership.

Albania has made significant political and economic progress since the fall of communism in 1991. The present Swiss Cooperation Programme for Albania 2022–2025 lays out Switzerland's commitment to continue supporting Albania in addressing remaining challenges in the country's democratic state-building, sustainable development and in implementing related reforms.

The new cooperation programme focuses on four areas: democratic governance, sustainable economic development and employment, infrastructure services and climate change, and health. Switzerland has valuable expertise in those areas, and is able to make an effective, result-oriented contribution to Albania's sustainable development. The foreseen financial commitment for the period 2022–2025 amounts to CHF 105 million in the form of grants.

The Swiss Cooperation Programme for Albania 2022–2025 was developed by the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO), in close consultation with national authorities, partners from civil society, the private sector, youth and other development partners.

We are confident that the goals and priorities set out in the Swiss Cooperation Programme for Albania 2022–2025 are particularly relevant to the sustainable development of Albania, the implementation of its reforms for the benefit of Albanian citizens and private sector, and for Albania's progress in achieving and implementing European standards and values.

Bern, January 2022

Swiss Agency for Development  
and Cooperation (SDC)



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# 1. Country context

## Albania's reform path

In 1991, Albania started its transition towards democracy and a market economy. In the process, large numbers of citizens emigrated to other European countries, the US and other regions. Although some migrants return to build livelihoods in Albania and contribute to the country's development, their number is low and outmigration remains high, especially amongst youth.

Over the last 30 years, Albania has achieved remarkable progress in building transport and energy infrastructure, engaged in important reforms, gained membership of the North Atlantic Treaty Organization (NATO) as well as EU candidacy status, and established stable relations with regional neighbours. Moreover, the country's various religious communities live in harmony. However, efforts to deal with the past of Albania's oppressive, communist regime are incomplete, and the country has yet to fully acknowledge and identify the victims. The twin shocks of a devastating earthquake in November 2019 and then the COVID-19 pandemic revealed weaknesses in public administration and governance together with a need to build back better. The twin crises also revealed strengths to build on, particularly the solidarity of the population, strong engagement by municipalities and agents of change in institutions.

## EU accession process

Albania and the EU are expected to launch **accession talks** in 2022 or soon after. Although reform progress might be slow and hampered by vested interests, the resulting changes will be lasting. Under an optimistic scenario, Albania can expect to become an EU member state by 2030 or soon after, particularly if the EU overcomes its internal challenges and the country makes good progress in public administration, justice and electoral reforms, whilst fighting corruption and organised crime, and fostering social inclusion of vulnerable groups. Albania will face persistent challenges regarding governance, the environment, social protection and international competitiveness. Under a truly negative scenario accession would stagnate, leading to a reduced public acceptance of the European project and prompting other geopolitical actors to expand their presence in Albania and the region.

## Trust in government and civic engagement

Across Albanian society, there is little trust in state institutions. "We are a low-trust society"<sup>1</sup>. State capture by political parties<sup>2</sup> and their leadership as well as pressure from organised crime and corruption strongly hinder the creation of effective democratic institutions and development generally. Nonetheless, citizens have benefited directly from positive institutional changes, including decentralisation and the justice reform.

Improved delivery of public services, greater responsiveness to citizens' needs and increased cooperation across political parties also represent encouraging progress. A further strengthening of the public administration reform requires financial resources at local level, increased civic engagement, and guarantees of free and fair elections, including local elections. Some areas that have registered positive change include public financial management (PFM), involving the Ministry of Finance and Economy, and improved statistical capacity, involving the Albanian Institute of Statistics (INSTAT), but these improvements are less visible to the public. As state institutions become more effective and transparent, however, they will gain citizens' trust and encourage greater private sector involvement.

Albania is improving its **electoral code** and debating which electoral system best represents citizens, as a vital element of democracy. However, issues requiring attention are misuse of state resources in elections and undue voter influencing. In the coming years, the country must address questions related to open lists, financing of parties and candidacies, and the internal democracy of political parties. Although growing numbers of women are entering the political sphere, their representation and capacity to influence politics and public life remain insufficient, because gender stereotypes on women's roles as representatives are still prevalent.

The executive, legislative and judiciary powers show institutional weakness, and one of the country's main governance challenges is to introduce checks and balances between those three powers.

<sup>1</sup> Opinion shared during consultation process.

<sup>2</sup> Through the whole post-communist period, not to be attributed to one particular political force.

**Civic engagement** has increased slightly in recent years but remains fragmented. When civil society organisations (CSOs) and citizens join forces, they succeed. However, public and civil actors still do not work regularly towards common national goals or interests that are guided by debate, cooperation and mechanisms of accountability. Moreover, public institutions tend to control CSOs and limit their space. This undermines the confidence of citizens, particularly young people, that they can achieve positive change based on shared needs and priorities, sound proposals, consultative procedures and transparent decision-making.

The development of independent media outlets is inhibited by the interests of powerful businesses and political interests as well as by media ownership. Journalists face limited job security, intimidation and self-censorship. The government's attempts to regulate online media in order to prevent defamation have been strongly criticised by the OSCE and EU, warning that it would limit freedom of expression, which is guaranteed by the constitution.



Citizens and civil society activists protesting and marching against gender-based violence and demanding justice and action for Sabrina Bengaj who was murdered by her ex-husband. Tirana, 15.09.2021.

## Growth and poverty

Albania is an upper middle-income country on the path to EU accession. Still, gross domestic product (GDP) per capita in 2019 was USD 5,353 (current value), one of the lowest in the region and less than half that for new EU member states. The 2019 earthquake and COVID-19 hit the economy hard, at a time when the underlying growth model was already showing signs of fragility. According to preliminary data, GDP in Albania declined by 3.3% in 2020 but then rebounded in the first half of 2021, with an outlook of 7.2% real growth for the whole year. Agriculture and fisheries are the biggest contributors to GDP, followed by tourism, trade, construction and accommodation, and food services.

After growing at an annual average rate of 6% from 1998 to 2008, Albania's GDP growth slowed sharply between 2008 and 2014 to an annual average of 2.4%, weighed down by the global financial crisis and subsequent Eurozone crisis. From 2015 to 2018, growth recovered to an average of 3.4% but then slowed to 2.2% in 2019. Given greater macroeconomic stability and economic recovery in the EU, private investment, net exports (mainly tourism) and consumption have picked up recently. However, the rise in investment and economic expansion has come for the most part from large, one-off foreign-financed projects in energy generation, including the Trans-Adriatic Gas Pipeline (TAP) which was already winding down in 2019, as well as from relatively low-productivity and low-pay sectors such as basic manufacturing and small-scale tourism. Albania's current productivity challenge is reflected in low business capabilities. The economy is dominated by micro, small and medium-sized enterprises (MSMEs), which represent 99.8% of entities, 82% of employment and 72% of value added in the business sector. Informality remains widespread. Overall, strengthening the legal environment and streamlining government-business interactions are among Albania's most pressing business obstacles.

Albania is significantly vulnerable to external factors, with high exposure to volatility in energy imports. Tourism is a key service export sector, accounting for 26% of GDP. With about 40% of the population living abroad (mainly in Greece and Italy), Albania figures amongst the top recipients of remittances, with current transfers accounting for an estimated 5.2%

of GDP in 2019. Foreign direct investment (FDI) is concentrated in the gas transmission and energy sector.

Expansionary monetary policy helps support the economy, but credit remains limited. Despite efforts to reduce fiscal imbalances, Albania entered the COVID-19 crisis with limited fiscal capacity and space at the end of 2019, specifically with a high stock of public debt (at 68% of GDP), a chronically weak public revenue base, and significant spending needs to close gaps in the social sectors and infrastructure.

The country's fiscal position deteriorated during 2020 because of reduced revenues and increased crisis spending. Public debt was estimated to be 82% of GDP at the end of 2020. Once the crisis is overcome, fiscal consolidation must resume, coupled with efficiency gains and structural reforms, to avoid negative impacts on growth.

Job creation accelerated from an annual average of 3% between 2010 and 2014 to 4% between 2015 and 2019. By 2019, Albania had the highest employment rate in the Western Balkans at 53.4% (60.1% M; 46.9% F) of the working age population. Nonetheless, the unemployment rate remained high, at 11.7% (with minor differences between women and men), and job creation gains were concentrated in low-sophistication sectors, such as basic textile manufacturing, administrative support services and construction. Young people consider a lack of adequate work to be their biggest obstacle in securing employment. The official youth (15-29 years) unemployment rate was 21% (20.8% M; 21.1% F) at the end of 2020. In response, many young and qualified Albanians continue to emigrate. Since a large proportion of the workforce (60%) has a low level of education and many MSMEs consider lack of qualified workers as a major obstacle, vocational skills development remains important.

In 2019, 23% of Albanians were at risk of poverty. One third of employment is informal, and many families struggle to meet their basic needs. The country's social protection system offers insufficient safety from poverty shocks. COVID-19 pushed a large share of vulnerable persons (up to 118,000, especially those with dependent children and older persons) back into poverty.

## Unequal access to public services

Access to many public services remains a challenge for the vulnerable, including the poor (particularly for women with children), disabled persons, the elderly, the Roma community and rural population. The main problems are low levels of geographical coverage, weak mechanisms for inclusivity, and limited allocative and technical efficiency. According to the latest statistics on income and living conditions, poverty (at 23.4%, corresponding to 670,000 people) and inequality of income distribution (at 35.4%) were still high in 2018.

More than half of the poor population is inactive, unemployed or not receiving education; people in remote areas are often completely excluded. Main identified causes of vulnerability and exclusion are unemployment and low wages; low public spending in health, education, social protection; weaknesses in governance and rule of law; variable institutional quality and implementation gaps; degradation of natural resources and disasters.

The twin shocks of the 2019 earthquake and ongoing COVID-19 pandemic have worsened poverty and exclusion. Restrictive measures imposed in response to COVID have undermined the quality of basic services and people's access to them.

For more than 8 months, access to primary healthcare was limited, and prevention programmes ceased to function. The twin shocks have highlighted the importance of social protection, health and education, as well as crisis prevention and response capabilities.

The Albanian social protection system is gradually taking shape, based on three complementary modalities: financial assistance, social services and active labour market services. Strategies approved recently by the GoA aim to decentralise social and health services, and make them more responsive to people's needs. For the first time ever, Albania has operationalised the national social fund for decentralised social services, in accordance with municipal social plans.

However, health and other social sectors remain underfinanced and far from EU standards, with social protection at 9.4% of GDP, health at 3%, education at 3.2%, and housing and community amenities at 2.2%. Out-of-pocket payments for healthcare account for about half of total health spending. The social sectors must be transformed to meet the country's needs and challenges as well as EU membership requirements, and to benefit from opportunities and innovations offered by digitalisation.

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## Environment, climate change and disaster risk

*Albania ranks high in terms of overall disaster risk amongst all European countries, due to very high exposure to extreme natural events. Albania has achieved moderate progress in protecting the environment, making energy supplies sustainable and addressing climate change impacts. Although the GoA has shown strong interest in airport and road infrastructure, it has not yet implemented a new waste management strategy or established a regional waste management system in line with EU standards. Finalising and implementing the draft, integrated National Energy and Climate Plan, in alignment with the Paris Agreement and EU climate policies, are important first steps towards a low-carbon pathway, aimed at halving greenhouse gas emissions to 2tCO<sub>2</sub>eq per capita by 2050.*

*The GoA's commitment to achieving energy security and efficiency with reduced greenhouse gas emissions requires cost-efficient investment in wind and solar power as well as economically and environmentally sound investment in hydropower. Energy projects in the Vjosa River system must comply with international and EU norms with respect to impact assessment and environmental protection. Since the Vjosa is Europe's last wild river, protecting its biodiversity is an issue of international importance. Civil society is actively calling for transparency and consultation procedures.*



*Flooding has disrupted Albania's lowlands several times in the past few years.*

## Regional dynamics

As a NATO member, Albania is committed to the Euro-Atlantic partnership and integration. The country has also served as chairperson-in-office of the OSCE and has been elected non-permanent member of the UN Security Council, one year before a decision is expected on Switzerland's candidacy for a non-permanent seat.

Albania engages in regional initiatives and has stable relations with neighbouring countries, despite some issues, such as its maritime borders with Greece. Geopolitical dynamics in Albania and the Western Balkans region involve a Chinese, Russian, Turkish and Arab presence, which challenges the Euro-Atlantic influence to some extent.



Western Balkans Six Summit in Tirana, June 2021.

## 2. Swiss foreign policy objectives for Albania and contribution by other development partners

Switzerland and Albania established diplomatic relations in 1970. At that time, Switzerland was about to complete its long-standing democratic system by finally approving women's right to vote. Albanians lived under a communist dictatorship for another 20 years. Switzerland started to provide important support, in the 1990's after the fall of the communist regime.

Switzerland's foreign policy interests in Albania and the Western Balkans region emphasise peace, stability, democratic state-building, the rule of law and prosperity, as well as support to Albania's European integration. Albania is engaged in an important reform agenda along those lines, with further guidance from the Acquis Communautaire of the EU and the UN's 2030 Agenda. The reforms will enable the country to deliver positive change for its citizens and private sector, and help advance its process of EU accession.

In response to the 2019 earthquake, international actors showed great solidarity, culminating in an EU-Albania donors' conference in Brussels in February 2020, to which Switzerland made an important contribution of CHF 10.24 million. Soon afterwards, COVID-19 complicated the earthquake response and reform work, requiring specific additional responses to contain the spread of the disease.

Economic relations between Switzerland and Albania centre on trade in pharmaceuticals, energy, food, construction services and increasingly tourism.

The TAP represents a major foreign and Swiss investment, bringing gas from Azerbaijan to the European gas network through Albania. Some years ago, the Swiss/Albanian Chamber of Commerce (SWISSA) was founded, and there is considerable scope for expanding economic ties between the two countries.

In recent years, Switzerland has contributed over CHF 100 million per year in international cooperation with the Western Balkan countries. This includes a contribution of about CHF 25 million in Albania, making Switzerland the country's

second biggest bilateral donor. Those numbers reflect the relevance of the regional 'neighbourhood' in relation to the aforementioned Swiss foreign policy goals<sup>3</sup>.

Though Albania is not an aid-dependent country, aid flows do provide a significant source of funding for the country's economic and social development. Yearly commitments of official development aid (ODA) accounted for 1.8 % of GDP on average, from 2013 to 2019. If all other types of financing are included, aid disbursements as a percentage of the government's budget in the same period are significant, equal to an annual average of 24.2%. Albania's main multilateral development partners are the EU, the European Bank for Reconstruction and Development (EBRD), the World Bank and the UN. Germany, Switzerland, the US, Italy, Sweden, Austria and Turkey were the country's most important bilateral donors between 2015 and 2019.

The SDC and SECO have shared responsibility for Switzerland's assistance to Albania since 1992 and act complementarily in accordance with their respective expertise. Swiss assistance has proved relevant and has contributed positively to Albania's policies and country system, thanks to the volume of Swiss ODA, the integrated nature of Swiss representation as well as its modus operandi, which is characterised by neutrality and a long-term approach, focusing on quality during implementation, working in partnership, and complementing EU cooperation.

The GoA and its main development partners have established a coordination mechanism for international cooperation. Switzerland co-chairs the coordination mechanism's decentralisation, vocational education and training as well as health, and contributes to all other relevant areas. For the next period of cooperation, Switzerland will help to improve donor-government coordination regarding: (1) better links between results and resources and improved sectoral approaches, (2) increased continuity in governmental structures and responsibilities, (3) better alignment of donor support, including use of the country system, and (4) improved accountability (domestic and mutual).

<sup>3</sup> 'Neighbourhood' also refers to important diaspora communities from the Western Balkans region living in Switzerland, although the number from Albania is lower than for other countries.



*Federal Councillor Ignazio Cassis addresses the media during his visit in Albania in November 2020.*

# 3. Switzerland's results for the period 2018–2021 and lessons learnt

## 3.1 Democratic governance

For more than 20 years, Switzerland has supported decentralisation and local governance in Albania. From 2018 to 2021, Swiss cooperation has engaged in strengthening the Albanian parliament. Regarding citizen participation, more than 100 Swiss-supported civic engagement initiatives have influenced local government decisions and services. Important achievements for citizens at the local level include better access to specific services. For example, waste management coverage has improved by 70% in supported municipalities; 60 municipalities now have a social plan; and almost half receive funds from the national social fund. Municipalities have also improved their management capacities, particularly in multi-year budgeting, administration of their own revenues and the establishment of performance indicators. Almost all municipalities have reconfigured the delivery of 70 administrative services through one-stop shops and have also established municipal gender commissions. These commissions have established connections with Women Councillors, a network of former and present municipal councillors, by means of which the participation of the political opposition could be ensured despite their lack of representation on municipal councils.

Municipalities as well as the Parliament have shown a high degree of innovation during the COVID crisis – for example, by broadcasting debates – and this has set the scene for greater transparency in the legislative power at the local and national levels. Municipalities have adapted their priorities to the population's urgent needs, supporting the most vulnerable and, in some cases, local businesses through the timely limited suspension of fiscal obligations.

Better availability of statistics at the regional level and collection of data on social inclusion will lead to more informed and inclusive policies at the local and national levels. Regarding national reforms, approval of the Law on Regional Development and Cohesion has provided a sound basis for regional development. The adoption of a strategic plan for the Parliament has paved the way for the legislative power to perform its functions better. The establishment of standards for pre-school education – a service delegated to municipalities in the framework of decentralisation – provides a benchmark for the delivery of services at the local level.



*Municipalities had a challenging task after the devastating earthquake of November 2019. In the photo: Mayor of Kurbin Majlinda Cara with her staff.*

Lessons learned from 2018 – 2021 mainly concern the importance of checks and balances for enhancing democracy. Even more important in the current context is the need to strengthen the oversight role of legislative bodies at the national and local levels, and to support actors outside these formal bodies (Parliament and municipal councils). Supporting a highly fragmented civil society requires innovative approaches as well as working with different types of stakeholders such as citizens' movements, interest groups and individuals. Social protection is a relevant issue for Albania in view of its candidacy for EU membership. Support from Switzerland together with the UN covers social services for vulnerable people – including the emerging national system (social fund) – as well as labour market measures. A national social fund mechanism coupled with local social plans supports the delivery of decentralised and integrated social services.

## 3.2 Economic development and employment

From 2018 to 2021, the Swiss economic development and employment portfolio centred on macroeconomic stability, private sector development and youth employment, including vocational skills development.

Notable results include the following:

- › The Albanian Investment Council was supported to serve as the key platform where the government and private sector discuss policies on and reforms to the business environment, especially in support of measures to ease the effects of COVID-19.
- › Performance-oriented budget processes, public debt and fiscal risks are now better managed.
- › The central bank improved its capacity to formulate monetary policy and respond to external shocks.
- › The non-banking financial sector is better developed and more stable, thanks to a stronger regulatory framework.
- › Albania now has an improved insolvency regime and corporate financial reporting system aligned with international best practices and EU standards.
- › The business environment triggered an additional EUR 20 million in private sector investment and savings of EUR 1.5 million in compliance costs.
- › Selected companies (in particular SMEs and start-ups) enhanced their international competitiveness in a stronger entrepreneurship ecosystem.
- › 3,600 jobs (48%f) were created, as well as employment for 820 young people (45%f), vocational training for 17,627 people (38%f) and 2,316 apprentices (21%f) were hosted in 590 companies (reflecting strong private sector engagement).



*An increase in Albania's exports should be coupled with the establishment of international and European quality standards in order to ensure competitiveness and integration.*

Some important lessons learnt are as follows: (i) despite significant progress, additional efforts are needed to strengthen macro-economic consolidation and resilience, especially in PFM, for resource mobilisation and effective use of public funds; (ii) the business environment needs further improvement to strengthen competitiveness (particularly of SMEs and start-ups) and regional economic linkages, and to ensure private sector participation with regard to reforms in economic policymaking, bearing in mind the importance of the informal economy; and (iii) a stronger focus on creating decent jobs and further efforts are needed to strengthen institutional arrangements for developing market-oriented skills and job intermediation services.

## 3.3 Urban infrastructure and energy

From 2018 to 2021, Swiss cooperation in this area underwent a significant shift – from addressing the challenges of individual utilities or municipalities to supporting entire sectors – which produced a systemic impact. As a result, financing of ‘hard’ infrastructure investments declined, and contributions to ‘soft’ support measures, such as technical assistance and capacity building, increased.

Notable results include the following:

- › The gas sector improved its policy and regulatory framework, and strengthened its institutional capacities.
- › The Albanian Power Corporation (KESH) installed and now reliably operates dam safety instruments and monitoring systems on the Drin and Mat Rivers, according to international standards and EU requirements.
- › The Berat region was amongst the first to operate rehabilitated and improved waste dumpsites compliant with all national regulations, and 185,000 people in the region now benefit from basic solid waste services.
- › Six public water utilities in secondary cities improved their operational and financial performance, resulting in better water and wastewater services for 400,000 people.



*A modernisation of water utilities goes hand in hand with building institutional capacities and strengthening their management.*

Some important lessons learnt are as follows: (i) key institutions still have limited skills and capacities in areas such as disaster risk reduction (DRR), to implement policy and legal frameworks; (ii) services improve sustainably only when individual and institutional capacities are strengthened in public utilities and municipalities, and citizens’ awareness is increased; (iii) joint interventions with other development partners at all levels produce more tangible and sustainable results and are better able to mitigate external risk factors; (iv) the performance-based approach has demonstrated good results, and is supported by the GoA and major development partners; and (v) social inclusion of low-income/vulnerable groups requires targeted measures on several levels.

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## 3.4 Health

As Albania’s biggest bilateral donor in the health sector, Switzerland has helped improve primary healthcare (PHC), and as a consequence, 10% more citizens (particularly women) are now using this service. Complementary, the support to home-based care services started and improvements are expected in the early identification and monitoring of non-communicable diseases (NCDs). This should allow more inclusive health services that are better able to reach vulnerable people, including the elderly. Over 150,000 (57%F) people were reached through health education sessions and TV media campaigns addressing NCD risk factors and the importance of PHC. It will take time to raise awareness of NCD risk factors and to have an impact on disease occurrence. During the twin crises of the 2019 earthquake and COVID pandemic, Switzerland responded quickly, offering support to the GoA for reconstruction of three health centres, medical equipment, online capacity building for infection prevention and control for health providers and an awareness-raising campaign for the community at large.

Albania’s first national PHC strategy, developed with Swiss support, was approved in 2020, thus paving the way for improved services. However, the twin crises strongly affected the priorities of the GoA, directly impacting the path and pace of reforms.

The main challenges and lessons learnt in this sector concern the high degree of centralisation in the health system, the lack of finances and information, limited checks and balances, and weak civil society participation. Further concerns include the emigration of health workers and lack of a national strategy for human resource management in the health sector. The COVID crisis brought to light both strengths and weaknesses in the health system as well as increased demand from the population and CSOs. Agents of change in the public sector require greater support, and the voice of civil society and citizens must be strengthened to stimulate national reforms. Small actions can have an important influence on policy. The sector would benefit from stronger donor coordination and future EU support in health.

# 4. Implications for the Cooperation Programme 2022–2025

Switzerland will **continue** working in four areas: democratic governance, economic development and employment, infrastructure services and climate change, and health (see the results framework in Annex 2). This work will include contributions to (i) strong municipalities as well as inclusive, effective and independent public institutions at the national level for good governance, democracy, gender equality and public service (including social protection), strengthened checks and balances as well as civic engagement; (ii) an Albanian model for vocational education and training (VET), and better employment; (iii) a sound macroeconomic framework and shock preparedness; (iv) a better business environment and inclusive and sustainable economic growth; (v) urban infrastructure and energy for better services and management of climate change; and (vi) better coverage of primary healthcare and better health literacy for improved health. ‘Leave no one behind’ will continue to be a guiding principle.

**Changes and adaptations** are likely to include strengthened support for civic engagement as well as adapted parliamentary support (in the area of democratic governance), creation of opportunities to strengthen social protection (in the areas of democratic governance and economic development), a stronger focus on sector strengthening while addressing climate change and natural hazards (in the area of infrastructure services and climate change), and support for emergency preparedness and response for greater trust in a resilient health system (in the area of health). Drivers of change will be identified (youth, diaspora, private sector, engaged citizens, religious actors, women in politics, others) as actors demanding and showing commitment to reforms as well as leadership in implementing those and building up effective institutions. Modalities of cooperation will be assessed in order to implement positive change for people and in institutions.

To assist Albania in reducing widespread corruption and the influence of organised crime on state institutions and citizens’ lives, Switzerland will strengthen the system of checks and balances through support for legislative bodies, transparent and effective consultation processes, independent institutions, effective public administration and strengthened civic engagement. Swiss cooperation will also support efforts to identify and deal with the root causes of organised crime.

Economic cooperation will focus on access to markets and opportunities due to reliable framework conditions as well as on the creation of income opportunities through innovative private-sector initiatives, e.g. by introducing standards in value chains to strengthen competitiveness. Support for sound macroeconomic management as well as subnational PFM will also contribute significantly to good governance. Support for urban infrastructure will shift from a hardware financing approach to one aimed at creating performance- and service-oriented sectors. The cooperation programme will address **climate change** and natural hazards primarily through an infrastructure service perspective (in particular renewable energy supply and energy efficiency), whilst actively seeking opportunities in all other areas of engagement.

It will be essential to **communicate** positive change towards more effective institutions, including areas that are less visible to the broader public. The Swiss embassy will further develop key policy messages that relate to Albania’s reform progress and unfinished business, and to Swiss foreign policy interests. It will also consider the COVID-19 response and earthquake recovery efforts (including the Swiss pledge made in Brussels in early 2020) as well as lessons learnt to build back better, greener and fairer.

Swiss cooperation will pay attention to multiple dimensions of exclusion and adequately define target groups in each operation, giving priority, where possible, to vulnerable women, Roma families, unemployed young people, elderly and disabled persons. It will contribute to opportunities for young people across the country and across sectors as a way to tackle migration.

Given that Albania is an upper middle-income country and expects to gain EU membership, the current Swiss ODA-based cooperation programme will likely be transformed at some point in time into a Swiss-Albanian cooperation programme similar to those with other EU member states of Eastern Europe. With this prospect in mind, the 2022–25 programme will give attention to the evolving priorities, modalities and delivery channels for cooperation, and to the use of the country system, peer exchange and twinning approaches. The programme will also reflect periodically on how to build up a future Swiss-Albanian cooperation programme of a non-ODA nature and on how to provide the required resources.

# 5. Strategic orientation and Swiss priorities 2022–2025

The overall goal of the Cooperation Programme 2022–2025 is to contribute to a functioning democracy, effective institutions and public services; a sustainable, inclusive and competitive market economy; and climate change mitigation as well as to achieving and implementing European standards and values.

From 2022 to 2025, Switzerland and Albania will engage in a reform- and results-oriented cooperation programme, whilst keeping the cooperation budget at the high level of the previous period (2018–2021). Reforms will improve democracy, the rule of law, the business climate and living conditions of Albanians; contribute to the achievement of the Sustainable Development Goals (SDGs); and support Albania's European integration. Quality of implementation will be a key principle of our joint work.

## 5.1 Democratic governance

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*People benefit from inclusive, effective and democratic institutions*

- › Outcome 1.1: Public subnational institutions deliver efficient services for all Albanians, including the most vulnerable.
  - › Outcome 1.2: Parliament and municipal councils perform their oversight, legislative and representative functions better.
  - › Outcome 1.3: Citizens and organised civil society strengthen their engagement in agenda setting and decision-making, and hold public institutions accountable.
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### Theory of change:

**If citizens and civil society organisations are organised, engage in agenda setting and decision-making, and hold public institutions accountable, and if public legislative and executive institutions are willing and able to respond, then parliaments and local councils will perform their core functions, and democratic governance and inclusive service delivery will improve, because an active, critical and constructive civil society, and accountable institutions are essential components of pluralist democracy and governance.**

In working towards this portfolio outcome, Swiss cooperation aims for continued engagement in Albania's decentralisation agenda, focusing on deeper implementation of reforms to make service delivery more efficient, particularly in relation to social inclusion and the environment. Local governments will improve their performance and financial management, becoming more transparent, based on reliable data and discouragement of corrupt practices. They will also be more open to cooperation with citizens, civil society and the private sector.

Overcoming limited representation of the legislative power at the national and local levels, along with weak legislative and oversight capacities, requires comprehensive engagement with additional bodies to ensure improved checks and balances. Selected independent institutions contribute to strengthening the oversight function of the legislative branch. It is key for civil society to have greater involvement in monitoring implementation of the law by central and local government.

Citizens, including the most vulnerable, influence agenda setting and decision-making through engagement as individuals, interest groups, movements or organised civil society at the local and national levels. Civil society has a strong voice on social, economic and environmental issues (including climate change), and proposes solutions through constructive dialogue with public institutions. Civil society also promotes accountability, transparency and trust within society; embraces internal innovation; and advocates for the responsible and inclusive digitalisation of society.



Children and young people with disabilities in 23 municipalities are receiving upgraded social services.

To help reach these objectives, the cooperation programme will increase its financial support for civic engagement and civil society, and will strengthen social protection. The latter will be achieved through the 'Leave No One Behind' (LNOB) programme and support for employment, policy dialogue including on financing social protection (state budget, municipal budgets, external resources) as well as twinning with Swiss institutions. The support to regional development will end by early 2023.

## 5.2 Economic development and employment

### Theory of change:

**If Albania is supported to consolidate a reliable macroeconomic framework and an improved, innovation-friendly business environment that is conducive to a more viable, competitive and productive private sector and if young people employability is improved then financial stability and sustainable economic convergence will allow the economy to grow in an inclusive and sustainable manner, because Albanian public institutions and private sector actors create more and decent jobs and are committed to the principles of good economic governance and the improvement of the business environment**

Switzerland will continue to strengthen the ability of its partners to attain a reliable macroeconomic framework, and a stable financial and capital market. Swiss interventions will aim to further improve PFM at the national and local levels, focusing on resource mobilisation as well as effective, transparent and accountable management of public expenditures. The cooperation programme will also strengthen financial sector regulators and supervisory authorities. These measures will lay the groundwork for enhanced macroeconomic resilience.

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*People contribute to and benefit from sustainable economic growth, more business opportunities and decent jobs.*

- › Outcome 2.1: A reliable macroeconomic framework enhances resilience, improves service provision, and increases the trust of citizens and businesses to consume and invest.
  - › Outcome 2.2: An improved, innovation-friendly business environment contributes to higher competitiveness, productivity, investment and employment opportunities.
  - › Outcome 2.3: The employability of (young) people is improved through development of market-relevant skills and efficient labour market services.
-



*Engagement with the private sector is crucial to improving youth employment in Albania.*

Switzerland will further work to promote reforms and an innovation-friendly business environment to increase competitiveness, productivity and investments in an environmentally sustainable manner. SECO and the SDC will work complementarily with public and private sector partners to accelerate reforms and to trigger private sector growth, climate-friendly investment and the creation of decent jobs. Central to this support will be efforts to improve entrepreneurs' access to resources – including finance, know-how and technology – and market diversification, as well as to facilitate compliance of businesses with regulations and quality standards. Swiss cooperation will focus particularly on strengthening dialogue between the government and private sector, which is essential for building trust amongst citizens and businesses. Building on and scaling up from past experiences will facilitate systemic change, while recognising the critical need for sustainable economic development.

Capacity and skills development will remain a key focus of Switzerland's engagement. Young men and women should be able to find decent employment, with the aid of an optimised VET system, characterised by increased private sector participation as well as gender responsive and innovative learning methods, and technologies. New and inclusive approaches to labour market activation (as a means of strengthening social protection), whilst increasing opportunities for innovative private training and emerging job intermediation services, will contribute to the life-long development of people's skills and potential.

## 5.3 Infrastructure services and climate change

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*People benefit from improved access to sustainable economic infrastructure services, and from addressing climate change and its effects.*

- › Outcome 3.1: People benefit from reliable and affordable drinking water, wastewater and solid waste services provided by effective public institutions.
  - › Outcome 3.2: National and local authorities manage energy sustainably to help mitigate climate change, and support cities and communities become more resilient in the face of natural hazards.
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### Theory of change:

**If public institutions improve their capacities in infrastructure service provision and manage energy and natural resources more sustainably, then public institutions will be more effective, the country's resilience to climate change and natural hazards will be enhanced and people and businesses will benefit from improved services because Albania is committed to the energy transition, environmental protection and the development of sustainable domestic energy sources.**

Switzerland will continue to strengthen equitable access to high-quality economic infrastructure services in the water, solid waste and energy sectors. In all sectors, Swiss support will work on two levels to achieve systemic change. On the policy level, and in collaboration with the partners, Switzerland will support the government in implementing improved policy and regulatory frameworks. On the service providers' level, there will be a continuation of support to strengthen their corporate development to enhance the effectiveness of their operational and financial performance. Building on and scaling up from past experiences, Switzerland will undertake joint interventions with major development partners to apply a performance-based approach in the water, solid waste and energy sectors. To sharpen the focus of its portfolio, Switzerland will gradually reduce engagement in the solid waste sector.

Switzerland will support national and local authorities in addressing climate change and its effects. With Swiss support, partners will be able to manage natural resources sustainably, particularly through more efficient energy use and diversification of renewable energy sources, which are important steps towards mitigating climate change. In addition, Switzerland will increase its efforts to strengthen human resource capacities, improve policy and institutional frameworks, and introduce innovative measures for adaptation to climate change impacts. New interventions are planned (SECO) or being assessed (SDC) with national and local authorities to help municipalities and communities becoming more resilient in the face of climate change and natural/environmental hazards.



Renewable and alternative energy sources are gradually making way into Albania's energy system.

## 5.4 Health

### Theory of change:

**If all citizens (including vulnerable groups) adopt healthier behaviours, engage in their own healthcare and demand access to high-quality health services then the primary healthcare system, including emergency care, will adapt to the needs of the population and citizens' health will improve because an accountable, decentralised and inclusive approach caters effectively to citizens' health needs.**

In working toward this portfolio outcome, Swiss cooperation aims to improve the efficiency, coverage and inclusiveness of healthcare services (including for emergencies and particularly for the most vulnerable people), and to promote healthy behaviour amongst children and adolescents. Support will target approaches aimed at moving towards people-centred healthcare. Raising awareness among citizens of their rights in health service delivery will help to increase demand for high-quality health services. As Albania's biggest bilateral donor in the health sector, Switzerland will support the design, implementation and monitoring of national participative health policies, promoting the engagement of citizens and organised civil society as well as the local and national private sector. Proactive engagement in policy dialogue will improve transparency in health financing and in the coordination of external support for the sector. The voices of patients and independent institutions will be strengthened to keep health services accountable.

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*Empowered citizens have equitable access to quality healthcare services*

- › Outcome 4.1: People adopt healthier lifestyles in an environment that is conducive to improved health.
  - › Outcome 4.2: The health system provides improved access to primary healthcare services with improved resilience and preparedness in emergencies.
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*Nurse trained with Swiss support providing home care for patient in remote village of Dibër prefecture.*

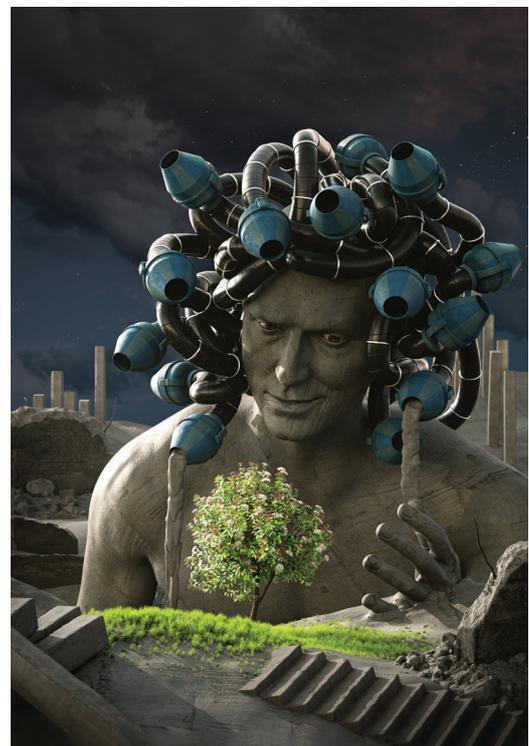
Children and adolescents will adopt healthier behaviour and become more aware of the impacts of climate change and the environment on health, with support from their communities and municipalities. The critical situation of health workers will improve, thanks to clear policies on human resources and if possible engagement with the diaspora. National public institutions considered to be drivers of change will receive support in providing decentralised and inclusive health services, particularly for emergencies. Digital health opportunities will receive systematic support, with emphasis on context-relevant practices (such as home-based care models, e-consultation and health promotion) and on improved access and inclusion for the most vulnerable (e.g. the elderly, the Roma community and women). Mental health will be addressed across all interventions.

## 5.5 Transversal themes

The Swiss cooperation programme strives to integrate all relevant themes and topics. Gender, inclusion and governance are topics which are systematically integrated into analyses and into the design, implementation and monitoring of all Swiss interventions. Regarding governance, Switzerland mainstreams the key principles of participation, transparency and accountability. All our partners, including CSOs, the private sector and independent institutions, are encouraged and supported to improve their own good governance policies and actions, including anti-corruption and integrity measures.

In addition, Switzerland systemically and actively assesses whether its interventions can address other strategic cross-cutting topics – amongst others, climate change, digitalisation, resilience, migration and dealing with the past (considering its impact on governance). Whether these topics can be tackled depends on opportunities, the availability of (flexible) funds, and the principle of a focused approach. Digitalisation implies paying attention to access for all and data protection.

**Arts and culture** are an important part of human development. The multiple links between culture and development are understood and included as a factor in Switzerland's development work. Consequently, the Swiss embassy will help to foster the independent cultural scene in Albania and promote regional collaboration with cultural stakeholders in the Western Balkans. Of the SDC's total operational budget for 2022–25 in Albania, 1% will be devoted to support for local cultural initiatives and artists.



*Construction boom in Tirana as seen by young artist Blerim Tuzi. Betonuza: 'Anyone and anything I look at, turns into concrete'*

# 6. Management of implementation of the cooperation programme

Switzerland aims to strengthen Albania's institutions, helping them become more transparent and effective. The Swiss cooperation programme will enhance the diversity of its partners to strengthen democratic decision-making and to improve the system of checks and balances, particularly through support for consultation procedures and citizens' involvement. The programme will give attention to enhancing partnerships with the private sector, CSOs, movements and citizens, whether as individuals or groups. With all partners, the Swiss embassy will further develop key policy measures that integrate diplomacy, political engagement and international cooperation. Political and policy messages will be continuously updated to reflect contextual changes and will be communicated to targeted audiences.

Switzerland promotes consultations and coordination mechanisms between national, regional and local actors to foster constructive dialogue. The Swiss embassy can also provide information on the availability of Swiss expertise to Albanian actors. In addition, it can support peer exchanges, based on demand for these as a source of inspiration, and strengthen links with the Albanian diaspora, as opportunities arise.

As an important bilateral donor in Albania, Switzerland fosters donor coordination mechanisms and is particularly engaged in VET, decentralisation and health topics. Switzerland uses a flexible approach, based on factors such as GoA leadership and the engagement of international institutions, which may influence the choice of topics. Switzerland also attaches high priority to promoting the inclusion of civil society in coordination platforms.

Regarding aid modalities, Switzerland considers using the country system as the first option, with pre-agreed performance indicators and anti-corruption measures. As a matter of principle, Switzerland also pursues performance-based approaches, considering ownership and accountability to be key elements of a fruitful partnership. Opportunities for co-funding with state actors both at the central and local levels, pooling multi-partner interventions and private sector engagement are welcome. Institutional support to ensure an enabling framework for non-state actors (such as CSOs, youth organisations and the private sector) will be considered. The cooperation programme will seek a balance between long-term transformative results and improvements in the short run.

Collaboration with multilateral organisations will take place at the policy and operational levels. When relevant, the cooperation programme will seek joint efforts in policy dialogue, building on the close cooperation of the UN and international financial institutions with the GoA. Switzerland gives favourable consideration to multi-bilateral interventions, particularly as opportunities for multi-partner projects. The relevance of Swiss support is the main criterion for deciding on engagement with multilateral organisations.

Important changes in the context may occur in the coming months and years (see the context analysis), and this requires flexibility for adapting interventions to future developments and political economy analysis. Innovations in aid modalities and new types of partnerships (involving the private sector, citizens, etc.) may justify taking some risks, which will be closely monitored and mitigated.

# 7. Strategic steering of the cooperation programme

The Swiss embassy in Albania carries out strategic steering of the cooperation programme through well-established instruments and processes. The monitoring system in place ensures results-oriented steering, including accountability and communication, whilst enabling adaptive management in a dynamic context. The monitoring system involves four levels of observation: (i) context, (ii) Swiss Portfolio results (effectiveness), (iii) country development (effectiveness) and (iv) programme management. The monitoring of country development will also consider a human rights-based approach, as expressed by indicators of the Universal Periodic Review (UPR) of the UN human rights agenda and as partially built into our results framework.

The results framework (Annex 2) is the principal instrument for results-oriented monitoring and steering. It clearly delineates results indicators for the intended changes and shows the programme's contribution to development results for Albania, to Switzerland's International Cooperation Strategy 2021-24 and to the 2030 Agenda for Sustainable Development. Data sources for the results indicators include national statistics and monitoring reports, when available, as well as the project's monitoring system and periodic assessments and reports from development partners.

Information provided by the yearly cumulative assessment of the results framework forms the annual results report. The annual reporting (AR) process focuses on the effectiveness of Swiss Portfolio objectives (vis-a-vis country development, budget execution and financial aspects) as well as on implications and lessons learnt. The annual report also reflects the analysis, steering implications and potential adaptations resulting from the Mid-Year Review (MYR) and from yearly assessment of scenarios and the development context, using the Monitoring System for Development-Related Changes (MERV).

The instruments and mechanisms used to monitor assumptions, risks, opportunities and scenarios include Partner Risk Assessments, the Internal Control System, Steering Committee meetings, field visits and regular exchanges with stakeholders as well as annual and end-of-phase reports from implementing partners on risk management.

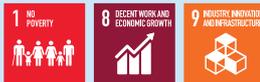
Learning is part of the annual reporting process, and it is further strengthened through internal exchanges, such as Operational Committee meetings as well as specific events, including regional meetings and field visits/missions. The COVID pandemic has heightened the importance of remote monitoring and data collection. Other topic of interest for learning relates to links between international cooperation and diplomatic activities. Youth organisations will have a role to play in monitoring and assessing developments of the context.

Steering the Cooperation Programme 2022–25 will require some flexibility and leeway, as it fashions a systemic response to the twin shocks of the 2019 earthquake and COVID-19 pandemic, and reacts to the priorities of the new GoA from 2022 onwards, to the dynamics of the EU accession process after its launch and the new National Strategy for Development and Integration (NSDI). Therefore programme steering will be taken up during the annual reporting process for 2022. This will also involve decisions based on evaluations and steering conclusions, particularly in the area of democratic governance (parliamentary support and regional development). In 2023, it will be decided whether the Swiss Cooperation Programme for Albania should be subject to a country programme evaluation run by the SDC's and SECO's evaluation units.

# Annex 1: Results framework synopsis (Swiss portfolio)

Contribute to a functioning democracy, effective institutions and public services; a sustainable, inclusive and competitive market economy; climate change mitigation, and to achieving and implementing European standards and values



<p><b>Democratic Governance</b></p> <p>People benefit from inclusive, effective and democratic institutions</p>	<p><b>Economic development and employment</b></p> <p>People contribute to and benefit from sustainable economic growth, more business opportunities and decent jobs</p>	<p><b>Infrastructure Services and Climate Change</b></p> <p>People benefit from improved access to sustainable economic infrastructure services and from addressing climate change and its effects</p>	<p><b>Health</b></p> <p>Empowered citizens have equitable access to quality health services</p>
<p><b>Outcome 1:</b> Public subnational institutions deliver efficient services for all Albanians, including the most vulnerable.</p> <p><b>Outcome 2:</b> Parliament and municipal councils improve their oversight, legislative and representative functions.</p> <p><b>Outcome 3:</b> Citizens and organised civil society strengthen their engagement in agenda setting and decision-making, and hold public institutions accountable</p>	<p><b>Outcome 1:</b> A reliable macroeconomic framework enhances resilience, improves service provision, and increases the trust of citizens and businesses to consume and invest.</p> <p><b>Outcome 2:</b> An improved, innovation-friendly business environment contributes to higher competitiveness, productivity, investment and employment opportunities.</p> <p><b>Outcome 3:</b> The employability of (young) people is improved through development of market-relevant skills and efficient labour market services</p>	<p><b>Outcome 1:</b> People benefit from reliable and affordable drinking water, wastewater and solid waste services provided by effective public institutions.</p> <p><b>Outcome 2:</b> National and local authorities manage energy sustainably to help mitigate climate change, and support cities and communities become more resilient to natural hazards.</p>	<p><b>Outcome 1:</b> People adopt healthier lifestyles in an environment that is conducive to health.</p> <p><b>Outcome 2:</b> The health system provides improved access to primary healthcare services with improved resilience and preparedness in emergencies</p>
<p>Swiss International Cooperation Strategy Sub-objectives*: (3) (7) and (10)</p>	<p>Swiss International Cooperation Strategy Sub-objectives: (1) and (2)</p>	<p>Swiss International Cooperation Strategy Sub-objectives: (3), (6) and (7)</p>	<p>Swiss International Cooperation Strategy Sub-objectives: (7) and (10)</p>
<p><b>Sustainable Development Goals:</b></p> 	<p><b>Sustainable Development Goals:</b></p> 	<p><b>Sustainable Development Goals:</b></p> 	<p><b>Sustainable Development Goals:</b></p> 
<p><b>Transversal themes: Gender, Social Inclusion, Governance</b></p>			

\*Switzerland's International Cooperation Strategy sub-objectives towards which the Cooperation Programme with Albania contributes:

- (1) Strengthening framework conditions for market access and creating economic opportunities
- (2) Promoting innovative private sector initiatives to facilitate the creation of decent jobs
- (3) Addressing climate change and its effects
- (6) Preventing disasters and ensuring reconstruction and rehabilitation
- (7) Strengthening equitable access to quality basic services
- (10) Promoting good governance and the rule of law and strengthening civil society

# Annex 2: Results framework for Swiss portfolio outcomes

Democratic Governance (SDC/SECO)		
Swiss Portfolio Outcome 1: People benefit from inclusive, effective and democratic institutions.		
Contributing to:	<b>Sub-objective no. 3:</b> Addressing climate change and its effects; <b>Sub-objective no. 7:</b> Strengthening equitable access to high-quality basic services; <b>Sub-objective no. 10:</b> Promoting good governance and the rule of law and strengthening of civil society.	
(1) Swiss Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes
<p><b>Outcome statement 1:</b> Public subnational institutions deliver efficient services for all Albanians, including the most vulnerable.</p> <p><b>Indicators:</b></p> <p>1) Civic participation: Number of people participating in and influencing public service provision, decision-making and budget in their localities (GOV_ ARI 1,)            Baseline (2020): 7,110 people participated in 32 online surveys, and 130 people on average taking part in the decision-making process (40%F) in 33 municipalities            Target (2025): 20% more people (50%F) in 61 municipalities</p> <p>2) Reliable public management: Number of municipalities establishing (a) realistic performance-based budgets, (b) increasing local revenues and (c) producing compliant financial reports            Baseline (2020): (a) 28 LGUs (b) 18 LGUs (c) 18 LGUs            Target (2025): (a,b,c) 61 LGUs</p> <p>3) Social protection: Proportion of population protected in at least one social protection area (POV TRI 2); improved access to social services.            Baseline (2021): 187,630 vulnerable people (+50%F) living in 25 LGUs            Target (2025): 350,000 vulnerable people (+50%F) living in 30 LGUs</p>	<p>Switzerland supports strengthening of municipalities' capacity to prepare service performance budgets and reports based on reliable data for decision-making, and to communicate them transparently in a digitalised and user-friendly format to citizens.</p> <p>Switzerland supports better delivery of selected services.</p> <p>Switzerland supports the delivery of decentralised and integrated social services, and is capable of ensuring the inclusion of all vulnerable groups and persons in Albania.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• Services are adequately funded.</li> <li>• Administration strengthens its capacity to deliver.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• There is a lack of will to continue the decentralisation of responsibilities and resources to the local level.</li> </ul>	<p><b>Outcome statement 1:</b> The quality of public services provided by local government is enhanced and upgraded (Decentralisation Strategy)</p> <p><b>Indicators:</b></p> <p>1) Citizens' satisfaction with public services            Baseline (2020): 64% (Local Governance Mapping 2020)            Target (2025): 72% (Local Governance Mapping 2025)</p> <p>2) Strengthened local finances and increased fiscal autonomy, through consolidation of the local revenue system and strengthening of the public finance management system at the local level            Baseline (2021): tbd in June 2022,            Target (2025): tbd in June 2022            (Source) Decentralisation Strategy and PFM Strategy</p> <p>3) Roll-out of the full set of decentralised social protection measures to prevent poverty and reduce inequality is expected to be achieved by 2024.            Poverty baseline (2018): 23.4%            Poverty target:            Gini coef. Baseline (2018) : 35.4%            Gini coef. Target (2025): as per periodically updated EU-SILC            Social protection coverage Baseline (2021): 50% of the population            Target (2025): tbd as per new social inclusion policy document</p>

<p><b>Outcome statement 2:</b> Parliament and municipal councils improve their oversight, legislative and representative functions.</p> <p><b>Indicators</b></p> <p>1) Democratic representation: Proportion of citizens satisfied with their parliament (gender disaggregated, GOV TRI 1) Baseline (2019): Trust in parliament 28% (M: 30% - F: 28%) Target (2025): Trust in parliament 40% (M: 40% - F: 40%) (Source: Trust in Governance Poll)</p> <p>2) Number of municipal councils' decisions responding to citizens' initiatives (e.g., petitions, complaints, citizen initiatives, requests, etc.) Baseline (2020): 48 municipalities recorded 402 requests; 160 requests received a response from the respective councils; and 25% of the requests were reflected in councils' decisions. Target (2025): 10% more requests reflected in councils' decisions in 61 municipalities</p>	<p>Switzerland helps foster checks and balances by strengthening the core functions of national parliament and municipal councils.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Parliament and municipal councils strive to strengthen their internal capacities and mechanisms, and become more transparent and inclusive.</li> <li>Selected independent institutions are willing to assume their role.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Party interests hinder parliament and municipal councils in their core functions.</li> <li>Independent institutions are not able/willing to produce independent reports.</li> </ul>	<p><b>Outcome statement 2:</b> Qualitative law making and strong parliamentary control, close to citizens, are ensured for the consolidation of democracy, good governance, development, well-being and European integration of Albania.</p> <p><b>Indicators:</b></p> <p>1) Parliament implements the strategic plan. Baseline (2021): 0% Target (2025): 75% of strategic plan measures implemented</p> <p>2) Municipal councils' rules and procedures are established and fully functional. Baseline (2020): 40 municipal councils Target (2025): 61 municipal councils</p>
<p><b>Outcome statement 3:</b> Citizens and organised civil society strengthen their engagement in agenda setting and decision-making, and hold public institutions accountable.</p> <p><b>Indicators:</b></p> <p>1) Democratic participation and access to Information: Proportion of people who believe that they are better informed and have more say due to supported civil society initiatives or public interest media (GOV TRI 2).</p> <p>Baseline (2021): 56.5% F: 50% and 23% LNOB (50%F) Target (2025): 65% F: 50% and 25% LNOB (50%F) Source: Support to civil society programme</p> <p>2) Space for civil society: Number of civil society organisations that contribute to multi-stakeholder dialogue or to respect for human rights (FCHR_ARI_1) Baseline (2020): 7 Target (2025): 20 Source: Support to Civil Society Project</p>	<p>Switzerland contributes to an improved democracy and checks and balances by supporting civic actors, including the media, in their actions to influence the priority setting, decision-making, and accountability of government authorities. Successful initiatives contribute to increased trust in institutions.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>There is overall political will to ensure a favourable CSO and civic engagement environment.</li> <li>There is overall political will to ensure a favourable CSO and civic engagement environment.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>The trend toward politicisation of civil society and media continues.</li> <li>Political apathy and general frustration amongst the population hinder mobilisation of citizens.</li> <li>Limited freedom of media worsens.</li> <li>GoA shows a lack of will to enter into constructive dialogue.</li> </ul>	<p><b>Outcome statement 3:</b> An active, critical and constructive civil society provides an essential component of pluralist democracy, which allows citizens to freely organise interest groups and participate in the policy cycle and decision-making process of their country in a regulated and transparent manner. (Roadmap for development of civil society 2019–2023)</p> <p><b>Indicators:</b></p> <p>1) Implementation of Road Map for the Government Policy towards a More Enabling Environment for Civil Society Development 2019–2023 Baseline (2020): No progress Target (2023) 50% of measures initiated or in progress (Source: EU Progress Report)</p> <p>2) Fundamental freedoms: Implementation of recommendations on effective measures to strengthen the media's freedom of opinion and expression, and to ensure a safe environment for journalists. Baseline (2020): 3 recommendations Target (2025): 3 recommendations implemented (Source: Universal Periodic Review of UN Human Rights)</p>

#### **(4) Lines of activity (Swiss Programme)**

##### **Theory of change:**

If citizens and civil society organisations are organised, engage in agenda setting and decision-making, and hold public institutions accountable, and if public legislative and executive institutions are willing and able to respond, then parliaments and local councils will perform their core functions, and democratic governance and inclusive service delivery will improve because an active, critical and constructive civil society and accountable institutions are essential components of a pluralist democracy.

- Support municipalities to improve institutional and human capacities in core areas of PFM, based on evidence with respect to public expenditure and financial accountability (PEFA).
- Support municipalities to provide transparent communication of service performance and comprehensive improvement of pre-school education services.
- Strengthen the ability of municipalities to effectively manage social services and promote social inclusion, and of central government to implement the policy framework for providing and funding social services.
- Support development of regional and local statistics systems (register based on function).
- Support municipal councils and the national parliament in performing their core functions, such as representation, legislation and oversight. This means strengthening the parliament's administration as well as the knowledge of parliament members and councillors on selected topics. Empowered municipal councils have active gender and social inclusion commissions (women's alliances), and operate with citizen participation.
- Support independent institutions to deliver evidence-based reports to the parliament (tbc in 2022).
- Strengthen citizens, movements and CSOs (whether formally organised or not) by supporting drivers of change who are demanding their integration into decision-making, accountability and the transparency of public institutions as well as in formulating concrete proposals for improvement.
- Support the empowerment of vulnerable people to enjoy equal access to opportunities and have a voice in decisions that affect their lives.
- Support municipalities to become accountable towards citizens and to involve them in decision-making, including public consultations on municipal budgets.

#### **(5) Resources and partnerships (Swiss Programme)**

Budget: CHF 36.8 million (SDC CHF 32.8 million; SECO CHF 4 million subnational PFM)

The main public partners will be the Ministry of Interior, Ministry of Finance, Parliament, the Ministry for Relations with the Parliament, INSTAT, the Agency for Support to Local Government, Local Government Associations, selected independent institutions and local governments. Regarding civil society, local and national organisations will be supported as well as movements, citizens' groups and individuals. Possible continuation of partnerships with the UNDP and OSCE will be assessed based on results and respecting the SDC's administrative rules.

Regarding the modalities and type of partnerships, mandates should decrease, and contributions should be considered, as the first option, to public institutions but also local NGOs. Small actions may be used to reinforce coherence between political messages and interventions. Co-leadership with the EU of the working group on decentralisation will be maintained, and a more active role, based on opportunities, in the CSO working group could be considered.

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

- A decision on possible support for regional development will be taken in January 2022. A new topic of intervention in SPO 1 may be defined (e.g. anti-corruption).
- Support to CSOs will be increased and broadened to a) enhance complementarity between political messaging, policy dialogue and interventions, and b) include new actors (e.g. movements, strategic contributions to national NGOs).
- Support to parliament may include additional external actors (e.g. independent institutions), complementing direct support, and collaboration with current partners may be redefined or adjusted.
- Political messaging on democratic governance will be continuously updated to reflect context changes and will be communicated to targeted audiences accordingly.

Economic development and employment (SECO and SDC)		
<b>Swiss Portfolio Outcome 2:</b> People contribute to, and benefit from, sustainable economic growth, more business opportunities and decent jobs.		
<i>Contributing to:</i>	<p><b>Sub-objective no. 1:</b> <i>Strengthening framework conditions for market access and creating economic opportunities;</i></p> <p><b>Sub-objective no. 2:</b> <i>Promoting innovative private sector initiatives to facilitate the creation of decent jobs.</i></p>	
(1) Swiss Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes
<p><b>Outcome statement 1:</b> A reliable macroeconomic framework enhances resilience, improves service provision, and increases the trust of citizens and businesses to consume and invest.</p> <p><b>Indicators:</b></p> <p>1) Measures for improving the regulatory and institutional framework (SECO SI 1) Baseline (2020): for PFM measures PEFA indicators and scoring; for tax administration measures TADAT indicators and scoring Target (2025): Improved PEFA<sup>4</sup> and TADAT indicators and scoring</p> <p>2) Measures for improving financial stability and market development (SECO SI 3) Baseline (2021): Good capacities at Bank of Albania for drafting and implementing macro-prudential policies to prevent risks that threaten financial stability and to increase the sustainability of banks and other financial institutions; capital market is under-developed, lacking depth and diversification, while financial inclusion remains among the lowest in the Balkan region. Target (2025): Improved capacities at Bank of Albania in the area of financial stability; capital market expands due to increase and diversification of supply and more financially educated consumers (especially small businesses and households).</p>	<p>Switzerland supports strengthening Albanian institutions to achieve reliable and sustainable macroeconomic conditions and a stable financial and capital market.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• Reforms for macroeconomic and fiscal stability advance steadily.</li> <li>• The financial sector remains stable overall, whilst the capital market continues to expand and develop.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Fiscal risks remain, mainly related to high demographic pressure, high public debt, low revenue collection and contingencies coming from PPPs; financial sector risks relate to high euroisation, high NPLs and systemic vulnerability of the non-banking sector.</li> </ul>	<p><b>Outcome statement 1:</b> Financial stability and sustainable economic convergence are achieved thanks to a better balanced and sustainable budget, with a reduced ratio of debt to GDP, responsible financial institutions, and a well-developed and consolidated financial market<sup>5</sup>.</p> <p><b>Indicators:</b></p> <p>1) Public debt and fiscal deficit (ratio to GDP)<sup>6</sup> Baseline (2021): 78.6%; -6.5% Target (2025): 73.8%, -2%</p> <p>2) Key PFM indicators Baseline (2021): As per PFM strategy Target (2025): As per PFM strategy</p> <p>3) Ratio of NPLs, inflation, other financial system indicators Baseline (2021): inflation 2.4%; NPLs 8% Target (2025): inflation 3%; lower NPLs ('normal' is 2-3%)</p>

4 Last national PEFA was completed in 2018 (WB); last TADAT assessment was conducted in 2019 (IMF).

5 Source: NSDI 2015–20 to be updated with the new NSDI 2022–30 once it becomes available.

6 The targets refer to 2024; the target for 2025 will be defined in early 2022. Source: MoFE

<p><b>Outcome statement 2:</b> An improved, innovation-friendly business environment contributes to higher competitiveness, productivity, investment and employment opportunities.</p> <p><b>Indicators:</b>  1) Measures for improving the business environment<sup>7</sup>  Baseline (2021): gaps and challenges in laws/regulations/procedures/practices/government policies identified  Target (2025): laws/regulations/procedures/practices/government policies improved and under implementation  2) Number of producers or companies with access to finance or gaining access to new markets or value chains (SECO SI 12&amp;15)<sup>8</sup>  Baseline (2021): 0  Target (2025): tbd  3) Number of persons having new or better employment (IED_ARI_2)<sup>9</sup>  Baseline (2021): 0  Target (2025): 4,300</p>	<p>Switzerland contributes to an innovation-friendly business environment in order to increase competitiveness, productivity and investment, and works with public and private actors to contribute to private sector growth, climate-friendly investment and creation of decent jobs.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>Albanian public institutions and private sector actors are committed to the principles of good economic governance and to the improvement of an enabling business environment that is conducive to a more competitive and productive private sector.</li> <li>Government remains committed to implementing reforms in the employment and business sector to foster more, decent jobs.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Economic growth is moderate due to the slow pace of reform and sluggish recovery from the COVID-19 recession.</li> <li>Private sector development remains below its potential due to hampered access to finance, know-how and markets.</li> </ul>	<p>Outcome statement 2: A competitive, more innovation-driven and knowledge-based economy creates new and higher quality jobs, tapping into the potential of the digital transition and the transformation of international value chains and emphasising sustainable development, and EU and regional integration<sup>10</sup>.</p> <p><b>Indicators:</b>  1) Key business environment indicators</p> <p>Baseline (2021): according to BIDS<sup>11</sup> strategy and Action Plan 2021–2027  Target (2025): according to BIDS strategy and Action Plan 2021–2027  2) Unemployment rate  Baseline (2020): 11.7%; youth unemployment 20.9%  Target (2025): 8.9%; youth unemployment 18%</p>
<p><b>Outcome statement 3:</b> The employability of (young) people is improved through development of market-relevant skills and efficient labour market services.</p> <p><b>Indicators:</b>  1) Number of young persons (F/M) enrolled in better vocational skills development (SDC IED ARI 1) and benefiting from job intermediation services  Baseline (2021): 0  Target (2025): 21,500 (44% f)  2) Number of contributions towards a more inclusive and labour market-relevant VET system (SDC IED TRI3) and improved active labour market measures (ALMM).  Baseline (2021): (tbd)  Target (2025): 1 consolidated/labour market-oriented VET system; 1 individual centred ALMM system (tbd)  3) Number of companies contributing to relevant vocational skills development (SDC IED TRI 2)  Baseline (2021): 590 companies host 2,316 apprentices (21% f)  Target (2025): 750 companies host 4,600 apprentices (at least 25% f)</p>	<p>Switzerland contributes to improved access to capital and skills, and to the development of sustainable and competitive markets, with a strong focus on skills and institutional development.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>The government and private sector remain willing to engage in the implementation of reformed VET and a labour market information system.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Government reduces funding for skills development due to pandemic effects.</li> <li>Weakness of private sector associations hampers their engagement in VET.</li> <li>Major stakeholders lack capacity to absorb external support and/or to sustain results.</li> </ul>	<p><b>Outcome statement 3:</b> Higher skills and better jobs for all women and men<sup>12</sup></p> <p><b>Indicators:</b>  1) NEET rate  Baseline (2021): 25.5% in 2019  Target (2025): tbd in view of the new National Strategy for Skills and Employment  2) Registered unemployed benefiting from employment promotion programmes  Baseline (2021): 20.2% in 2019  Target (2025): tbd in view of the new National Strategy for Skills and Employment  3) Employment rate of vocational education graduates  Baseline (2021): 45% in 2019  Target (2025): tbd in view of the new National Strategy for Skills and Employment</p>

7 Related to SECO SI 1, but with specific reference to business environment framework conditions.

8 A subset of data for this indicator will inform IED\_ARI\_3 (Number of people having access to and making use of formal financial products and services).

9 A subset of data for this indicator will inform SECO SI 13 (Number of jobs created, retained or improved).

10 Business and Investment Development Strategy 2021–2027 (BIDS)

11 Business and Investment Development Strategy 2021–2027 (BIDS)

12 Source, National Strategy for Skills and Employment 2019–2022, which will be updated next year.

#### (4) Lines of activity (Swiss Programme)

##### Theory of change:

If Albania is supported to consolidate a reliable economic framework that is conducive to a more viable, competitive and productive private sector and if young people's employability is improved, **then** financial stability and sustainable economic convergence will allow the economy to grow in an inclusive and sustainable manner, **because** Albanian public institutions and private sector actors create more, decent jobs and are committed to the principles of good economic governance and the improvement of the business environment.

- Foster policy dialogue, including other development partners, aimed at supporting the GoA in implementing economic reforms and at advocating for good governance principles (e.g. encouraging the use of public consultations).
- Support institutional PFM capacities at the central level and strengthened domestic resource mobilisation, with a focus on debt management, public accounting, external oversight, tax administration as well as increasing institutional capacity and performance.
- Support Albanian institutions to strengthen the analytics on disaster risk finance and help them to identify priorities in strengthening financial resilience to disaster.
- In the financial sector, support i) the Bank of Albania for monetary policy formulation, financial stability and research capacities, and ii) the Albanian Financial and Supervisory Authority for strengthened regulation, and supervision of capital and insurance markets.
- Contribute to effective economic policymaking and to an enabling environment for business by strengthening the capacities of public and private sector institutions and by supporting evidence-based dialogue and knowledge sharing between the government and private sector.
- Consolidate corporate financial reporting reform and strengthening of the insolvency regime for more transparent, trusted and efficient operation of private enterprises.
- Improve entrepreneurs' and businesses' access to resources (finance, know-how and technology), including diversified market access (domestically and internationally), which contributes to higher competitiveness.
- Strengthen the services provision of private sector institutions and business support organisations.
- Strengthen quality standards and certification, as well as national quality infrastructure systems, whilst facilitating the compliance of (pilot) companies.
- Support the entrepreneurship ecosystem and entrepreneurs to build the skills needed for launching and growing companies that create more, decent jobs.
- Contribute to the consolidation of an Albanian VET system and Active Labour Market Measures by replicating and scaling up credible models, best practices and lessons learnt. Interventions focus on relevant national agencies and providers primarily by using instruments for capacity building and organisational development.

#### (5) Resources and partnerships (Swiss Programme):

Budget: CHF 35.1 million (SDC CHF 17.6 million; SECO CHF 17.5 million)

**Partners:** Ministry of Finance and Economy, Bank of Albania, Financial Supervisory Authority, Supreme Audit Institution, General Directorate of Industrial Property, public and private VET providers and private sector actors (such as business support organisations/service providers, sector organisations, accelerators and incubators).

**Coordination with development partners:** IMF, WB, IFC, UN, GIZ, EUD, EBRD, ADA, Italian Cooperation.

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

- Enhance focus on upscaling and replication of experiences/lessons learnt to reach systemic changes. (Indicator: Quality of the exchange and instances when lessons learnt are used in steering decisions).
- Assess and prioritise engagement in collaborative, partnership or multi-stakeholder approaches (Indicator: Quality and effectiveness of networks).
- Switzerland will co-lead the thematic working group on VET and support government-donor coordination contributing to reforms. (Indicator: Level of recognition by peers that Switzerland is a trusted source in relation to VET reforms).
- Policy messages on economic development and employment will be continuously updated to reflect context changes and will be communicated to targeted audiences accordingly.

Infrastructure services and climate change (SECO)		
<p><b>Swiss Portfolio Outcome 3:</b> People benefit from improved access to sustainable economic infrastructure services and from addressing climate change and its effects</p>		
<p>Contributing to:</p>	<p><b>Sub-objective no. 3:</b> Addressing climate change and its effects;  <b>Sub-objective no. 6:</b> Preventing disasters and ensuring reconstruction and rehabilitation;  <b>Sub-objective no. 7:</b> Strengthening equitable access to high-quality basic services.</p>	
(1) Swiss Outcomes	(2) Contribution of the Swiss Programme	(3) Country Development Outcomes
<p><b>Outcome statement 1:</b>            People benefit from reliable and affordable drinking water, wastewater and solid waste services provided by effective public institutions.</p> <p><b>Indicators:</b>            1) Number of persons with access to better public infrastructure services (SECO SI 8)            a) water sector            Baseline (2021): 600,000            Target (2025): 1,000,000            b) solid waste sector            Baseline (2021): 185,000            Target (2025): 800,000 (tbc)</p> <p>2) Measures for improving institutional and professional capacity/skills (SECO SI 4)            a) financial performance of public water utilities            Baseline (2021): 78% of cost-coverage (for operation and maintenance) for water and wastewater            Target (2025): 90% of cost-coverage (for operation and maintenance) for 7 public water utilities            b) solid waste sector            Baseline (2021): 22 municipalities<sup>13</sup>, approved local plans, financial and human resources for waste management            Target (2025): tbd</p>	<p>Switzerland contributes to strengthening public institutions and to fostering digital transformation through capacity building and targeted catalytic investments in climate-resilient, low-carbon infrastructure/equipment.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• Project partners at the central and local levels show high commitment and leadership in the implementation of policy, legal framework and institutional reforms in water supply and waste management.</li> <li>• Partner public utilities achieve envisaged performance targets and improve provision of infrastructure services for all citizens.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Municipalities show insufficient will and central government lacks efficient incentives to support reforms on aggregation of public utilities.</li> <li>• There is political interference in the appointment of managerial staff in public institutions and utilities.</li> <li>• The central government provides municipalities with inadequate financial support for improving waste management at the regional level.</li> </ul>	<p><b>Outcome statement 1:</b>            An expanding Albanian population has safe, reliable and adequate high-quality drinking water, wastewater<sup>14</sup> and integrated solid waste services<sup>15</sup>.</p> <p><b>Indicators:</b>            1) % of population covered by improved access to drinking water, wastewater and solid waste services            a) water sector            Baseline (2021): 80% (water)/ 56.7% (wastewater) of population covered            Target (2025): 81.4%/60.9%            b) solid waste sector            Baseline (2021): 70% of population covered by waste collection            Target (2025): 90% coverage</p> <p>2) Increased efficiency and quality of water and wastewater services provided by public institutions            a) financial performance of public water utilities            Baseline (2021): 75% of cost coverage (for operation and maintenance) for water and wastewater            Target (2027): 100% of cost coverage (for operation and maintenance for 20 public utilities)            b) solid waste sector: # of improved waste management services meeting key principles and legal planning requirements            Baseline (2021) 15 municipalities implement an approved solid waste management plan aligned with strategic policy framework            Target (2025): 30 municipalities implement the plan</p>

<sup>13</sup> Eighteen municipalities were supported by the SDC project of BfF and four municipalities in Berat region were supported by SECO.

<sup>14</sup> Source: National Water Supply and Sewerage Strategy, 2019–30.

<sup>15</sup> Source: Integrated Waste Management Strategy and Action Plan, 2020–35.

<p><b>Outcome statement 2:</b> National and local authorities manage energy sustainably to help mitigate climate change, and support cities and communities to become more resilient to natural hazards.</p> <p><b>Indicators<sup>16</sup>:</b> 1) Number of measures supporting the national framework on energy and climate change, and their implementation Baseline (2021): 0 Target (2025): tbd in 2022</p> <p>2) Reduction of greenhouse gas emissions in Mt CO<sub>2</sub>eq and kWh saved/produced from renewable energy (SECO SI 10 and 11) Baseline (2021): 0 Target (2025): Mt CO<sub>2</sub>eq saved over the life cycle of the measures (versus a counterfactual of fossil fuel) (tbd in 2022)</p> <p>3) Number of cities with measures for sustainable urban development and number of inhabitants or companies benefiting (SECO SI 7) Baseline (2021): 0 Target (2025): tbd</p>	<p>Switzerland contributes to improvement of the energy management and climate change framework, and provides key evidence in the energy debate by implementing pilot energy efficiency measures in selected municipalities.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>GoA, public institutions and partner municipalities are committed to ensuring sustainable energy management, environmental protection and climate action for the people.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Municipalities lack financing mechanisms to implement energy-efficient infrastructure projects and climate change action plans.</li> <li>Public institutions and municipalities have insufficient human capacity dedicated to climate change.</li> </ul>	<p><b>Outcome statement 2:</b> Domestic energy sources are developed, leading to a regional, integrated and diversified energy system, ensuring security of supply, environmental protection and climate action<sup>17</sup>.</p> <p><b>Indicators:</b> 1) Measures for improving the legal and regulatory framework to ensure a climate resilient energy sector<sup>18</sup> Baseline (2021): 0 Target (2025): 10</p> <p>2) CO<sub>2</sub> and GHG as % reduction versus baseline and energy efficiency (EE) target in % and utilisation of renewable energy sources (RES) in % Baseline (2021): CO<sub>2</sub> 0/GHG 0 &amp; EE 6.8%/RES 38% Target (2025): CO<sub>2</sub> 5.75%/GHG 28% &amp; EE 10%/RES 40.5%</p> <p>3) Number of municipalities with capacity to develop local climate change adaptation plans 2021 baseline<sup>19</sup>: 0 Target (2025): 10 pilot actions aimed at enhancing the climate resilience of 12 municipalities are initiated</p>
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**(4) Lines of activity (Swiss Programme)**

**Theory of change:**

If public infrastructure service providers improve their capacities and if Switzerland's partners in the country manage energy and natural resources more sustainably, **then** public institutions will be more effective, the country's resilience to climate change and natural hazards will be enhanced and people and businesses will benefit from improved services, **because** Albania is committed to the energy transition, environmental protection and the development of sustainable domestic energy sources.

- Address and contribute to core reform issues related to corporate governance, the tariff system, financing and sustainability in the water, waste and energy sectors, whilst also engaging in policy dialogue to influence systemic changes in the policy and regulatory framework of these sectors.
- Provide institutional strengthening/corporate development of public institutions and non-governmental professional organisations at the municipal, regional and national levels, leading to improved financial/operational performance (including integrity measures) and service delivery in the water, solid waste and energy sectors.
- Support central and local government to manage natural resources in a sustainable and efficient manner; in particular (i) introducing energy management systems in pilot municipalities; (ii) diversifying renewable energy supply through energy auctions; and (iii) facilitating sustainability assessment of hydropower, which are all important steps towards mitigating climate change.
- Contribute to the implementation of climate change and disaster risk reduction (DRR) measures at all levels in line with UN Sendai Framework, EU directives and international standards.

**(5) Resources and partnerships (Swiss Programme):**

Budget: CHF 18.5 million (SECO CHF 18.5 million)

**Partners:** The main national counterparts are the Ministry of Energy and Infrastructure, Ministry of Tourism and Environment, National Agency of Water Supply, Sewerage and Waste Management, Agency for Energy Efficiency, Albanian Energy Corporation, regulatory authorities, municipalities, public utilities, and CSOs. The main implementing partners are international and national organisations, such as KfW, WB and EBRD (creating synergies and ensuring optimal efficiency between donors/financers working in the same areas) and private consultancy companies.

<sup>16</sup> A subset of data for these indicators will inform SDC CCE\_ARL\_1 (Number of persons benefiting from concrete climate change adaptation measures), since climate change is a cross-cutting topic.

<sup>17</sup> Albania Energy Strategy 2019–30.

<sup>18</sup> National Energy Efficiency Action Plan 2021–24, National Renewable Energy Action Plan 2021–25.

<sup>19</sup> National Strategy and Action Plan on Climate Change 2019–30.

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

- Performance-based modalities are increasingly integrated in public and donor-supported projects (Indicator: Level of integration of performance-based integrations).
- Multi-partner interventions to increase coordination, and leverage and support sector reform (Indicator: Quality of multi-partner intervention).
- Focus on 'project' preparation to mobilise domestic/external resources and/or enable access to domestic/external financing mechanisms.
- Policy messages on infrastructure and climate change will be continuously updated to reflect context changes and will be communicated to targeted audiences accordingly.

**Health (SDC)**

**Swiss Portfolio Outcome 4:** Empowered citizens have equitable access to high-quality health services.

*Contributing to:*

**Sub-objective no. 7:** *Strengthening equitable access to high-quality basic services;*  
**Sub-objective no. 10:** *Promoting good governance and the rule of law and strengthening of civil society*

**(1) Swiss Outcomes**

**(2) Contribution of the Swiss Programme**

**(3) Country Development Outcomes**

**Outcome statement 1:**

People adopt healthier lifestyles in an environment that is conducive to health.

**Indicators:**

1) Number of people reached through health education sessions related to the prevention of NCDs (HLT ARI 2), gender and LNOB disaggregated

Baseline (2021): 104,000 (51%F) 31,000 (51%F) LNOB  
 Target (2025): 900,000 (51%) 100,000 (51%F) LNOB

2) Health literacy: Level of awareness amongst children and adolescents of the most important factors influencing their health (including reproductive health and the environment)

Baseline (2021): tbd in 2022  
 Target (2025): tbd in 2022 (+10% of the baseline)

Switzerland contributes to public health by increasing awareness of healthy behaviours, especially amongst children and adolescents, by promoting simple and affordable models of health promotion at the local level, and by supporting the creation of a regulatory framework to promote healthy lifestyles.

**Assumptions:**

- GoA applies a multi-sectorial approach to implement the national health strategy and national health promotion action plan, backed up by dedicated financial resources.

- Municipalities show increased interest and have an increased role in public health activities within their territory.

- Investment in health literacy is a precondition for engagement of citizens and CSOs in health policies.

**Risks:**

- Central and local governments are unwilling to allocate more human and financial resources to health promotion actions at the local and central levels.

- Food/beverage/tobacco industries put pressure on GoA, hindering the establishment of a framework that is conducive to health.

**Outcome statement 1:**

Healthy lifestyles are promoted, and healthy choices are enabled (National Health Strategy 2021–2030).

**Indicator:**

1) Prevalence estimates for selected health indicators

a) Smoking prevalence

Baseline (2021): 45%M, 7%F adults

80% of children do not smoke

Target (2025): 40%M, 4%F adults

90% of children do not smoke

b) Consumption of alcohol

Baseline (2021): 20%M, 3% F (weekly drinkers), 80% of children do not consume alcohol

Target (2025): 18%M, 1% F (weekly drinkers), 90% of children do not consume alcohol

c) Prevalence of overweight and obesity

Baseline (2021): 53%M, 43%F adults, 20% of children

Target (2025): 50%M, 40%F adults, 17% of children

<p><b>Outcome statement 2:</b> The health system provides improved access to primary healthcare services with improved resilience and preparedness in emergencies</p> <p><b>Indicators:</b> 1) Percentage of patients satisfied with the provision of services from the health facilities (HLT TRI 3 gender and LNOB disaggregated)</p> <p>Baseline (2021): 68% (Diber and Fier) (57%F) National: tbd in 2021 Target (2025): 80% (51%F) (Diber and Fier), National: 55% - (51%F), LNOB 50% (51%F)</p> <p>2) % of PHC facilities providing high-quality emergency services and performing surveillance of good quality</p> <p>Baseline (2021): tbc in 2022 Target (2025): tbd in 2022 (+20% of the baseline)</p>	<p>Switzerland contributes to the efficiency, coverage and inclusiveness of healthcare services, including for emergencies and particularly for the most vulnerable. It also supports other system actors, like CSOs, for an improved collective response to health emergencies. Switzerland contributes to the development of clear human resource policies and to engagement with the diaspora as well as to the development of digital health opportunities.</p> <p>Switzerland also supports the design, implementation and monitoring of national participative health policies, promoting the engagement of citizens and organised civil society as well as the local and national private sector.</p> <p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>• GoA advances PHC transformation by increasing access to high-quality care.</li> <li>• Citizens and CSOs are actively engaged in healthcare and influence health policies, improving trust and increasing transparency in the health sector. GoA understands and promotes an active role for CSOs in health.</li> <li>• National public institutions act as drivers of change to provide decentralised, coordinated, inclusive health services, particularly for emergencies.</li> <li>• Coordination of external support in the sector is functional.</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Implementation of the PHC strategy proceeds slowly.</li> <li>• A decreasing share of the health sector budget is allocated to PHC.</li> <li>• Emigration of the skilled workforce is not addressed by a proper health workforce strategy.</li> <li>• Centralised management of the health system continues.</li> <li>• PHC services do not take over emergency care and are not recognised as important actors by GoA.</li> </ul>	<p><b>Outcome statement 2:</b> PHC services are adapted to the population's needs, based on demographic, epidemiological and social analysis. Role of PHC in emergency service is strengthened. (National Health Strategy 2021–2030).</p> <p><b>Indicators:</b> 1) The National Check-Up Programme implemented for 35 to 70-year-old population</p> <p>Baseline (2021): 80% Target (2025): 100%</p> <p>2) Integrated models (home-based care and social-health model) of PHC care are implemented</p> <p>Baseline (2021): 2 regions Target (2025): 6 regions</p> <p>3) Progress towards a national policy and regulatory framework that defines the roles and responsibilities of local and central health authorities and of the healthcare service in emergencies</p> <p>Baseline (2021): Lack of definition Target (2025): Better defined</p>
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#### (4) Lines of activity (Swiss Programme)

##### Theory of change:

If all citizens (including vulnerable groups) adopt healthier behaviours, engage in their own healthcare and demand access to high-quality health services, **then** the primary healthcare system, including emergency care, will adapt to the needs of the population and citizens' health will improve, **because** an accountable, decentralised and CSO-based approach caters effectively to citizens' health needs.

- Maintain regular and effective policy dialogue on major systemic and structural issues related to both outcomes as well as the health sector overall.
- Strengthen donor coordination and alignment.
- Improve the efficiency and quality of PHC services by improving management capacities and restructuring.
- Support organisational and individual capacity development.
- Influence policy on PHC structure, standards and protocols.
- Improve governance, transparency, accountability and anti-corruption measures (e.g. in health institutions).
- Empower CSOs and support advocacy platforms, and strengthen non-state actors.
- Reorganise the health services and team work, including the referral system.
- Foster inter-sectoral cooperation, especially between the health and social sectors, and between health facilities and local authorities.
- Support behaviour change activities by involving communities, schools and other institutions.
- Support health promotion and disease prevention activities. Improve services to better manage and control NCDs.

#### (5) Resources and partnerships

Budget: CHF 11.55 million (SDC CHF 11.55 million)

**Partners:** The main partners will be the Ministry of Health and Social Protection, Health Insurance Fund, and Institute of Public Health (IPH). The partnership with PHC will be broadened to the whole country, and cooperation with municipalities will receive greater emphasis. WHO, WB, UNFPA, UNICEF, EU. Support to CSOs will increase.

Regarding modalities, based on opportunities, direct contributions to public institutions will be considered, depending on the financial engagement of the partner. Core contributions to key CSOs in the sector will be actively sought. Co-financing with multilateral organisations (particularly WHO) should take place. Switzerland will maintain its efforts in donor coordination, as co-lead (with WHO) of the working group on health. Promotion of triangular cooperation (Albania, Greece and Switzerland) will be deepened, based on demand and opportunities.

#### (6) Management/performance results - As the intervention on emergency still has to be defined, indicators may be revised in 2022

- Support to CSOs will receive greater emphasis and will be more strategic, going beyond small actions.
- Joint efforts will be undertaken with WHO and other donors for policy dialogue.
- Synergies between strengthening PHC, emergency care and NCD prevention will be strengthened through a nexus (HA-Development) approach.
- Qualitative assessment of strategic priorities:
  - Level of support for CSOs, and some CSOs engaged beyond small actions
  - Engagement of other donors
- Policy messages on health will be continuously updated to reflect context changes and will be communicated to targeted audiences accordingly.

# Annex 3: Monitoring system

The monitoring system of the Swiss Cooperation Programme 2022–25 supports learning and decision-making at both the programme and individual project levels, alongside its use for accountability and communication. The system involves four levels of observation and relies on several instruments which are used consistently and feed into each other. The data and information collected form the basis for adaptation and adjustment of the programme to developments in the context and for influencing policy at the political level. The four levels of observation are: i) context, ii) Swiss Portfolio results (effectiveness), iii) country development (effectiveness) and iv) programme management.

Country context monitoring encompasses the political, social, economic and environmental development of Albania, and its effects on the Swiss Portfolio.

Monitoring of the Swiss Results Framework assesses progress in achieving the expected results of Swiss interventions as a contribution to achievement of the objectives of national policies and programmes, including the transversal themes. Monitoring of country developments assesses the country’s progress in the implementation of national priorities, based on national statistics, country monitoring reports, where available, and assessments prepared by development partners. Programme management monitoring focuses on the efficiency and effectiveness of the Swiss embassy’s work, achievement of management results (RF, field 6) and compliance with management and aid principles (chapter 6).

Levels and instruments of the cooperation programme’s monitoring system

Dimension	Fields of observation	Instruments	Periodicity
Country context	<ul style="list-style-type: none"> <li>Overall political and socio-economic trends</li> <li>International and regional developments</li> <li>Risks</li> <li>Country development outcomes</li> </ul>	<ul style="list-style-type: none"> <li>MERV</li> <li>Regular team exchange</li> <li>Analysis and briefs on important context changes</li> <li>Regular exchange with other donors and experts; diplomatic relations and exchange</li> <li>Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>September</li> <li>Weekly</li> <li>Ad hoc</li> </ul>
Swiss Portfolio	<ul style="list-style-type: none"> <li>Swiss programme outcomes, contribution to and progress towards country outcomes</li> <li>Changes in transversal themes (gender equality and good governance)</li> </ul>	<ul style="list-style-type: none"> <li>Mid-year review</li> <li>Annual Report</li> <li>At project level:               <ul style="list-style-type: none"> <li>Steering committee meetings</li> <li>Partner risk assessment</li> <li>Monitoring field visits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>May</li> <li>October</li> </ul>
Management	<ul style="list-style-type: none"> <li>Embassy efficiency and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Operational planning</li> <li>Annual Report</li> <li>Internal Control System Report</li> <li>Local Security Plan</li> </ul>	<ul style="list-style-type: none"> <li>January</li> <li>October</li> <li>September</li> <li>Annually</li> </ul>

# Annex 4: Financial planning (in CHF)

Swiss Cooperation Programme for Albania							
Duration of Cooperation Programme: Jan 2022 until Dec 2025							
	SDC				SECO		
Financial Year:	2022	2023	2024	2025	2022–25	Total 2022–25	in %
Break down of budget allocation according to Portfolio Outcomes:							
Domain of Intervention/Portfolio Outcome 1							
<b>Democratic Governance</b>	7'800'000	8'500'000	8'500'000	8'000'000	4'000'000	36'800'000	36%
Domain of Intervention/Portfolio Outcome 2							
<b>Economic Development and Employment</b>	5'500'000	4'100'000	4'300'000	3'700'000	17'500'000	35'100'000	34%
Domain of Intervention/Portfolio Outcome 3							
<b>Infrastructure services and climate change</b>					18'500'000	18'500'000	18%
Domain of Intervention/Portfolio Outcome 4							
<b>Health</b>	2'450'000	3'000'000	2'500'000	3'600'000	-	11'550'000	11%
Other outcomes							
<b>Small Actions</b>	250'000	200'000	500'000	500'000	-	1'450'000	1%
<b>Total budget allocation (to Intl. Cooperation-Office)</b>	<b>16'000'000</b>	<b>15'800'000</b>	<b>15'800'000</b>	<b>15'800'000</b>	<b>40'000'000</b>	<b>103'400'000</b>	<b>100%</b>

General overview of indicative budget allocation by Swiss Federal Offices (for information purpose only): <sup>1</sup>						
<b>Budget allocated to IC-Office</b>	<b>16'000'000</b>	<b>15'800'000</b>	<b>15'800'000</b>	<b>15'800'000</b>	<b>40'000'000</b>	<b>103'400'000</b>
thereof: <i>SDC-Eastern Cooperation</i>	16'000'000	15'800'000	15'800'000	15'800'000		63'400'000
<i>SECO-Economic Cooperation</i> <sup>2</sup>					40'000'000	40'000'000
<i>SDC-Institutional Partnerships</i>	430'000	432'000	432'000	431'000		602'000
<b>Total budget allocation by federal offices</b>	<b>16'430'000</b>	<b>16'232'000</b>	<b>16'232'000</b>	<b>16'231'000</b>	<b>40'000'000</b>	<b>105'125'000</b>

Furthermore, Albania benefits from regional programmes of the SDC's Global Cooperation Department run by the Climate Change and Environment Division and the Migration and Development Division. The final allocation of funds will depend on the identification of suitable interventions, the absorption capacity as well as the efficiency and effectiveness of cooperation with the relevant partners in the country. Accordingly, the information on the planned budget for the four-year period is indicative only. This information serves merely as a basis for the forward spending plans that are reviewed each year by the Swiss Parliament.

# Annex 5: Abbreviations

2tCO <sub>2</sub> eq	Subsistence emissions allocated to each poor individual
ADA	Austrian Development Agency
AR/AP	Annual Report/Annual Programme
ARI	Aggregated reference indicator
BIDS	Business and Investment Development Strategy
CHF	Swiss francs
CoE	Council of Europe
CSO	Civil society organisation
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
IFC	International Finance Corporation
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
LNOB	Leave No One Behind
MERV	Monitoring System for Development-Relevant Changes
MoHSP	Ministry of Health and Social Protection
MR	Management response
MYR	Mid-Year Review
NATO	North Atlantic Treaty Organization
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
ODIHR	Office for Democratic Institutions and Human Rights
OECD	Organisation for Economic Cooperation and Development
OOP	Out-of-pocket payment
OSCE	Organisation for Security and Co-operation in Europe
PEFA	Public expenditure and financial accountability
PFM	Public financial management
PHC	Primary healthcare
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SECO	Swiss State Secretariat for Economic Affairs
SI	Standard Indicator
SIDA	Swedish International Development Cooperation Agency
SWISSA	Swiss/Albanian Chamber of Commerce
TADAT	Tax Administration Diagnostic Assessment Tool
TAP	Trans-Adriatic Pipeline
TRI	Thematic Reference Indicator
UN	United Nations
UNDP	United Nations Development Programme
UPR	Universal Periodic Review
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 Organization

# Annex 6: Map showing Albania's 12 prefectures (Qark)





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