

A. COVER PAGE

- 1. Fund Name:** Joint SDG Fund
- 2. MPTFO Project Reference Number:**
- 3. Joint programme title:** *Strategic policy options for SDG financing*
- 4. Short title** *Support to SDG financing*
- 5. Country and region** Albania
- 6. Resident Coordinator** Brian Williams (williamsbj@un.org)
- 7. UN Joint programme focal point** Rita Ruohonen, UN RCO Economist (ruohonen@un.org); Fioralba Shkodra, Head of UN Resident Coordinator Office in Albania (fioralba.shkodra@un.org)
- 8. Government Joint Programme focal point** Ms. Eugena Eugena Topi, Ministry of Finance and Economy (eugena.topi@financa.gov.al) and Mr. Gentian Opre, Ministry of Finance and Economy (gentian.opre@financa.gov.al)
- 9. Short description:**

Poverty and social exclusion generate scars that are extremely difficult to overcome over time. Evidence shows that children growing up in poverty and social exclusion are less likely than their better-off peers to do well at school, to enjoy good health or to realise their full socioeconomic potential later in life¹. In addition, young people are less resilient in the labour market and particularly exposed to economic crises, while in-work poverty hits harder low-skilled workers and single parents. Other groups such as Roma and Egyptians experience the most severe poverty and social exclusion. All this, in the backdrop of an ageing population due to the combined effect of increasing life expectancy, reduced fertility and emigration.

Well intending laws and regulations have often been approved and institutions have been established in Albania's prolonged transition, only to come to the conclusion that their financial effects were not properly calculated and provided for. In some cases, the roots of these shortcomings stem from issues carried from the old communist regime, whereas others such as certain social protection and active labour market mechanisms have suffered from the lack of attention and prioritisation eventually leading up to inadequate financing.

This joint programme proposal aims to provide technical assistance and work with the government to identify and integrate in the national budgetary framework more equitable and adequate financing for SDGs. Building on the work already done on SDGs (MAPS, VNR in 2019), the three main PUNOs (UNDP, UNICEF and ILO) along with UN WOMEN and UNPFA will closely work with Ministry of Finance and Economy, Ministry of Health and Social Protection, the Parliament of Albania and other key institutions to ensure that institutional capacities at national and local level are supported to develop feasible solutions and identify fiscal space to progressively increase SDG-related spending for women, men, boys and children in Albania. The programme will contribute to achieve the following specific results:

- A national strategy for financing comprehensive social protection floors is developed, discussed nationally and ready to be integrated in the MTBG through national and social dialogue.
- Feasible options are identified and agreed with Government Authorities to address unfunded mandates at the local level and articulate adequate financing options.
- Innovative approaches and tools (tax benefit micro-simulation based on EUROMOD – the tax-benefit microsimulation model for the European Union; behavioral insights) and other mechanisms are developed to pilot and evaluate the impact of fiscal policies
- Public institutions' capacities are enhanced to articulate, implement and review resilient budgets that reflect increasing SDG related spending.

¹ Evidence on Demographic and Social Trends Social Policies' Contribution to Inclusion, Employment and the Economy, EC, 2013

10. Keywords: (strategic financing, SDG investment framework, fiscal space, innovation, public institutions' capacities)

11. Overview of budget

Joint SDG Fund contribution	USD 855,000.00
Co-funding from regular or non-core resources of participating UN agencies to the proposed Joint Programme	USD 194,205.00
Co-funding 2 - to be resourced from the Albania SDG Acceleration Fund	USD \$100,000
TOTAL	USD 1,149,205

12. Timeframe:

Start date	End date	Duration (in months)
1 July 2020	31 July 2022	24 months

13. Gender Marker:

The Project's overall Gender Marker Score is 2. Context analysis partly takes into consideration gender analysis in line with SDG priorities including SDG 5. Capacities of existing institutions and some of the mechanisms in place to promote gender equality among target groups are described and addressed. At least 40% of the budget will be allocated to gender equality and women's empowerment. This indication is also in line with Gender Marker 2 of the Output 2.3 Social Protection under the Outcome 2 Joint Work Plan 2020-2021. See Gender Marker Matrix in the annex.

14. Participating UN Organizations (PUNO) and Partners:

UNDP will be the lead UN agency for the overall implementation and coordination of the joint programme, with significant implementation support from UNICEF and ILO. Other agencies to provide expertise (not direct recipients) are UNFPA and UN Women - with important impact on the success of the programme.

14.1 PUNO

- Convening agency: UNDP
- Other PUNO: UNICEF, ILO

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National authorities:

Key national authorities will include traditional UN partner institutions such as the Ministry of Finance and Economy, Ministry of Health and Social Protection. The Parliament of Albania will be a key partner for the programme, especially its commissions of "Economy and Finance" and "Labour, Social Affairs and Health". In addition, the Parliamentary Working Group on SDGs as well as the Parliamentary Group "Friends of Children" will be crucial in the implementation of this programme. Due to this programme's financial scope, the list of partner institutions will also include the Financial Supervisory Authority as well as the General Directorate of Taxation.

Local Government units – municipalities as well as their representative associations will be important partners of the joint programme, alongside central government units. The LGUs' feature increased responsibilities under the decentralisation and social care reforms will make them more receptive to collaboration with the international organisations, donors, central government and national government on delivering results on responsible social expenditures. The improvement of their capacities to deliver adequate services is a main requirement for improving social inclusion in Albania.

International Financial Institutions






A close collaboration will be sought with the World Bank in Albania, fundamental for the success of the programme. The World Bank is supportive of Albania's aims to accelerate SDG achievement, including having participated extensively in the UN's Mainstreaming, Acceleration and Policy Support mission in 2018. Some of the ideas in the UN's proposal emerge from that study. The World Bank and the UN in Albania brainstormed shortly after the global SDG Fund call was announced on ways in which financial analysis, financial skills-building and enhanced partnerships could lead to available fiscal space for expanded and sustainable financing for SDGs and leaving no one behind. The World Bank considers the focus areas of the proposed activities as appropriate priorities for Albania's circumstances: (i) developing a national financing framework for a social protection floor in Albania which ensures access to a minimum package of care and benefits for all following a lifecycle approach; (ii) assessment of current social programmes – including cash transfers, linkages to social care programmes, so as options for ECD financing – alongside inter-governmental transfers and unfunded local government mandates to advise on effectiveness and efficiency of state aid mechanisms; and (iii) capacity building on budget planning and execution amongst parliament, Ministry of Finance and line Ministries.

PUNOs - The joint programme will be carried out by the involved UN Organisations in close collaboration with government actors representing central and local state levels, and other

stakeholders, such as the worker’s and employer’s organizations. The implementation modality of the joint programme will be affiliated within the overall architecture of the joint work planning approach, ensuring that activities are coordinated with Outcome 2 & Outcome 3 strategic deliverables as presented biannually in support of PoCSD. The joint programme log frame provides for the general framework and indicative deliverables that will be further fine-tuned and annualized in relevant annual work plans over a time frame of two years (2020-2021). UNDP will be the leading UN agency for the overall implementation and coordination of the joint programme. Each participating UN agency will implement activities and outputs as defined in the respective joint work plans agreed for the respective roles and responsibilities in line with their mandate and expertise.

SIGNATURE PAGE

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<p>Resident Coordinator Mr. Brian Williams</p>  <p>Date 30-Mar-2020 Signature and seal</p>	<p>National Coordinating Authority</p> <p>Ministry of Finance and Economy</p> <p>Ms. Anila Denaj Minister</p>  <p>Date 31-Mar-2020 Signature and seal</p>
<p>Participating UN Organization (lead/convening) UNDP Ms. Limya Eltayeb, UNDP Resident Representative</p>  <p>Date 01-Apr-2020 Signature and seal</p>	
<p>Participating UN Organization UNICEF Mr. Roberto de Bernardi, UNICEF Representative</p> <p>Date 30-Mar-2020 Signature and seal</p> 	
<p>Participating UN Organization ILO Mr. Markus Pilgrim, ILO Director for CEE</p> <p>Date 30-Mar-2020 Signature and seal</p> 	

B. STRATEGIC FRAMEWORK

1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

3. UNDAF Outcomes and Outputs

The programme is situated clearly within Output 2.3 Social Protection in the UNDAF/PoCSD 2017-2021. Its financing dimension means that it will also interact with Outcome 3 of UNDAF/PoCSD. It is responding directly to one of the three SDG accelerators identified in the Albania MAPS report.

3.1 Outcomes

Outcome: Institutional capacities at national and local level are supported to develop feasible solutions and identify fiscal space to progressively increase SDG-related spending for women, men, boys and children in Albania. The programme will contribute to achieve the following specific results:

3.2 Outputs

1. *A national strategy for financing comprehensive social protection floors is developed, discussed nationally and ready to be integrated in the MTBG through national and social dialogue.*
2. *Feasible options are identified and agreed with Government Authorities to catalyze financing of unfunded mandates at local government units*
3. *Innovative approaches and tools (micro-simulation, behavioral insights) and other mechanisms are developed to pilot and evaluate the impact of fiscal policies*
4. *Public institutions' capacities are enhanced to articulate, implement and review budgets that reflect increasing SDG related spending*

4. SDG Targets directly addressed by the Joint Programme

4.1 List of goals and targets

SDG 1- No poverty

- 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

SDG 5- Gender Equality

- 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
- 5.6 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences
- 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels (Indicator 5. c.1 Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment)

SDG 8- Decent work and economic growth

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

SDG 10- Reduced inequalities

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

SDG 16- Peace, justice, and accountable institutions

16.6 Develop effective, accountable and transparent institutions at all levels

4.2 Expected SDG impact

In view of Albania's middle income country, the programme will assist Albanian institutions to boost SDG domestic financing and eventually increase national investment for SDGs, notably SDG 1, 5, 10, 16. The programme aims to strengthen the capacities of the SDG financing institutions to foster a national and social dialogue on SDG investment in Albania.

5. Relevant objectives from the national SDG framework

The SDGs are integrated within the National Strategy for Development and Integration 2015-2020. Meanwhile, The Prime Minister Office, responsible for coordinating the SDG mainstreaming into the national policy framework, with the support of UN Albania, is currently conducting the mid-term SDG target setting exercise which will feed into the third National Strategy for Development and Integration 2021-2030. The Government has identified 41 mid-term SDG indicators, out of 82 available in Albania, with mid-term targets defined, which will feed into the development of new NSDI and more than 20 cross-sectorial strategies will be developed in the coming period.

The Joint Programme is closely linked with the current NSDI and the below primary national strategies and laws.

- **National Strategy for Development and Integration 2015-2020:** Out of six NSDI priorities, the fourth focuses on "investing in people and social cohesion" with objectives related to prioritizing social cohesion as central to the prospects for boosting investment in social and human capital in Albania.
- **Social Protection Strategy 2015-2020.** It aims at mitigating the impact of poverty for Albanian families, ensuring social protection measures reach those most at risk through i) increased effectiveness and transparency of the Cash Assistance Scheme (NE) to better target and cover poor families and children in need, ii) improving the position of people with disabilities through cash benefits and proper social services, iii) developing social care services through a functional system planning, managing and delivering of integrated social care services at the newly established LGUs. The third policy objective appears for the first time, and it serves as key entry point for this programme. It is established a two phased approach: the country should establish the architecture of the system (policy, legal, administrative instruments) up to 2017 and then go to scale and pilot the system at the decentralized level in the next years with progressive measures until a national coverage.

- **Policy Document on Social Inclusion 2015-2020.** It addresses key social inclusion policy areas in accordance with the established EU conceptual frameworks and statistical standards including the following six domains: 1) poverty reduction and social protection; 2) employment and skills; 3) education and training; 4) health; 5) basic needs; and 6) social participation and human rights. Such policies are directed towards all people and with special regard to vulnerable groups, including Roma and Egyptians.
- **National Health Strategy 2016-2020 (primary care / universal health care).** It envisages financing healthcare with general taxation, implementation of universal health care programmes. It promotes the assumption of individual responsibilities for health care by guaranteeing, regulating and overseeing a transparent and competitive environment of healthcare providers.
- **Law on Social Care Services (2016).** The law approved in December 2016, provides for the first time ever the legal basis for an integrated system of services delivered at decentralized level, services that can be offered by public and non-public service providers to individuals and families in need, according to a nationally defined set of standards which include pre-social care, community-based, residential, family-based, specialized and online services.
- **Law on Inclusion of and Accessibility for Persons with Disabilities (2014).** The law approved in July 2014 is the key legal text, transposing the Convention on the Rights of Persons with Disabilities (CRPD) to Albanian law.
- **Law on Local Government (2015)** introduced a key concept of shared taxes between central and local government, which allows local government units to benefit revenues from national taxes, such as the income tax, personal income tax or other taxes on national properties. Other sources of financing acknowledged by this Law are unconditional and conditional transfers.
- **Law on the Management of the Budgetary System** and its secondary legislation, especially MoFE Guidelines (Instructions of the Minister of Finance) oblige the central government to consult with local government units in the process of MTBP planning, in order to assess on the implementation of the Midterm Budget Programme by local governments.
- **Law on Local Government Finances (2017)** defines the rules, principles and procedures of financing of local government units, including own source revenues from local taxes and fees, shared taxes, intergovernmental transfers and other revenues recognized by law. In addition, it defines policies, instruments and procedures for the management of local public finances and the criteria and the formula for the distribution of unconditional transfers from the central government to local government units.
- **Others..**

6. Brief overview of the Theory of Change of the Joint Programme

Developing feasible solutions to promote increased national investment for SDGs, notably for SDG 1, 5, 10, 16 is the main change that drives the programme. Then the country will be able to boost financing for SDGs in a progressive and sustainable manner if key national authorities are supported to develop the SDG Investment Framework and apply the investment decision making and engagement for maximum SDG return on investment. The programme aims to bring about such change through solid evidence on the costs on non-investment on SDGs, through credible analysis and data on fiscal space, through creating tools for financing policies and measuring regularly the impact, and through strengthening the capacities of the SDG financing institutions, enabling a continuous national dialogue on SDG financing in Albania. The strategy of the programme builds on complementarities and brings together the added value and action synergies of the UN agencies participating in this programme – UNDP, UNICEF, ILO in close collaboration with UNFPA, UN WOMEN– combined with the strong commitment by the government to address the challenges of progressively

increasing SDG-relating spending for women, men, boys and children in Albania. Major assumption underpinning this programme is that investing in human capital and social cohesion would continue to be one of the key SDG accelerators in Albania. The reviewed National Strategy for Development and Integration 2015-2020 prioritizes social cohesion as central to the prospects for boosting investment in social and human capital in Albania.

7. Trans-boundary and/or regional issues

Almost all Western Balkan states and Kosovo (under UNSCR 1244) – while mostly middle-income economies - are experiencing population decline due to falling birth rates and increased emigration. This is especially pronounced among youth who are leaving because of high levels of unemployment, structural corruption, and ethnic-nationalist polarization, adding up to an overall lack of perspective for a prosperous future in the region. It is estimated that close to one third of the resident population of the Western Balkans is living outside the region. The World Bank has noted that in the long run, the loss of qualified workers and the shortage of skills may adversely affected competitiveness, growth and economic convergence. Education in many countries in the region perpetuates the status quo, as it is often segregated along ethnic lines, based on differentiated curricula with separate interpretations of history. There are also few opportunities in school for learning an additional language that is spoken locally or regionally. According to the World Bank, only less than half (44 per cent) of the working-age population in the Western Balkans has a job. Youth unemployment is at 35 per cent across the region, and the Western Balkans have some of the lowest female labour force participation rates in Europe. Sustained and equitable growth will be needed to create more job opportunities and stabilize the economies sustainably. However, while economic growth in the region was at 3.9 percent in 2018, it is predicted to be at only 3.2 percent in 2019. The IMF has noted that after the major economic transformation in the aftermath of the conflicts, structural change began to stall in the mid-2000s, and remains incomplete – which is evident in the high unemployment rates across the region. It still maintains a number of structural assistance programmes in the region. In the wider region of Europe and Central Asia, including the advanced economies of Western Europe, 84% of the population is covered by at least one social protection benefit. However, this figure hides disparities across countries and types of risks, with wide variations in coverage for the same type of benefit observed across sub-regions.

The future of the Western Balkans as an integral part of the EU was reconfirmed by the European Commission’s Western Balkans Strategy of February 2018², which provided a major boost for the region’s European path. During the last years, it is confirmed the significant progress the region has made on reforms including on the rule of law, the fight against corruption and organized crime, on economic and social reforms and competitiveness, regional cooperation and reconciliation. However, more efforts are needed at the regional level, in the crucial areas of the rule of law and fundamental rights.

Increased efforts across the Western Balkans are needed to effectively address abuses of child rights, Roma exclusion, marginalization and discrimination, persons with disabilities, minorities and other vulnerable groups social inclusion challenges as well as to ensure gender equality and to prevent and address discrimination and violence against women. In order to accelerate the pace of equitable growth, Albania needs to implement measures that will raise productivity and competitiveness of the economy. Enhanced regional connectivity and access to regional and global markets, coupled with export and market diversification are the necessary prerequisites. Sustainable and inclusive industrialization is prioritized by the government for achieving sustained economic growth, providing equal opportunities and creating jobs, while at the same time paying due consideration to climate and environmental sustainability. Priority must be given to addressing low productivity, weak competitiveness, insufficient diversification and outdated technologies of the industrial sector, development of Albanian agri-business potential, improving linkages and overall competitiveness of SMEs, fully utilizing the unrealized renewable energy potential and improving poor environmental practices.

² https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

C. JOINT PROGRAMME DESCRIPTION

1. Baseline and Situation Analysis

1.1 Problem statement

Albania continues to be among the poorest countries in Europe, with children being disproportionately affected by poverty. According to World Development Indicators, about 40% of the population in Albania lives on less than 5.5 USD per day, a figure much higher compared to the other countries in the region. According to a UNICEF 2016 study³ 19.2% of households with children were living in absolute poverty⁴, with households with children between the ages of 0-5 years belonging to an absolute poverty rate of 24.9%. INSTAT published data on monetary poverty of children for 2017 and 2018: about 29,6 % of Albanian Children have been reported to be at-risk -of poverty in Albania for 2017 and 2018 with girls being more affected by poverty: about 30,6% of girls were at-risk-of poverty versus 28,7% boys in 2018, while the figures for 2017 were respectively 31,8 % versus 27,7%.

Overall spending on social protection has increased over the years, but still remains significantly lower than the EU average. In 2016, Albania spent 9.4% of GDP on social protection; with the government financing more than half of social protection spending. Social Protection system in Albania provides coverage to almost half of the population, however, remains low due to the very modest size of pensions and poverty cash benefits. Pensions make for the largest part of the social protection spending while non-contributory social protection programmes have a very small weight: in 2018, the proxy means tested cash assistance targeting poor households was only 0.025 % of the GDP, while disability programme accounted for 1% of the GDP⁵. The first have been reformed to improve administration, efficiency and targeting; yet the amount of cash provided needs to be reconsidered and reviewed in line with the new way of measuring poverty. Few top-ups are applied to the cash assistance linking it to the vaccination and the school attendance of children, but they are low (both amount to 4 – 5 euros per month) and have proved to be insignificant. There is no child benefit programme, but MHSP launched in 2019 the baby bonus initiative; one-time check provided upon the birth of a child – 300 euros for the first born, about 600 euros for the second born and about 1000 euros for the third born child Although promoted as a pro-fertility measure, is part of the social protection budget. A universal social protection floor is affordable. According to ILO latest global estimates, the financial gap in achieving basic social protection floors is estimated at 1.5 per cent of GDP for upper-middle-income countries, 1.9 per cent of GDP for lower-middle-income countries and 5.5 per cent for low-income countries. ILO in collaboration with UNICEF and ILO is looking at the fiscal space and affordability of a social protection floor in Albania under the current joint programme financed by SDG fund on social protection. The analysis is expected to provide more light about the affordability of a social protection floor in the country.

The midterm review of the 2014 – 2020 PFM strategy in Albania was completed and acknowledged several challenges: public investment management including fragmented approval, appraisal, selection, and monitoring processes for public investment projects, PPPs and concessions; analysis of, monitoring, reporting and mitigating fiscal risks; re-accumulation of arrears at local and central government levels following the clearance of all pre-2014 arrears; improving the follow-up of internal and external audit recommendations; strengthening of internal control standards across government in line with a comprehensive PIFC policy; online access to the treasury for all budget institutions; and the lack of a separate pillar for Domestic Revenue Mobilization. The national PFM 2020- 2022 was recently approved aiming to address these challenges.

³ <https://www.unicef.org/albania/media/1236/file/Child%20Well-Being%20in%20Albania.pdf>

⁴ Absolute poverty is defined as real per capita monthly consumption below 4,891 ALL (in 2002 prices)

⁵ Ymeri, S. 2019, ESPN Thematic report on Financing Social Protection

On the other hand, the prospects for the Albanian economy, however, have changed significantly over the recent months. The earthquake that hit Albania on November 2019, would continue to slow down the economic growth in 2020, as the negative effects in economic activities is expected to be higher than the impact of the reconstruction efforts. Furthermore, the global outbreak of the coronavirus (COVID-19) is expected to have provide an unprecedented negative and prolonged impact in the economic growth during 2020 and beyond. The government has reallocated the budget in order to respond, to the possible extent, to the urgent needs of the health services coping with the COVID-19 outbreak. Coupled with the constrained fiscal space, eroded by the accumulated cost of public private partnership concessions over the mid-term period and the threatening levels of public debt, Albania is vulnerable to risks from unexpected events and disasters, and the approaching global economic crisis.

The main cost drivers in the national budget for the development strategy is social development and cohesion, which takes up approximately half of the total budget. This pillar includes expenditure incurred in the sectors of health, education, culture and social protection. Sustainable growth through efficient use of resources, encompassing government measures in transport, water infrastructure and environment accounts for 18% of total budget outlays. Good governance, democracy and the rule of law pillar are financed on average at 17% of the budget resources and include the government's activity, as well as the functioning of independent institutions. Financing for growth through competitiveness and fiscal stability is accounts for only 1,2% of the budget.

Albania's social care sectors constantly suffer from the unsatisfactory level of public sector investment, which is partly explained by the substantial level of informality that hinders tax collection in the country as the size of the informal sector is estimated to account for about 50% of the GDP. As a result, tax collection rate stands currently at 25.9 percent of the GDP (2019/2020) and according to the medium term budget framework it is expected to remain in similar levels over the next 4 years, while it is lower than countries in the region (Serbia 34 percent, North Macedonia 29 percent) and the EU average, currently at over 40 percent. Inadequate quality of health services is demonstrated in the significant level of out-of-pocket expenditures. The same problem is observed in the education system with the share of the private education system providers eroding the public sector providers, or the increasing number of Albanian youths leaving the country to study abroad.

Mitigating these problems is not an easy task as Albania is facing another demographic challenge with the migration of its labour force toward the EU countries and its population getting older, which puts under pressure the social insurance and pension schemes. INSTAT population projections reveal that the Albanian population would decline during the next decade from 2.86 million in 2020 to 2.75 million in 2030. The same source shows that Albania's population during 2011-2017 declined by some 1.5% annually due to emigration (by 0.6% in terms of net migration flows). The share of elderly Albanian population cohorts (age 65 and above), according to INSTAT projections will rise from about 14.7% in 2020 to 21.8% in 2030. As the share of working age cohorts (15-64 years of age) is projected to fall from 68% to 62% during this time, this implies a sharp increase (from 21.5% to 35%) in the old-age dependency ratio. In addition to threatening the financial sustainability of retirement and disability pensions, these trends can also be expected to further strain the state health insurance system's finances.

Several actions in the past, supported by the UN agencies in Albania, have been driven to cost and budget sectoral policies, to develop costing tools for better and more quality services in health, education, to analyse and track expenditure in several sectors, including cost of non-investment studies. UN agencies in Albania have advocated with the Albanian government and the parliament for more effective and equitable budget allocations for health, education and social protection, including child protection.

One source for financing sustainable development refers to the target 16.4 calling countries to “significantly reduce illicit financial . . . flows, strengthen the recovery and return of stolen assets”; Tier III indicator 16.4.1 calls for monitoring of the “total value of inward and outward illicit financial flows”. The implementation of the justice reform and the fight against the organized crime in the country has delivered successful cases related to the recovery and return of stolen assets while estimates of the mis invoiced trade flows during the period 2008-2017 (as published by the [Global Financial Integrity](#)) indicate that in the case of Albania these gaps, for the period 2008-2017 average about 234 Million USD per year. Although these amounts are relatively smaller than other developing economies, by further preventing rapacious transfer pricing and other illicit tax evasion schemes, Albania could use additional sources of financing for the sustainable development.

The weaknesses of the social care in Albania is arguably an important reason for women’s low economic activity and the prevalence of female under-employment. ⁶Across the country, data from the Labour Force Survey show that in Q4 of 2019, the population aged 15-64 years had a participation rate of 69.7% - 77.7% for men, and 61.9 % for women, with a gender gap of 15.8%.⁷ According to causes of inactivity, women remain out of the labour force mostly because of the unpaid work at home (21.4%), while only 1.0% of men declare homework as the reason behind their inactivity. An important aspect about women and their participation in the labour market is the possibility for the combination of productive labour with reproductive life. The absence of such opportunity may force a considerable share of women to withdraw from the labour force. The gender gap in time use is even greater in rural areas: rural women spend on average 6 hours while rural men spend 56 minutes a day on unpaid work.

The unequal burden of unpaid household work and care on women is considerable. Global evidence tells us that mothers with young children spent on average 6 hours a day caring for children and doing activities with them. The inequality in the unpaid work aggravates employed women’s work-life balance. The double burden of paid and unpaid work often leads to time poverty that lowers the quality of life for her and her family, and forces women to compromise their career and earnings. A key aspect in recognizing the child unpaid care burden entails establishing its value. Even though the valuation of unpaid work can provide an important empirical basis for advancing the economic and social policy dialogues for gender equality, such valuation exercise has yet to be conducted in Albania. Measuring time poverty is another important basis to gauge the economic costs of the unequal burden on women.

The reduction in women’s childcare responsibilities can be achieved via investments in improved quality childcare infrastructure. In addition to alleviating an important constraint that potentially limits women’s labour force participation, such investments would also generate decent employment opportunities for women.

Despite the recent adoption of the EU standard labour codes for parental leave (article 132/1), work-life balance, and prohibition of gender-based discrimination (Law on Gender Equality in Society, No. 9970), enforcement of these codes has yet to be operational. The parental leave, in its current structure, may lead employers to penalize women in anticipation of costly maternity leave. Hence, the law should be modified to include fathers’ paid leave as mandatory to eliminate potential discrimination. In combination with the legal reform, it is vital to create an environment that encourages fathers’ participation in childcare through media campaigns and other schemes related to adopting social norms.

⁶ Atoyan, Ruben and Jesmin Rahman, 2017. “Western Balkans and Women’s Role in the Economy,” IMF Working Paper WP/17/194, International Monetary Fund.; Miluka, Juna, 2016. “Returns to Education in the Albanian Labour Market,” *Journal of European Social Research* 1(2).; UNICEF and INSTAT. 2007. “Women and Children in Albania: Double Dividend of Gender Equality,” Centre for Social Research, INSTAT.

⁷ LFS Q4 2019, INSTAT: <http://www.instat.gov.al/media/6791/lfs-q4-2019.pdf>

Investment in social care investment would narrow the gender gap in employment as 73 percent of jobs created by the care investment would go to women, compared to only 6 percent in the case of construction spending⁸. Finally, in terms of fiscal sustainability, 75 percent of the initial outlay would be recovered through the higher tax revenue (income taxes and social contributions) generated from new employment in social care sector, compared to only 52 percent in the case of construction spending. Therefore, investment in social care infrastructure represents an effective demand-side intervention from the point of view of total employment generation, decent job creation, reducing gender gaps in employment, and fiscal sustainability. This demand-side intervention may have a considerable supply-side response, via raising the female labour supply. However, the magnitude of the labour supply response will depend on the success of macroeconomic policies at improving the labour market conditions.

While the above rationale for increased financing is sound, decision-makers have so far in Albania limited the increased investment in these areas, usually citing a lack of resources. From the local government perspective, the most important resources of sub-national government are tax revenue and intergovernmental transfers, which in many countries are used to finance subnational spending and implement national policies.⁹ Intergovernmental transfers are the cornerstone of subnational financing in many developing and transition countries. Transfers are a compromise in that they allow the central government to hold control over the public financing system, while they offer a way to channel money into the budgets of provincial and local government.¹⁰

The general term "transfers" refers to a number of different kinds of public financing instruments: grants, shared taxes and subsidies. **The new Law on Local Government (2015)** introduced a key concept of shared taxes between central and local government, which allows local government units to benefit revenues from national taxes, such as the income tax, personal income tax or other taxes on national properties. Other sources of financing acknowledged by this Law are unconditional and conditional transfers. On the other hand, the **Law on the Management of the Budgetary System** and its secondary legislation, especially MoFE Guidelines (Instructions of the Minister of Finance) oblige the central government to consult with local government units in the process of MTBP planning, in order to assess on the implementation of the Midterm Budget Programme by local governments. The central government is obliged to consult with local government units and to analyse adequacy and stability of their financial resources. Finally, **the Law on Local Government Finances (2017)** defines the rules, principles and procedures of financing of local government units, including own source revenues from local taxes and fees, shared taxes, intergovernmental transfers and other revenues recognized by law. In addition, it defines policies, instruments and procedures for the management of local public finances and the criteria and the formula for the distribution of unconditional transfers from the central government to local government units.

Albania's legislation is guided and often mirrors EU practises. However, despite improvements and the functional framework of MTBP, new programmes and interventions sometimes fail to come with a working financial mechanism or formula. It is true that Albania's fiscal space is limited. It is also true that being a middle-income country, new mechanisms and approaches need to be put in place. In this light it is important to assess, review and maximise the social

⁸ http://www3.weforum.org/docs/GGGR14/GGGR_CompleteReport_2014.pdf

⁹ OECD (2006): OECD Journal on Budgeting, Volume 5, No.4, p.2, <https://www.oecd-ilibrary.org/docserver/budget-v5-art24-en.pdf?expires=1584914948&id=id&accname=guest&checksum=5244A34109EA75AED700636151318564>, last retrieved, March 22, 2020

¹⁰ Bahl R. (2000): Intergovernmental Transfers in Developing and Transition Countries: Principles and Practices, MUNICIPAL Finances, Background Series, p.2 <http://www1.worldbank.org/publicsector/LearningProgram/Decentralization/ITFPrinciples.pdf>, last retrieved March 15, 2020

outcomes and impact of existing policies as well as test new and innovative financing mechanisms.

1.2 SDGs and targets

SDG 1- No poverty

1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. Support Albania reducing at least by 0.35% on annual basis the proportion of population living below the national poverty line, down from the 14.3% in the baseline year 2012.

Potential interlinkages: Goal 2 Food 2.1, Goal 8 Decent work and Economic growth 8.1, Goal 10 Inequality 10.1, 10.2, 10.3, 10.4, 10.7

1.2 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable. The joint programme would aim to achieve the adoption of the social protection strategy by the completion of the programme.

Potential interlinkages: Goal 2 Food 2.1, 2.2, Goal 3 Health 3.8, Goal 10 Inequality 10.2, 10.4, Goal 11 Cities 11.1

1.3 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. The joint programme would aim to support the introduction of new technologies and financial services for financing the SDG targets.

Potential interlinkages: Goal 2 Food 2.3, 2.5, Goal 3 Health 3.8, Goal 4 Education 4.3, 4.4, 4.5, Goal 5 Gender 5.5, Goal 8 Decent work and Economic growth 8.3, 8.10, Goal 9 Infrastructure 9.1, 9.3, Goal 10 Inequality 10.2, 10.4

1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions. Support Albania to achieve by 2024 a share of about 55% proportion of total government spending on essential services (education, health and social protection), up from the baseline value of about 50% during the period 2015-2017.

1.B Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions. The joint programme aims to support preparation and adoption of the social protection strategy, National Investment Strategy on SDGs, as well as promoting innovative financing approaches for the SDG targets.

SDG 2- No hunger

2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older

persons. Support Albania to reduce stunting from 11 (2017) percent to 8 percent and prevalence of malnutrition from 16.4 percent (2017) down to 10 percent in 2024.

Potential interlinkages: Goal 3 Health 3.2, Goal 12 SCP 12.3

SDG 5- Gender Equality

- 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate. The joint programme would contribute to reducing the gap between the unpaid care and domestic work, measured in 2011 as 5:43h for women and 2:06 for men.
- 5.6 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences. Potential interlinkages: Goal 3 Health 3.7
- 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels (Indicator 5.c.1 Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment)

SDG 8- Decent work and economic growth

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

SDG 10- Reduced inequalities

- 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Potential interlinkages: 1.2 (reduction in proportion of persons living in poverty) 1.3 (social protection floors) 5.1 (discrimination against women and girls) 10.1 (income growth of lowest 40%) 10.2 (inclusion) 10.3 (equal opportunities) 10.4 (progressive achievement of greater equality)

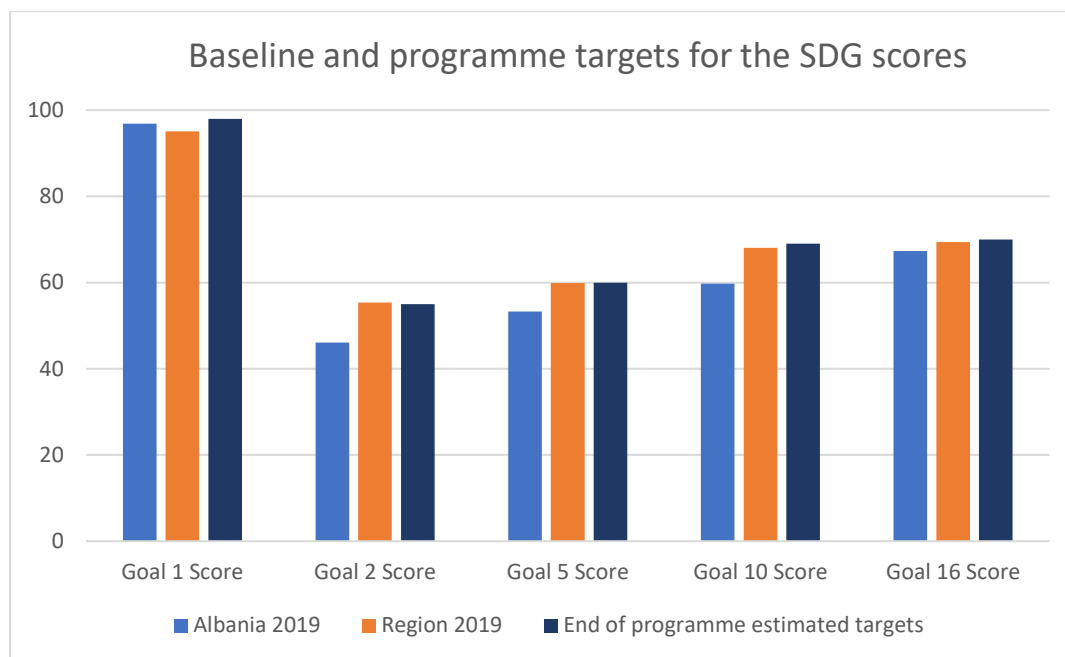
- 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality. The joint programme aims to support preparation and adoption of the social protection floors strategy and the National Investment Strategy on SDGs.

SDG 16- Peace, justice, and accountable institutions

16.6 Develop effective, accountable and transparent institutions at all levels. The joint programme would support the capacities at all the institutional levels, aiming to improve the effectiveness of the SDG financing and prepare the National Investment Strategy on SDGs.

Potential interlinkages: 1.4 (access to basic services) 3.8 (access to quality, essential health-care services) 4.1, 4.2 and 4a (quality education, including facilities) 7.1 (access to affordable, reliable energy services) 10.2 (social inclusion) 11.1 (adequate housing) 16.3 (rule of law)

To complement the missing baseline data for tracking progress with programme implementation, in addition of the indicators utilized above, the joint programme performance would be matched with Albania’s performance under the SDG Index and Dashboards for all the SDGs impacted by the implementation of the programme. The following table and chart summarize Albania’s performance in the SDG Index and Dashboards 2019, compared with the regional (Eastern Europe and Central Asia) performance and the estimated targets at the completion of the programme:



	Goal 1 Score	Goal 2 Score	Goal 5 Score	Goal 10 Score	Goal 16 Score
Albania 2019	96.85	46.06	53.30	59.78	67.34
Region 2019	95.05	55.39	59.90	68.07	69.40
End of programme estimated targets	98	55	60	69	70

1.3 Stakeholder mapping and target groups

The success and lasting impact of the programme depends on the partnerships that will be fostered throughout the programme. The programme is implemented by the involved UN agencies through the Delivering as One mechanism and brings forward a cohesive coordinated UN approach. The programme activities will be implemented jointly with government partners at both national, and local levels. UN will work closely with WB and will engage in a regular dialogue with the EU to ensure coherence of approaches, to build strong alliances to advocate with Government for progressive investment in the SDGs. The programme Steering Committee will oversee and will ensure regular coordination of all actors throughout the programme implementation. Coordination with donors and other joint programmes targeting social protection, so as public finance management will be established to coordinate intervention, avoid overlapping and maximize synergies and results.

The implementation modality of the joint programme will be affiliated within the overall architecture of the joint UN programming approach, ensuring that activities are coordinated with Outcome 2 and Outcome 3 strategic deliverables as presented biannually in support of the Government of Albania and United Nations Programme of Cooperation for Sustainable

Development (PoCSD) 2017-2021. The joint programme log frame provides for the general framework and indicative deliverables that will be further fine-tuned and annualized in relevant annual work plans over a time frame of two years (2021-2022). UNDP will be the leading UN agency for the overall implementation and coordination of the joint programme. Each participating UN agency will implement activities and outputs as defined in the respective joint work plans agreed for the respective roles and responsibilities in line with their mandate and expertise.

Parliament of Albania: The Parliament unanimously approved in 2017 a resolution on commitment to Agenda 2030 and the Sustainable Development Goals. By endorsing this Resolution, the Parliament of Albania collectively embraces the Agenda 2030 and Sustainable Development Goals and commits to its promotion, implementation and monitoring, through inclusive and broad-based development processes, in line with Albania's development priorities and EU integration. Furthermore, an SDG action plan was later developed and a thematic working group on SDGs was established. In addition, the Parliamentary Group "Friends of Children" is a group established through collaboration of UNICEF with Parliament of Albania and brings together members of different parliamentary commissions. Their main role is to bring forward legal reforms that help improve children rights and child related policies and budgets. Within the Economy and Finance Commission, a dedicated sub-committee on Sustainable Development is established in February 2020, whose mandate is social economic development, sustainable economic development, achievement of SDGs and Agenda 2030.

The role of the parliament is considered as crucial in terms of financing of SDGs. Albania will hold elections in 2021 and this project will provide a new impetus to reinvigorate the discussion on SDGs especially in view of the financing for social protection as well as the resilient policies' financing.

Ministry of Finance and Economy: The Ministry of Finance and Economy (MoFE) has received by far the largest mandate of all other Ministries following the government restructuring in 2017. Its mission is to achieve macro-economic stability through efficient, effective and transparent management of public finances. It is responsible to design and implement government policies in the economic sector, it is responsible for the coordination of foreign aid, trade, housing and entrepreneurship to build a new economic model with the aim of sustained high economic growth in Albania. This Ministry designs and implements integrated economic policies in the primary sectors of the economy, socio-economic convergence of all regions of the country, improvement of the environment and services for business and entrepreneurship. Its mission is also to guarantee the constitutional right to vocational education and training, guarantee decent employment and social security. MoFE has the lead role in public financial management. This includes formulating and monitoring fiscal policy, preparation and implementation of the budget, public internal financial control, managing the internal and external public debt, integrating fiscal and monetary policies in the national economy in cooperation and coordination with the Central Bank and related institutions.

Ministry of Health and Social Protection is the key national authority responsible to develop and implement social protection and social inclusion policies and budgets in the country. The Ministry recently updated and extended the National Protection Strategy 2015 – 2020 and its national action plan to 2022. The policy document sets the government vision for an integrated social protection system, and it provides the ground for three major reforms: (i) improve the efficiency and effectiveness of the poverty targeted cash assistance, (ii) improve the situation of persons with disability and (iii) establish an integrated system of social care services at decentralized level. The Government of Albania seems committed to implement the legislative and institutional reforms established in this reform. Ministry of Health and Social Protection, its Directory of Social Protection and Directory of Finance and its dependent institutions (State Social Services and its regional directorates, Inspectorate)

which will be key implementing partner to discuss and define the national strategy for a social protection floor.

The Albanian Financial Supervisory Authority: The Albanian Financial Supervisory Authority is the regulatory body of the securities industry in the Republic of Albania. It was established under the law no. 9572, dated 03.07.2006 "On the Albanian Financial Supervisory Authority", as an independent public institution accountable to the Albanian Parliament. The mission of the Albanian Financial Supervisory Authority is to supervise and regulate the non-banking financial sector in Albania. This mission is guided by the principles and norms of independence, accountability, transparency and integrity. The regulatory and supervisory role of this Authority, on the one hand, aims at the stability and development of insurance markets, capital and private pensions, and on the other hand it aims consumer protection. The role of AFSA is fundamental in the articulation and defining of insurance policies particularly relevant in view of the earthquake and COVID-19 pandemic.

Institute of Statistics (INSTAT): INSTAT has the country's mandate to produce official statistical data on behalf of the government. Its mission is to provide transparent, neutral and timely statistics that help the users to judge the development and transformation processes in economic and social areas within the country. Most recent legislation on statistics has given INSTAT more authority and political support for their work, enabling the organization to expand their structure and activities over the past 10 years.

INSTAT collects data on a wide variety of topics and have separate data modules for the following areas: economy and finance, agricultural and fisheries, industry trade and services, international trade, science technology and digital society, demography and social indicators, social conditions, labour market and education, generational and regional statistics, the environment and energy and census. A considerable progress has been made over the past 10 years and INSTAT and a recent evaluation found that it is achieving fundamental principles of Official Statistics of the United Nations and the corresponding to the European Statistics Code of Practice¹¹.

INSTAT has been very active in the MAPS and VNR processes. It went a step further and established with the assistance of UNDP a dedicated portal on SDG monitoring in Albania. The portal is hosted at INSTAT's website and is accessible at this link: <http://www.instat.gov.al/en/sdgs/> Microsimulation mechanisms that are proposed to be done under the third output would rely heavily on INSTAT's statistical tools such as EU SILC, LFS and HBS.

General Directorate of Taxes (GDT): GDT is a central institution a subordinate to the Ministry of Finances. It is the government's agency entrusted with tax revenue collection. The Tax Administration office performs the following functions: collection of taxes and implementation of restraining measures; tax audit and investigation as well as refunds and more relevant to this project is the collection of social contributions. The Tax Administration Office has the task to collect tax revenues through simple procedures, with minimal costs, by implementing the tax legislation uniformly, in order to finance the Albanian State Budget. The Tax Administration Office provides assistance and other facilities, so taxpayers fulfil their obligations in accordance with the legislation in force. Empowered by law, the Tax Administration Office has the obligation to supervise, assess and restrain any form of intentional or not intentional behaviour of incompliance of legal liabilities, by the taxpayer. By providing periodic information and data, the Tax Administration Office, supports the government in drafting tax policies. GDT is not a traditional partner of the UN and as such a

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https://ec.europa.eu/eurostat/documents/45004/6182541/Albania_Final+AGA+Report_complete.pdf/70b061e7-d789-42b3-953f-386e13eded03

new partnership will be established aiming to tackle informality and increase revenues through innovative ways and approaches.

World Bank Group programme in Albania is guided by the Country Partnership Framework (CPF) for FY15–20, which provides analysis, advice, and financing in support of equitable growth in Albania and integration into the EU. Discussions with WB in Tirana started from the inception of the programme and helped to focus the programme around the results and activities proposed here. Following a thorough reform of the cash assistance targeting poverty, WB approved last year an additional loan of 11 million to the Albania Social Assistance Modernization Project and will be used to fund new activities that support the implementation of the reforms of eligibility criteria for both Ndihma Eknomike (NE) programme and Disability Assistance (DA) programme.

The ILO' tripartite constituents will play a central role as key partners. Trade unions, in particular, have shown a strong interest in improving working conditions and gender equality. Employers' organizations are also expected to play a key role in exploring public-private partnership in funding innovative investment in social protection. The project will also take into consideration the employers' concern on the implication of social protection benefits and services in the productivity and in the labour costs. Both workers' and employers' organisations will commit themselves to sensitize their members to actively participate in the project activities, which will contribute to an improved understanding and increased awareness on the creation of a comprehensive social protection system that leaves no one behind.

Last but not the least important, Albania is shortly due to start the negotiation process for EU accession. The EU is a key actor in the country with an annual portfolio of projects of around 80 million Euros. EU recently announced that 11 million euros will be allocated to social protection system to be able to support households cope with the socio-economic vulnerabilities caused by the COVID 19 crisis.

2. Programme Strategy

2.1. Overall strategy

This joint programme addresses the challenge of developing feasible solutions to improve SDG-related policy and expenditure for social protection floors by positioning the participating UN agencies as enablers and supporters of government's efforts in policy formulation and implementation. The strategy of the programme builds on complementarities and brings together the added value and action synergies of the UN agencies participating in this programme – UNDP, UNICEF, ILO – combined with the strong commitment by the government to address the challenges of progressively increasing SDG-related spending for women, men, boys and children in Albania.

The strategic approach of the joint programme is three-pronged. At the *policy level* the joint programme aims to develop a national strategy for financing comprehensive social protection floors, discussed nationally with all the relevant stakeholders, including the civil society organizations. Building upon the on-going UN-wide efforts, this project will continue to assist Albania in taking concrete actions by integrating the national financing for social protection floors into national policy and MTBF, filling the gaps in the existing social protection system targeting children, women and the elderly as priority.

At the *macro level*, the joint programme would identify and assess the options to catalyse financing of unfunded mandates at the local government units and identify innovative approaches, tools and other financing mechanisms to pilot and evaluate the impact of fiscal policies related to social protection. At the *capacity-support* level, the joint programme would

support a selected range of Albanian institutions to articulate, implement and review budgets that reflect increasing SDG related spending.

Summarize the strategy of the programme, including:

a) why it is transformational (will deliver results at scale);

The implementation of the programme is expected to provide large scale results, reaching the most vulnerable part of the Albanian society and in particular would benefit children and women in the poorest locations of the country. The approach of the programme aims to achieve sustainable results for the Albanian government through Improved policy options to encourage allocation of a higher level of resources to cope with the challenges of financing social protection and other relevant stakeholders in the process. The programme supports the government to explore untapped opportunities for financing the social protection in the country through innovative solutions and mechanisms that would help Albania to achieve its long-term goals in this important policy area.

b) how it is different from conventional and/or alternative approaches;

The proposed approach of the joint programme seeks to address the need for SDG investment and other related development challenges through an integrated response from the different stakeholders participating in its implementation. Differently from other programmes in which the leading agencies provide their support through expertise in their respective policy areas, the synergistic efforts of participating agencies combined with the complex range of beneficiary institutions – including the parliament, government and independent institutions, WB, as well as municipalities would maximise leverage and accountability in the implementation process. The programme also aims to test and pilot innovative financial impact measurement tools such as micro-simulation but also employ a user perspective approach by testing behavioural insight methodology to a challenge that would be defined jointly with the government

c) how it contributes to accelerate the progress on achieving the SDGs;

The joint programme provides a strong contribution to the achievement of the SDGs. It has been designed to directly respond to one of the three SDG accelerators identified in the Albania MAPS report - Accelerator platform C: Investments in social and human capital, which is also a key NSDI II pillar, and at the same time, a priority under the UN-GoA Programme of Cooperation for Sustainable Development. While the joint programme would provide results in a broad spectrum, the progress would be focused particularly toward achieving Goals 1, 2, 5, 10 and 16.

d) what the added value of the UN will be and how it relates to UN and national priorities and initiatives;

The joint programme requires the strong commitment of the participating organizations to work together during the implementation phase. The four components of the programme build on each other, while the specific roles and responsibilities of each agency, as well as the mutual accountability on the delivery of development results are clearly defined in the attached workplan.

The joint programme builds on the Government of Albania and the United Nations Programme of Cooperation for Sustainable Development 2017-2021, by focusing on its Priority II "Social Cohesion: Health, education, social protection, child protection, and gender-based violence", through which programme strategies will "Generate evidence and arguments that support reform of legal, regulatory, and financing frameworks to strengthen the governance and responsiveness of the health, education and social protection systems;".

e) how government will lead the joint programme and sustain and/or further scale its results; and

The Government of Albania through the Ministry of Finance and Economy and the Ministry of Health and Social Protection would lead the implementation of the joint program in line with the priorities outlined in the NSDI II, the sector strategies and the programme of cooperation with the UN programme for sustainable development. While the government would benefit from all the four components of the joint programme, significant potential exists particularly in the second and the third component, to build further in the future and expand the results achieved over the duration of the programme.

f) what is the expected situation after the joint programme is completed?

Upon the completion of the joint programme, Albania would have adopted a national strategy for financing comprehensive social protection floors, based on consultations with all the relevant stakeholders in the country. Capacities and institutional framework to cope with social protection shocks – such as the ongoing Covid-19 emergency – would be strengthened and the institutions at all levels, including parliament and the local government units, would be improved to articulate, implement and review budgets that reflect increasing SDG related spending. The country would have addressed the critical bottlenecks related to the financing of unfunded mandates at local government units and gradually would have introduced new innovative approaches and tools (micro-simulation, behavioural insights) and other financing mechanisms to pilot and evaluate the impact of fiscal policies on social protection.

2.2 Theory of Change

The programme aims to work with Albanian Institutions and develop feasible solutions to boost SDG domestic financing and eventually increase national investment for SDGs, notably for SDG 1, 5, 10, 16. Such change will come through providing evidence on the costs on non-investment, through creating tools for financing policies and measuring regularly the impact, through strengthening the capacities of the SDG financing institutions, enabling a continuous national dialogue on SDG financing in Albania. The strategy of the programme builds on complementarities and brings together the added value and action synergies of the UN agencies participating in this programme – UNDP, UNICEF, ILO in close collaboration with UNFPA, UN WOMEN– combined with the strong commitment by the government to address the challenges of progressively increasing SDG-relating spending for women, men, boys and children in Albania.

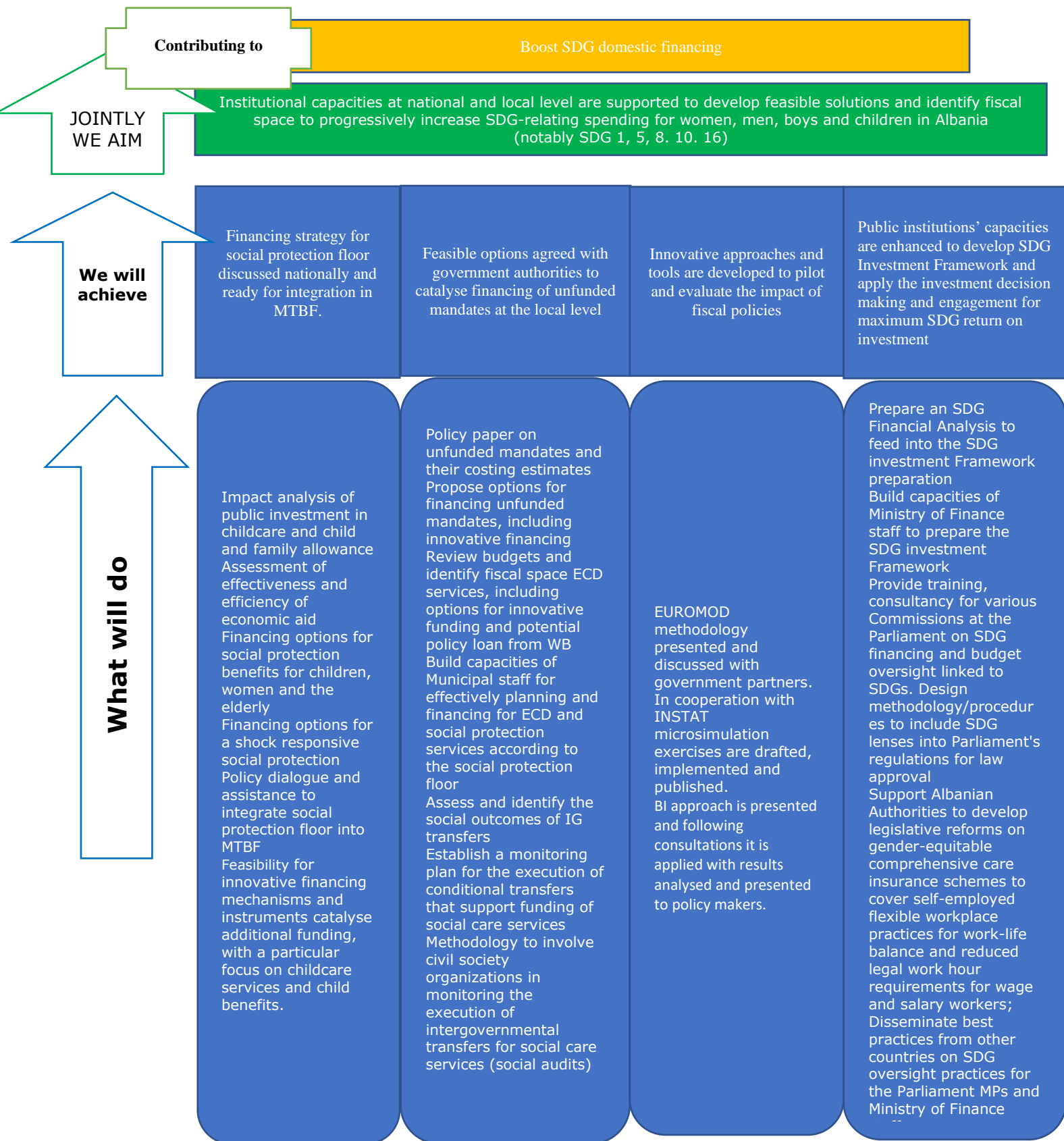
The pathway of the result chain that underpins the theory of change is as follows:

- If national policies are driven by evidence on the impact of non-investment on SDGs
- If national policies are driven and based on solid data on fiscal space; which are regularly monitored and evaluated through innovative tools and approaches;
- If national institutions are supported to develop a proper national dialogue about financing options and the identification of adequate fiscal space (nationally, loans, through public -private partnerships)
- If national and local institutions have proper capacities in creating fiscal space by better administering resources and revenues,
- If key national authorities are supported to develop the SDG Investment Framework and apply the investment decision making and engagement for maximum SDG return on investment;

Then the country will be able to boost progressively financing for SDGs in a progressive and sustainable manner.

To make sure that such change happens, the programme activities are designed to reach the following outputs (i) A national strategy for financing comprehensive social protection floors is developed, discussed nationally and ready to be integrated in the MTBG through national dialogue; (ii) Feasible options are identified and agreed with Government Authorities to address unfunded mandates at the local level and articulate adequate financing options; (iii) Innovative approaches and tools (tax benefit micro-simulation based on EUROMOD – the tax-benefit microsimulation model for the European Union; behavioural insights) and other mechanisms are developed to pilot and evaluate the impact of fiscal policies; (iv) Public institutions' capacities are enhanced to articulate, implement and review resilient budgets that reflect increasing SDG related spending. Several assumptions are central to the formulation of the programme activities and proposed programme strategies:

- First and most important, investing in human capital and social cohesion would continue to be one of the key SDG accelerators in Albania. The reviewed National Strategy for Development and Integration 2015-2020 (http://www.mod.gov.al/images/PDF/strategji2016/SKZHI_FINAL_QBZ.pdf) prioritizes social cohesion as central to the prospects for boosting investment in social and human capital in Albania
- Second, UN agencies in Albania have very strong convening power in the country and have been the main drivers of SDG related discussions in the country, so as they are behind most important social inclusion and social protection policies and legislation in the country. UN agencies are often trusted by the Albanian Government to provide technical assistance and support development and costing of such policies.
- Albania maintains strong political consensus for working on mainstreaming the SDGs in the national framework and budgeting the SDGs at the highest institutional levels, including the Albanian parliament. (<https://www.parlament.al/News/Index/5325> - Albanian Parliament adopts resolution in support of Agenda 2030). Political will and leadership at all governance levels participating in the joint programme, including the interaction between the various levels of governments, would support the achievement of the outcomes and results as scheduled in the work-plan.
- Actions supported through the SDG funding will inform national policies and systems. The Integrated Planning System (IPS) is the main system to set the tools and mechanisms for integrated public policy planning by providing an effective allocation of financial resources across all the institutional levels in the country.
- One of the assumptions at the inception of the programme was that the country is ready to talk about a stronger social protection system which is able to respond to emergencies following the impact of the November 26th earthquake in increasing vulnerabilities. The current COVID-19 pandemic and related restrictive measures are already having and are expected to have longer term effects on households' economic. The government of Albania already is promoting measures to support and boost household income by providing some cash and noncash support to households and individuals that are suffering the financial burden of the situation.
- Nevertheless, the actual COVID 19 and post-earthquake emergencies would not alter the plans of the government to commit in its social protection strategy and particularly in the financing of the SDGs in the country.
- An important key to success is the endorsement of the programme intervention and activities from the key national authorities, and particularly Ministry of Finance.
- The synergies and the collaboration with WB are also a key factor for the success of the programme and will help to advance some important issues: financing for social protection floor, financing for ECD, so as to assess the social impact of intergovernmental transfer.



2.3 Expected results by outcome and outputs

This joint programme proposal aims to provide technical assistance and work with government to identify and integrate in the national budgetary framework more equitable and adequate financing to achieve SDGs. The three main PUNOs (UNDP, UNICEF and ILO) in cooperation with UNRCO along with UN WOMEN and UNPFA will closely work with Ministry of Finance and Economy, Ministry of Health and Social Protection, Parliament of Albania to ensure that: Institutional capacities at national and local level are supported to develop feasible solutions and identify fiscal space to progressively increase SDG-relating spending for women, men, boys and children in Albania. The programme will contribute to achieve the following specific results:

Output 1: A national strategy for financing comprehensive social protection floors is developed, discussed nationally and ready to be integrated in the MTBG through national and social dialogue.

Following the fiscal space analysis conducted in 2020 which is being conducted by the ILO, UNICEF and UN Women as part of the ongoing SDG supported programme, the activities proposed in this joint programme would help to develop a national strategy with feasible options for financing a social protection floor that would ensure adequate and equitable coverage for all those that are vulnerable and excluded. This is in line with the need for urgent action towards SDG goal 1.3 of implementing nationally appropriate social protection systems and measures for all, including floors, and substantially increasing coverage of the poor and vulnerable is essential. Key will be to establish a national policy dialogue to discuss and agree on the national definition of what are the social security guarantees that the state should ensure, as a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level.

The work under this output will help to cost and develop financing options for social protection benefits for children, women and the elderly. An important activity which will feed the development of social protection floor is the assessment of the impact of the poverty targeted cash assistance (economic aid – Ndihma Ekonomike) which will be conducted in collaboration with WB. The national agreed frame will also develop and agree on the role that social protection will play in responding to shocks and crisis, building on the cases of November 26th, earthquake and the COVID 19 crisis. The national policy dialogue will discuss the financing options and will develop a roadmap for further integration into the MTBF. A feasibility study of innovative financing mechanisms and instruments that catalyse public and private investment in social protection, will also be part of the activities to help achieve output.

The impact is expected to focus on the following SDG targets:

SDG 1- No poverty

- 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
- 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

SDG 2- No hunger

- 2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of

age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

SDG 5- Gender Equality

- 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
- 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

SDG 8- Decent work and economic growth

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

SDG 10- Reduced inequalities

- 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

SDG 16- Peace, justice, and accountable institutions

16.6 Develop effective, accountable and transparent institutions at all levels

Output 2: Feasible options are identified and agreed with government authorities to catalyse financing of unfunded mandates at the local level

The purpose of this output is to analyse social outcomes of public expenditure framework. Unfunded mandates are collected and assessed, and assistance is provided to ensure viable and adequate financing.

2.1 Identification and analysis of unfunded mandates with respective costs

Three main laws regulate the implementation of intergovernmental transfers in Albania: Law on Local Government, the Law on the Management of the Budgetary System and most importantly the Law on Local Government Finances. All the three Laws are crucial to define what types of intergovernmental transfers, under which conditions, based on which criteria and to what extent are transferred to local government units by the central government.

Unfunded mandates are gaps arising from the division of powers between two levels of government. An unfunded (or underfunded) mandate occurs when a government performs certain functions or activities for which it has no (or insufficient) funds.¹² Financing of early childhood care, transferred to Local Government Units with the new decentralization reform

¹² Friedrich, P., Reiljan J. (2015): Unfunded Mandates in Local Government Financing: Crisis Experiences from Estonia, https://www.researchgate.net/publication/307707656_The_unfunded_mandates_in_local_government_s_financing_crises_experiences_from_Estonia_Finantskatteta_ulesanded_kohalike_omavalitsuste_fina_ntsides_kriisikogemused_Eestist, last retrieved, March 24, 2020

is a key challenge that local authorities are facing. UN agencies will work with national and local institutions to identify fiscal space for financing ECD at local level. Additionally, UN agencies will prompt national discussions and assess the feasibility of a WB policy loan dedicated to financing ECD in Albania. Another policy that is prone to being unfunded (or underfunded) is the transfer of social services provision from the responsible Ministry responsible for Social Protection to the local government units. However, there could be other mandates that are currently not funded or underfunded that fall under the responsibility of local government units. They will be identified and analysed in detail.

Interventions

1. National and local budgets will be reviewed and fiscal space for financing ECD will be identified. Capacities of local authorities for an efficient and effective use of resources to fund ECD and social protection services will be built.
2. Screen existing legislation through the EU accession lenses to identify any possible unfunded mandates at the local level. Primary interest will be the social sector; however, the scope of screening would be comprehensive and cover any other existing instruments as per sectoral strategies and policies.
3. Assess capacities (in terms of administrative, finance management and delivery) of selected municipalities to provide services as per responsibility transferred by relevant laws
4. Analyze existing revenues and possible other sources of income to ensure the financing of mandates

2.2 Social outcomes of intergovernmental transfers are identified

There are two types of intergovernmental transfers: a) unconditional (general) and conditional. In the respective Albanian legislation, these intergovernmental transfers are defined as follows: (i) Unconditional transfer is a transfer from the state budget for the local government units, given without any condition, interest or repayment obligation. On the other hand, the Conditional transfer is a transfer from the state budget or third parties to the local government unit that can be used exclusively for the delegated functions and economic account for which it is being transferred, or the provision of the legal framework or the agreement.

This Law recognizes as part of unconditional transfers also transfers for specific functions that are recently transferred from central level to local government, as new functions must be accompanied with increase in the revenue to cover the costs of delivering the transferred functions. The central government body responsible for the transferred functions calculates the overall annual expenses for the function over the last three years, for each local government unit. In addition, it prepares a report on the current level and standards for the current delivery of this function, its distribution among different local government units, including the additional costs needed to ensure universal provision of that specific function across municipalities (Article 26).

Transferred functions are: teaching and non-teaching staff in pre-school education and non-teaching staff in pre-university education, irrigation and drainage, fire protection and rescue service, forest administration, rural road maintenance, pre-university education dormitories, and centres of social services. Salaries, social insurances and operational and maintenance expenses are made in accordance with applicable legislation in force. Local government units can add funds from their own sources to improve the quality of functions transferred.

Conditional transfers. Based on the Law on Local Government Finances, financial transfers are given for the following purposes: a) delegated functions; b) Specific projects considered of local, regional or national interest, where there is the need for cooperation with local self-government units. The annual funds of conditional transfers must be previously be planned

in the medium-term budget program of the respective central government's bodies. The criteria and procedures for the allocation of such funds are sanctioned in the annual budget law.

Interventions

In cooperation with the technical expertise of the World Bank the main activities will include:

1. Analyze the impact of local government's own resources and conditional transfers from the state budget on the amounts and stability of funding the social care services
2. Establish a monitoring plan for the execution of conditional transfers that support funding of social care services
3. Develop a methodology to involve civil society organizations in monitoring the execution of intergovernmental transfers for social care services, to ensure independent information on the impact these services have on the beneficiaries and the community (*social audits*)
4. In view of Albania's ageing trends, work under this component will also address the issue of support to elderly. A draft national Action Plan for Elderly focuses on 3 main pillars: (i) Social Care and Protection; (ii) Integrated Health and Social Care as well as (iii) Public Health and Wellbeing Promotion/Awareness raising of the Communities and Society at large. The costing of this action plan and respective mechanisms and legal actions to ensure its adequate financing will be conducted in partnership with UNFPA. Particular attention and work will be paid to costing the action plan at the municipal level.

Output 3: Innovative approaches and tools are developed to pilot and evaluate the impact of fiscal policies

In view of advances in data collection, management and analysis it has become increasingly easier to work on various scenarios that could be achieved via certain fiscal mechanisms or reforms. The use of innovative tools to measure the impact of intended policies will be one of the main outputs of this programme. Some of these mechanisms are computer-based programming whereas some require outreach and social experimenting i.e. behavioural insights. The following interventions are envisaged in close cooperation with the Ministry of Finance and Economy, INSTAT and the General Department of Taxation:

3.1 Introduction and application of microsimulation for policy analysis

Albanian statistics offers a wealth of data that are seldom put in good use for policy-oriented research. Albania is undergoing demographic changes, national and international migratory movements. Microsimulations are getting international exposure to many countries such as Canada, Australia, USA, Norway as internationally established analytical instruments. One key example that will be followed is EUROMOD (<https://www.euromod.ac.uk/>) – a tax-benefit microsimulation model for the European Union that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

Interventions

1. Introduce EUROMOD to Albanian authorities to determine its viability and use
2. Technical expertise and support to Albanian institutions to define areas of policy interest
3. Constructing a Microsimulation Model: Through the use of administrative Data, Census Data, Household Survey Data as well as synthetic datasets, estimates will be made of how demographic, behavioral, and policy changes might affect individual outcomes and the effects of current policies. For instance, a tax benefit microsimulation model - a tool used

to calculate the distributional effects of tax benefit policies on household incomes, can also use to measure the impact of these policies on a government budgetary costs or an individual's work incentives policies. As these are innovative tools, adequate thinking and commitment would be a pre-requisite for the success of these interventions.

3.2 Behavioural insights will be applied to assess and inform better the impact of policies and lead to resilient capacities to deal with natural disaster and emergencies

The complexity and interconnectedness of Sustainable Development Goals (SDGs) require novel approaches, methodologies, strong data systems, and institutions that would have the capacity to provide 'out of the box' solutions to the problems faced by the global community. Behavioural experimentation is one of the ways to induce innovative thinking both in public service and the private sector. In cooperation with the Ministry of Finance and Economy, General Department of Taxation as well as the Agency for the Delivery of Integrated Services Albania the nudge approach will be tested for a specific challenge that will be agreed with the government. Guidance and technical support will be requested from the BI expertise across Europe or beyond.

The impact is expected to focus on the following SDG targets:

SDG 1- No poverty

1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

1.B Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

SDG 5- Gender Equality

5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

SDG 10- Reduced inequalities

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Output 4: Public institutions' capacities are enhanced to articulate, implement and review resilient and SDG-proof spending

Albania has successfully completed important milestones in the process of achieving the SDGs and is now in a critical stage for investments on SDGs to make further progress with Agenda 2030. This output is focused at the design on the financing mechanisms for the SDGs through the support to the relevant institutions responsible for the SDG financing policy framework and its implementation.

The most recent SDG Index and Dashboards Report¹³, produced annually by the Bertelsmann Stiftung and the Sustainable Development Solutions Network to assess and compare national progress on SDG implementation, reveals that for the year 2019 Albania ranks 60th, out of the 162 countries included in the report, with a national index at 70.3 percent (measured as a proxy to the best possible outcome across the 17 SDGs), almost identical to the average of Eastern Europe and Central Asia countries at 70.4 percent.



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The institutional responsibilities for the implementation of the SDGs at the government level are represented in the institutional map, which also indicates the number of relevant SDG targets for every leading institution.

¹³ Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).

¹⁴ Idem, page 82.

Government Institution	SDG institutional responsibility, by targets																	Number of SDG targets per institution
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Ministry of Health and Social Protection	■	■	■	■	■	■				■							■	38
Ministry of Finance and Economy	■	■	■	■				■	■	■		■					■	43
Ministry of Infrastructure and Energy						■	■	■	■		■	■						23
Ministry of Tourism and Environment			■			■		■			■	■	■	■	■			30
Ministry of Agriculture and Rural Development		■										■		■	■			11
Ministry of Education, Sports and Youth				■								■	■					11
Ministry of Interior			■	■						■						■	■	8
Ministry of Justice																■	■	3
Civil Emergencies Department (Ministry of Defense)	■										■							2
Bank of Albania								■		■								3
Technical Secretariat, National Committee of Water						■												5
e-Authority									■								■	2
INSTAT																	■	2
Ministry of Culture											■							1
Ministry for Europe and Foreign Affairs																■		1
Civil Society Support Agency																	■	1
National Agency for Scientific Research and Innovation									■			■					■	4
Public Procurement Agency												■						1

During 2018, Albania presented its first Voluntary National Review on SDGs. The report tracks the progress of Albania in achieving the SDGs by focusing in the six priorities of the government, the main ongoing reforms in the country and the EU integration priorities for the country and provides an assessment of the public expenditure for the SDGs, as well as a statistical annex on SDGs.

The VNR report reveals that about 61 percent of government expenditure is utilized to finance the SDGs and “the main cost drivers for the overall development strategy is the pillar of social development and cohesion (health, education, culture and social protection), which takes up approximately half of the total budget for the 2015–2017 period. This share is under the average public expenditure for these sectors in the European Union, currently at about 70 percent of the total expenditure¹⁵. A total of around 812 billion ALL public spending towards achievement of the SDGs for the period 2015–2017 is concentrated on Goals 3, 4 and 9, which are the main cost items in total financing, with each covering on average thirteen percent of financing for all SDGs in Albania. The purpose of the joint programme is to support Albania’s goal in increasing this share of public expenditure at 55 percent by the year 2024.

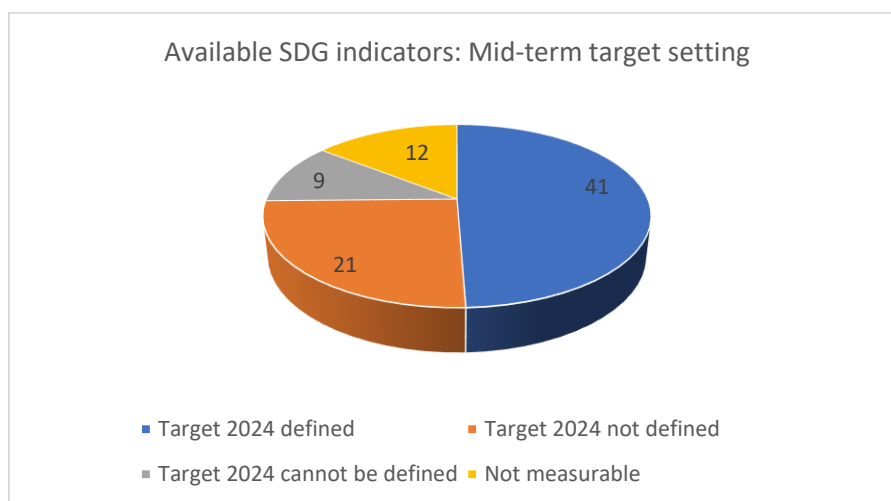
The “Mainstreaming, Acceleration and Policy Support for Achieving the Sustainable Development Goals in Albania”¹⁶ report was published during the fall 2018. The report identifies three broad policy and programming platforms, in line with government policy and the programme of cooperation with the UN, for accelerating progress towards EU accession and achieving the SDGs: (i) governance reform, human rights, and the rule of law; (ii) inclusive green economy; and (iii) investment in social and human capital.

¹⁵ <https://ec.europa.eu/eurostat/documents/2995521/9665811/2-15032019-BP-EN.pdf/2340c61d-9dc5-4b5f-9b13-db36ff01c082>

¹⁶ https://www.un.org.al/sites/default/files/MAPS_Report_web.pdf

The MAPS report emphasises that “Compared to many other middle-income countries seeking to finance SDG achievement, Albania does possess one important potential advantage—its eligibility for EU pre-accession ... funding from Brussels. While not particularly large (about 1% of GDP) relative to national macroeconomic aggregates, IPA funding is the largest single component (about 40%) of Albania’s ODA, and serves as an important reference point for funding decisions made by other (especially European) bilateral donors.

More recently, the Albanian institutions completed a full review of the global SDG indicators with the aim of establishing the Vision 2030 and particularly the mid-term specific goals for these indicators, to be used as inputs for the next phase of the NSDI. While progress for establishing a longer term for the Vision 2030 still remains rather limited, the assessment of the number of indicators for which the mid-term targets were successfully established, reveals that Albania has defined a good number of SDG targets for the mid-term development policy in the areas of education, gender, and particularly health sector. However, the country appears to lag behind in defining mid-term inequality (Goal 10) and no-poverty (Goal 1) targets, which are also the priority impact areas of the proposed joint programme.



Number of SDG global indicators with established targets for the year 2024

Further to the mid-term review of the current National Strategy for Development and Integration, Government with the support of UN is taking into consideration its results to feed into the development of the new NSDI 2020-2024. This is the first time that the Government is considering the development of a mid-term national strategy which synchronizes with the SDGs timeframe, in parallel with the development of Vision 2030. This coincides with the UNSDCF development 2022-2026 which will keep at its core country’s ambitions and vision towards the Agenda 2030. Moreover, the Government recently has identified 41 mid-term SDG indicators, out of 82 available in Albania, with mid-term targets defined, which will feed into the development of new NSDI and more than 20 cross-sectorial strategies will be developed in the coming period.

A national budget analysis was undertaken in 2019, providing a clear analysis on the state budget allocations vs the SDGs. Based on this [analysis](#), sectors such as social protection remain below the level of 3% of GDP, considerably below the EU average. Despite the success achieved during the transition period, Albania’s development history of the recent years shows that the country is prone (i) unexpected external shocks (i.e. the global financial crisis); (ii) the capacity of the domestic institutions to lead the reforms in a fragile political context associated with economic and social costs; and (iii) limited financial resources to cope with the increased magnitude of these costs.

Nationwide awareness raising continued, along with partnership building, to deepen efforts for achievement of the SDGs, including through engagement with the private sector and mobilisation of government and all partner contributions to the recently established Albania SDG Acceleration Fund.

In the framework of this programme, The Ministry of Finance will be supported for the development of the National Investment Framework on SDGs. The Strategy will help to ensure that budgets are allocated to priority areas and serve as a tool to development finance institutions in the country at the central level, institutions at the local level, and private sector investors to consider what investments might work best to help meet Albania's needs towards the achievement of SDGs. Across the board — particularly with tax, transparency, debt policies, investment, social policies as well establishment of measurable metrics to on SDG impact — these are amongst the key elements to make the Government and Parliament work together. The UNRCO through its increased capacity will be serve as primary support to the Ministry of Finance in the development of the SDG Investment Framework as well as to continuous assistance to the parliamentary sub-committee on Sustainable Development.

The Ministry of Finance, Parliament, local government institutions will strengthen their capacities to develop innovative strategy to mobilize finance towards sustainable development and engage with local stakeholders. Following selection of innovative approaches on SDG financing, training materials will be developed, and capacity building is provided to Ministry of Finance and Parliament Sub-committee on Sustainable Development.

Interventions

1. A preliminary assessment with the purpose to identify on capacity strengthening needs on SDGs for partners at central and local level would be conducted.
2. Support to the Albanian Parliament's Sub-Committee on Sustainable Development to enhance mainstreaming of the SDGs framework in the national legislation and parliament's role in SDG financing. Best practices from other countries on SDG oversight practices for the Parliament MPs would be disseminated with the MPs.
3. Support the Parliamentary Group "Friends of Children" in budget reviews and analysis related to social protection benefits, with focus on child related outcomes
4. Support Albanian institutions to develop legislative reforms on gender-equitable comprehensive care insurance schemes to cover self-employed flexible workplace practices for work-life balance and reduced legal work hour requirements for wage and salary workers;
5. Ministry of Finance and Economy supported to develop the SDG Investment Framework by prioritizing the SDGs in the national context through the SDG accelerators.
6. Support one selected municipality in the process of integrating the SDGs framework in the local government's budget planning process and trainings on social protection floor.

The impact is expected to focus on the following SDG targets:

SDG 1- No poverty

1.B Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

SDG 5- Gender Equality

- 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

SDG 8- Decent work and economic growth

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

SDG 10- Reduced inequalities

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

SDG 16- Peace, justice, and accountable institutions

16.6 Develop effective, accountable and transparent institutions at all levels

2.4 Budget and value for money

Full implementation of the proposed Joint Programme will require an estimated total of \$ **1,149,205** to be mobilised over the implementation period. The overall resource requirements (anticipated inputs) include: \$855,000 to be resourced from the Joint SDG Fund (74.3%); USD \$194,205 (16.8%) to be resourced from regular or core resources of participating UN agencies to the proposed Joint Programme; and USD \$100,000 (8.9%) to be potentially resourced from the Albania SDG Acceleration Fund. Moreover, this Programme aims to leverage resources from the government contribution to the Social Fund for the pilot municipalities.

The funds will be utilized by the participating UN agencies to support the development and implementation of activities under this proposed Joint Programme, which as detailed in the respective budget table will include technical support, grants to counterparts, supplies and equipment, procurement services, transport, funds for advocacy, research and studies, programme development and implementing, training activities and staff support.

The detailed breakdown of the funds accompanied by specific activities is included as required. As, mentioned above, budget and activities will be included in the Joint Work Plan of Outcome 2 and 3 of the Government of Albania and United Nations Programme of Cooperation for Sustainable Development (PoCSD) 2017-2021, formulated and signed jointly by GoA and Heads of contributing UN Agencies and aligned with the planning and budget cycle of relevant GoA ministries and departments.

From the standpoint of cost-efficiency, under the Delivering as One modality in Albania, participant UN agencies will access the UN Albania common systems, including rosters of consultants and providers of development services as well as the support provided by the network of UN Specialized Agencies, Funds and Programmes. In addition, the Joint Programme will make use of the implementation and governance architecture already established and operational under the GoA-UN PoCSD 2017-2021.

The programme aims for high level policy advice to provide long term solutions trying to enhance linkages between policy making with financing based on innovative evidence-based tools.

At least 40% of the budget will be allocated to gender equality and women's empowerment. This indication is also in line with Gender Marker 2 of the Output 2.3 Social Protection under the Outcome 2 Joint Work Plan 2019-2020.

2.5 Partnerships and stakeholder engagement

The JP will develop proposals and will build national capacities for more SDG investment; as such all stakeholders involved are drivers of change and so are the national policies and strategies in the years to come. The Government of Albania is supported by the UN Programme of Cooperation for Sustainable Development (PoCSD) 2017-2021, guided by a rights-based and inclusive approach and fully aligned to country strategic priorities. (Outcome 2) focuses on social cohesion with: Health, education, social protection, child protection, and gender-based Violence. Outcome 3 focuses on Economic Growth, Labour and Agriculture.

An important forum where approaches, activities and results of the Joint Programme will be discussed is the Integrated Policy Management Group on Employment and Social Protection where the Ministry of Finance and Economy as well as the Ministry of Health and Social Protection are in the lead. IPMG includes the participation of key donors that support the social sector in Albania such as such as the EU, SDC, GIZ, Italian Cooperation, Austrian Cooperation and USAID

UN in Albania will extensively engage with the **World Bank**, as a key partner for the success of the programme. The World Bank is supportive of Albania's aims to accelerate SDG achievement, including having participated extensively in the UN's Mainstreaming, Acceleration and Policy Support mission in 2018. Some of the ideas in the UN's proposal emerge from that study. The World Bank and the UN in Albania brainstormed shortly after the global SDG Fund call was announced on ways in which financial analysis, financial skills-building and enhanced partnerships could lead to available fiscal space for expanded and sustainable financing for SDGs and leaving no one behind. The World Bank considers the focus areas of the proposed activities as appropriate priorities for Albania's circumstances: (i) developing a national financing framework for a social protection floor in Albania which ensures access to a minimum package of care and benefits for all following a lifecycle approach; (ii) assessment of current social programmes – including cash transfers, linkages to social care programmes, so as options for ECD financing – alongside inter-governmental transfers and unfunded local government mandates to advise on effectiveness and efficiency of state aid mechanisms; and (iii) capacity building on budget planning and execution amongst parliament, Ministry of Finance and line Ministries. UNRCO will closely coordinate with PUNOS in the implementation of the JP. A dedicated staff- Economist within the RCO will closely support national authorities in the development of the SDG Investment Framework and proper implementation.

The ILO will continue its support by building on the Social Protection Floors Recommendation, 2012 (No. 202) which provides guidance to member states in building comprehensive social security systems and extending social security coverage by prioritizing the establishment of national floors of social protection accessible to all in need. Building on the fiscal space analysis that the ILO has started with UNICEF and UNWOMEN and through activities outlined under this Joint Programme the ILO will contribute to develop a national financing framework for social protection floors as well as design and cost social protection benefits for children, women and the elderly are designed and costed with financing options. Institutional capacities of the government will be strengthened on efficient resource mobilization and equitable resource allocation for social protection.

UNDP will construct its work guided by its reform-oriented programmes such as the territorial and administrative reform and support to service delivery at the local level. In addition, based on institutional reform and financing of employment and VET services and capitalizing on resources, outputs, expertise, results and experiences of the Joint Programme Leave No One Behind, UNDP will continue to provide policy advice and options regarding issues of unfunded mandates and intergovernmental transfers. UNDP will employ innovative evidence-based tools and partnerships for enhancing the social outcomes of reforms and interventions. Based on its work in support of MAPS, VNR and SDG agenda, UNDP in cooperation with the UN RCO

will be working injecting a new impetus to the SDG agenda by tackling SDG financing form both the legislative and executive viewpoint.

UNICEF overall promotes and advocates for better use of public funds for greater and more equitable results for children in line with the CRC and [General Comment No. 19](#) (UNCRC, 2016) on Public Budgeting for the Realization of Child Rights, which guides States on how to fulfil and report on this obligation. UNICEF work in Albania has some good examples related to public finance; several actions in the past have been supported to cost and budget sectoral policies, to develop costing tools for better and more quality services in health, education, to analyse and track expenditure in several sectors, including cost of non-investment studies. UNICEF Albania also advocated with Parliament of Albania for more effective and equitable budget allocations for health, education and social protection. UNICEF will partner with ILO and UN Women to ensure that there is a national framework for social protection floor in Albania - developing options for child benefits and integrate them in the social protection policies and national MTBF will be the focus of UNICEF work. UNICEF will also work to develop options for a shock responsive social protection system. UNICEF and UN Women will work to develop financing options for ECD services at local level, so as will build national and local capacities for an efficient and equitable use of resources to plan and deliver childcare, so as social protection services to vulnerable families and children based on the agreed social protection floor concept. UNICEF will engage with Parliamentary Group "Friends of Children" to advocate for progressive increase in funding child related policies.

UN Women by not being a PUNO will still be a key partner in the implementation of the Joint Programme. Achieving gender equality in the economic and social spheres is one of the essential elements of the Sustainable Development Goals (SDGs). At the regional level, a recent report by the European Commission highlights the importance of gender mainstreaming in policy development, implementation and evaluation.¹⁷ In preparation for the EU accession, the government of Albania has successfully adopted most of the EU gender equality acquis. As the next step, it needs to integrate a gender mainstreaming perspective into all relevant government's activities. Political consensus among all national stakeholders is required for a successful development and implementation of policies encompassing inclusive economic growth, decent employment, and gender equality. UNW is well positioned to provide technical assistance and advocacy work for the government of Albania to achieve the Sustainable Development Goals (SDG), especially on gender equality and inclusive growth and decent work for all. In addition, UNW is capable of assisting the national government in following through with the fulfilment of the goals set by the programs under the Instruments for Pre-accession Assistance (IPA). UN Women will continue gender mainstreaming efforts in macroeconomic policies in cooperation with other UN agencies. In particular, UNW will advocate for the investment in early childhood care and education in the context of demand-led, inclusive growth strategy. In collaboration with the UNICEF, an action plan for expanding the care infrastructure will be made. A cost-benefit analysis at the macroeconomic level in conjunction with the action plan will facilitate the policy dialogue and assist GoA with evidence-based policy development. UNW will seek support to enhance the social protection financing options with a gender-based platform. This will highlight the gender gap in the social protection floor in Albania and inform GoA on the future actions to achieve SDG target. UNWOMEN will partner with UNICEF through a UN-UN agreement for the implementation of the programme activities.

UNFPA will also be a partner building on its comparative advantages in data, population dynamics, reducing inequalities in health and education, will contribute towards: i) building capacities at local level to address social determinants of health and reduce health inequities through "health in all" policies, social protection and universal health coverage approaches; ii) Supporting the government to design and endorse guidelines, Orders of Ministers to ensure

¹⁷ European Commissions for Justice, Consumers and Gender Equality. 2015. Strategic Engagement for Gender Equality 2016-2019.

better integration between health and social protection at national level as well as links to cash assistance programmes to inform local actions with a dedicated focus on elderly. UNFPA will partner with UNDP through a UN-UN agreement for the implementation of the programme activities.

3. Programme implementation

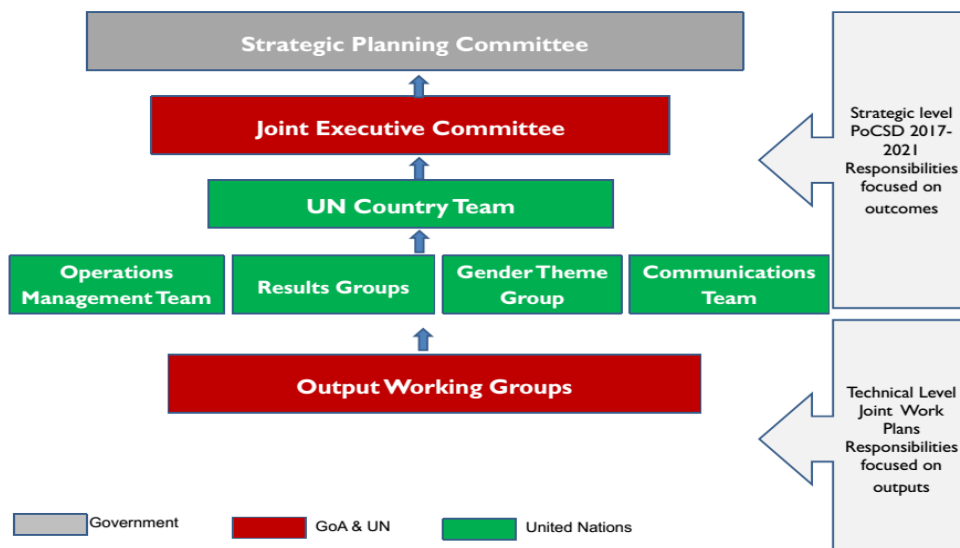
3.1 Governance and implementation arrangements (max 3 pages)

The Programme will be implemented through the Delivering as One mechanism, under the framework of the Programme of Cooperation for Sustainable Development 2017-2021 (UNDAF), specifically with reference to Outcome 2 Social Cohesion (output 2.3 Social Inclusion and Protection), with the joint participation of three UN agencies (UNDP, UNICEF, ILO) and with the contribution of UN Women and UNFPA alongside other UN agencies Albania, relevant governmental bodies at the central and local levels, independent institutions, relevant international community and CSOs.

The log frame of this Programme provides for the general framework and indicative deliverables that will be further fine-tuned and annualized in UNDAF/PoCSD Outcome 2 Joint Work Plan, prepared by relevant UN agencies and government counterparts, and signed by the UN Resident Coordinator, the Outcome 2 chairs – UNICEF Representative, UNDP Resident Representative and Minister of Health and Social Protection – and the Heads of contributing UN agencies (including the lead and implementing UN agencies of this Programme).

Below is a graphical presentation of the UN in Albania joint management arrangements as indicated in the PoCSD 2017-2021, which will be applied as well to this Programme.

Joint Management Arrangements



UNDP will be the lead UN agency for the overall implementation and coordination of the joint programme in close coordination with the UNRCO. From the standpoint of cost-efficiency, under DAO modality in Albania, participant UN agencies will access the UN Albania common systems and the support provided by the network of UN Specialized Agencies, Funds and Programmes.

The Ministry of Finance and Economy (MoFE) and the Ministry of Health and Social Protection (MoHSP) are the key government authorities that leads and regulates policies in the area of

social protection. These Ministries will be the lead national governmental partners, and co-chairs of the joint

A Steering Committee (SC) will be established to oversee and coordinate the operations of this Programme, taking all necessary strategic decisions based on the JP's initial plan and budget as well as monitoring data. It will provide policy guidance and recommendations regarding the JP's strategy and objectives, receive and comment on annual reports, approve annual plans of operation and reports, and participate in the evaluation of the JP. The SC will meet at least twice a year and as needed. The SC will be chaired by the RC and composed of senior representatives of the participating UN agencies, a senior representative of MoFE and MoHSP, senior representatives of selected municipalities, and at least two representatives of CSOs.

The sustainability of the Programme's investments and effects and the scaling-up of successful practices and innovations will be a constant concern of the Programme. Several approaches and methods will be applied to contribute to the durability of the Programme's interventions: (i) Full alignment on national policies and strategies; Investments in actors, processes and persons; Support for increasing funding of social services; Promotion of community based social services. The concern for sustainability will also be reflected in the fact that no parallel systems will be introduced. The Programme will capacitate existing state structures and civil society organisations to implement strategies and to provide services. It will support the improvement of the interface between state and civil society actors, since both types of actors participate in service delivery, e.g. by facilitating contacts between them, showcasing good practices, proposing forms of cooperation and supporting such cooperation in view of improved service delivery.

3.2 Monitoring, reporting, and evaluation

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme¹⁸; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

¹⁸ This will be the basis for release of funding for the second year of implementation.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After completion of a joint programme, a final, *independent and gender-responsive*¹⁹ evaluation will be organized by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The joint programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on [Joint Evaluation and relevant UNDG guidance on evaluations](#). The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

3.3 Accountability, financial management, and public disclosure

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channelled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund

¹⁹ [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

(Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme. Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund. PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

3.4 Legal context

This Joint Programme, in respect of each of the United Nations system agencies signing, will be read, interpreted, and implemented in accordance with and in a manner that is consistent with the basic agreement between such United Nations system agency and the Host Government.

Agency	Agreement	Date signed
UNDP	Standard Basic Assistance Agreement (SBAA) between the Government of Albania and UNDP	17 June 1991
UNICEF	Basic Cooperation Agreement (BCA) with the Government of Albania	23 July 1993
ILO	Decent Work Country Program 2017-2021 signed by the Government of Albania, the ILO and Workers' and Employers' Organizations	26 April 2017

D. ANNEXES OF THE JOINT PROGRAMME TEMPLATE

Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Improving Municipal Social Protection Service Delivery (UN JOINT PROGRAMME 2020-2021)	<ul style="list-style-type: none"> • Integrated social care services, institutional arrangements and coordination mechanisms functional with clear roles and responsibilities at local level in 6 municipalities. • Municipal and national institutional capacities strengthened through training and mentoring for the development of social care plans and accessing the Social Fund. • Innovative models of integrated social care services piloted, including established local linkages between health and social protection services. • Vulnerable communities (disaggregated by gender, ethnicity, disability etc.) are empowered to actively participate in decision making and make institutions accountable. • Financing options for extending social protection coverage and benefits developed and assessed at the national and municipality levels. 	<p>The existing joint programme is a solid basis to continue the UN collaboration built during this programme. As explained under the programme strategy and expected results sections, the knowledge generated under output 5 of the programme will be used as the basis for developing the financing options for social protection floors.</p>	<p>UNDP Albania</p>	<p>UNICEF UN Women WHO</p>	<p>\$2,000,000</p> <p>SDG fund – Window 1</p> <p>United Nations Development Programme</p> <p>Government of Albania</p>	<p>Entela Lako, UNDP Programme Specialist</p> <p>Entela.lako@undp.org</p>
UN Joint Programme Leave No One Behind for Social Inclusion (2017-2021) (LNB)	<p>-Empowered persons with disabilities, Roma and Egyptians, and vulnerable women, to request and have access to social services, as a pre-condition to improve their lives.</p> <p>-Enabled municipalities to effectively manage the provision of rights-based social services and promote social inclusion.</p> <p>-Enhanced capacities of national institutions to implement their policy</p>	<p>The programme will ensure a strategic integration and cohesion with LNB project at the national and local level working in the area of human security, human rights and social care, protection and employment.</p> <p>Knowledge generated will be transferred from LNB to the programmes.</p>	<p>UNDP Albania</p>	<p>UNICEF UN Women UNFPA</p>	<p>\$2,632,435</p> <p>Swiss Development</p> <p>Cooperation (SDC)</p> <p>United Nations Development Programme</p>	<p>Entela Lako, UNDP Programme Specialist</p> <p>entela.lako@undp.org</p>

	framework, to fund and provide social services				Government of Albania Mptf-sdgs Acceleration Fund for Albania	
Skills Development for Employment (SD4E)	The project support the reform in the employment and skills development sector through these three components: (i) Employment (Ministry, NAVETQ, NAES) is strengthened; (ii) The employment service portfolio is based on a balanced demand-and supply-side oriented approach; (iii) A standardized Quality Assurance (QA) framework is in place that improves the image of VET and fosters linkages between school and world of work	This programme works closely with the Ministry of Finance and Economy in support of employment and vocational education and training. It has enabled policy making, legislation and supported the design of financial mechanisms that would inform and guide the processes under this joint programme.	UNDP Albania	SDC	\$2,500,000 Switzerland	Eno Ngjela, Programme Specialist eno.ngjela@undp.org
STAR 2 - Consolidation of the Territorial and Administrative Reform	Ensure functionality of the newly established local government units (LGUs) so that local administrative and service delivery outcomes are effective, qualitative, participatory and inclusive, and correspond to evolving decentralized competencies and responsibilities.	The programmes will ensure a strategic integration and cohesion in the area of institutional strengthening and decentralization. Knowledge generated will be transferred between the programmes.	UNDP Albania	EU	\$7,918,218 European Union, the Sweden, Italy, Switzerland, USAID, UNDP and GoA	Vladimir Malkaj, Programme Specialist vladimir.malkaj@undp.org
Regional Local Democracy Programme (ReLoaD)	The Programme aims to strengthen participatory democracies and the EU integration process in the Western Balkans by empowering civil society to actively take part in decision making and by stimulating an enabling legal and financial environment for civil society and pluralistic media. Moreover, its objective is to strengthen partnerships between local governments and civil society in the Western Balkans by scaling- up a successful model of	The programmes will ensure a strategic integration and cohesion in the area of civil society participation. Knowledge generated will be transferred between the programmes.	UNDP Albania	EU	\$589,082 EU, UNDP, GoA	Entela Lako, UNDP Programme Specialist Entela.lako@undp.org

	transparent and project-based Civil Society Organisations (CSO) funding from local government budgets towards greater civic engagement in decision-making and improvement of local service delivery.					
United Nations Joint Programme Ending Violence against Women in Albania (EVAWIA)	<p>(1) A strengthened normative and accountability framework related to GB-VAW;</p> <p>(2) Improved institutional practices, services and coordination for survivors of GB-VAW; and</p> <p>(3) Challenged norms pertaining to GB-VAW at the state, community and individual levels.</p>	<p>The programmes will ensure a strategic integration and cohesion in the area of women/ gender related issues.</p> <p>Knowledge generated will be transferred between the programmes.</p>	UNDP Albania	UN Women, UNFPA	\$1,967,417 Sweden	Entela Lako, UNDP Programme Specialist Entela.lako@undp.org

Annex 2. Results Framework

2.1. Targets for Joint SDG Fund Results Framework

Joint SDG Fund Outcome 2: Additional financing leveraged to accelerate SDG achievement

Indicators	Targets	
	2020	2021
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope ²⁰	2	3
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale ²¹	1	2

Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	2020	2021
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful)	1 (100%S)	2 (100%S)
4.2: #of integrated financing strategies that have been implemented with partners in lead ²²	1	2
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	3	4

²⁰Additional resources mobilized for other/ additional sector/s or through new sources/means

²¹Additional resources mobilized for the same multi-sectoral solution.

²² This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

Joint SDG Fund Operational Performance Indicators

- Level of coherence of UN in implementing programme country²³
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of “Leaving No One Behind”
- Joint programme featured gender results at the outcome level
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
-
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

²³ Annual survey will provide qualitative information towards this indicator.

2.2. Joint programme Results framework

Result / Indicators	Baseline	2020 Target	2021 Target	Means Verification of	Responsible partner
Outcome 1: Institutional capacities at national and local level are supported to develop feasible solutions and identify fiscal space to progressively increase SDG-relating spending for women, men, boys and children in Albania.					
Proportion of population covered by social protection floors/systems, by sex, gender, distinguishing children, unemployed persons, Roma and Egyptians, persons with disabilities, migrants, refugees, pregnant women, newborns, work-injury victims and the poor and the vulnerable.	No available data for this indicator. Baseline for 2019 at the national level to be calculated as number of various groups benefitting from different social protection schemes	National strategy with feasible options for financing a social protection floor	Feasibility study of innovative financing mechanisms and instruments that catalyse public and private investment in social protection	Data and reports of Albanian ministries	Ministry of Social Protection and Health Ministry of Finance and Economy
Proportion of total government spending on essential services (education, health and social protection)	50% (including culture)	51%	52%	Official national budget as approved by the parliament	Ministry of Social Protection and Health Ministry of Finance and Economy
Output 1.1: A national strategy for financing comprehensive social protection floors is developed, discussed nationally and ready to be integrated in the MTBG through national dialogue.					
Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable	No available data for this indicator. Baseline for 2019 at the national level to be calculated as number of various groups benefitting from different social protection schemes	National strategy with feasible options for financing a social protection floor	Assessment of the impact of the poverty targeted cash assistance	Data and reports of Albanian ministries	Ministry of Social Protection and Health Ministry of Finance and Economy
By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.	14.3%	-0.35%	-0.35%	Data and reports of Albanian ministries and INSTAT. Reports of multilateral agencies and other bilateral donors. SILC Indicators. Social Care Plans.	INSTAT
Output 1.2: Feasible options are identified and agreed with Government Authorities to catalyse financing of unfunded mandates at local government units					
Mapping of gaps from unfunded mandates and costs	N/A	Legislation screening and EU	Capacities selected municipalities at to	Data and reports of Albanian ministries	Municipalities Ministry of Social

		acquis compliance assessment	enable financing of delegated functions are assessed		Protection and Health Ministry of Finance and Economy
Social impact of intergovernmental transfers	N/A	Impact of local government's own resources and conditional transfers from the state budget on the amounts and stability of funding the social care services is assessed	Methodology to involve civil society organizations in monitoring the execution of intergovernmental transfers for social care services	Data and reports of Albanian ministries	Civil Society Organization Municipalities Ministry of Social Protection and Health Ministry of Finance and Economy
<i>Output 1.3: Innovative approaches and tools (micro-simulation, behavioural insights) and other mechanisms are developed to pilot and evaluate the impact of fiscal policies</i>					
Proportion of government recurrent and capital spending to sectors that disproportionately benefit women, the poor and vulnerable groups	No data for this indicator is currently available and its methodology is still under development	Behavioural experimentation to induce innovative thinking both in public service and the private sector	Technical support and training to use the models	Data and reports of Albanian ministries	Ministry of Social Protection and Health Ministry of Finance and Economy
Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	N/A	Euromod introduced and expertise provided to relevant institutions	Tax benefit microsimulation model designed to calculate the distributional effects of tax benefit policies on household incomes	Data and reports of Albanian ministries	Ministry of Social Protection and Health Ministry of Finance and Economy
<i>Output 1.4: Public institutions' capacities are enhanced to articulate, implement and review budgets that reflect increasing SDG related spending</i>					
Formulation of policies, especially fiscal, wage and social protection policies, that progressively achieve greater equality.	No SDG financing mechanism in place	Preparation of SDG financing strategy	About 15 staff of the Ministry of Finance and Economy trained on SDG financing based on best practices	Data and reports of Albanian ministries	Ministry of Finance and Economy
Capacities in high-level decision making improved on SDG budgeting	N/A	Members of SD sub-committee in parliament supported on mainstreaming SDGs in the national policy	Members of the parliament supported on SDG budgeting	Data and reports of Albanian ministries	Albanian Parliament

Annex 3. Gender marker matrix

Indicator		Score	Findings and Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analysis integrate gender analysis	1	<p>Context analysis takes into consideration gender analysis and in a major part underlying causes of gender inequality in the labour market and discrimination in line with SDG priorities including SDG 5.</p> <p>Baseline and Situation Analysis includes a gender analysis that highlights inequalities of women in in the labour market and reveals how investments in social care investment would narrow the gender gap as well what interventions</p> <p>can be promoted throughout proposed interventions.</p> <p>Some data through the context analysis are sex-disaggregated and gender sensitive but not the majority of them.</p> <p>Limited reference is made to Regulatory framework and policies that address gender inequality in the country, as well as international commitments to Gender Equality.</p> <p>Capacities of existing institutions and some of mechanisms in place to promote gender equality among target groups are described and addressed;</p>	<p>UN Gender Thematic Review Group Reports</p> <p>SDG Global Fund Steering Committee</p> <p>Program Final Evaluation</p> <p>CCA documents</p>
1.2	Gender Equality mainstreamed in proposed outputs	2	<p>Although the outcome explicitly makes visible reference to gender equality, most of the program outputs do not include explicit reference to gender equality, even though gender equality is mainstreamed throughout most outputs' respective interventions.</p> <p>The program does not contain any gender-targeted output. However, outputs do contain specific targeted interventions where the principal purpose is to advance gender equality and the empowerment of women, with a clear link to the SDGs gender indicators, including SDG 5.</p>	<p>UN mid-year review and Annual reports</p> <p>Results matrix monitoring data</p> <p>Program Final Evaluation</p>
1.3	Programme output indicators measure changes on gender equality	1	Indicators are gender mainstreamed	<p>UN mid-year review and Annual reports</p> <p>Results matrix monitoring data</p> <p>Program Final Evaluation</p>

2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	2	<p>The National Women’s Machinery has not yet participated in program consultations related to either context analysis, strategic prioritization, implementation or M&E.</p> <p>The program contributes to substantively recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels (SDG 5.4 and SDG 5c1)</p>	UNCT Minutes
2.2	PUNO collaborate and engages with women’s/gender equality CSOs	2	<p>Although program interventions take stock of previous work conducted with women rights CSOs, at this stage of the Program Formulation PUNOs have not directly collaborated with GEWE CSO and women’s rights advocates on elaborating the project.</p> <p>GEWE CSO have not participated in the project consultations context analysis, strategic prioritization, implementation, M&E.</p>	<p>UN mid-year review and Annual reports</p> <p>Results matrix monitoring data</p> <p>Program Final Evaluation</p> <p>Observations and reports of target groups and their organizations</p>
3.1	Program proposes a gender-responsive budget	2	At least 40 % of the total budget is allocated to gender equality or women’s empowerment.	<p>UN mid-year review and Annual reports</p> <p>Program Final Evaluation</p>
Total scoring		2		

Annex 4. Budget and Work Plan

4.1 Budget per UNSDG categories

UNSDG BUDGET CATEGORIES	UNDP		UNICEF		ILO		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	53,000	35,000	42,000	33,000	58,500	12,000	153,500	80,000
2. Supplies, Commodities, Materials	11,851	15,000	11,003	16,000	4,668	-	27,522	31,000
3. Equipment, Vehicles, and Furniture (including Depreciation)	15,000	12,205	-	10,000	-	-	15,000	22,205
4. Contractual services	217,000	30,000	180,564	-	55,000	-	452,564	30,000
5. Travel	21,000	0	16,840	8,000	8,000	-	45,840	8,000
6. Transfers and Grants to Counterparts	60,000	0	21,340	14,000	0	-	81,340	14,000
7. General Operating and other Direct Costs	10,000	0	13,300	9,000	0	-	23,300	9,000
Total Direct Costs	387,851	92,205	285,047	90,000	126,168	12,000	799,066	194,205
8. Indirect Support Costs (Max. 7%)	27,150	6,454	19,953	6,300	8,832	840	55,935	
TOTAL Costs	415,000	98,659	305,000	96,300	135,000	12,840	855,000	194,205
<i>1st year</i>	162,500		130,000		135,000		427,500	
<i>2nd year</i>	252,500		175,000		-		427,500	

4.2 Budget per SDG targets

SDG Goals	SDG TARGETS	%	USD
SDG 1 No poverty	1,3- Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.	5%	39 500
SDG 5 Gender Equality	5,4- Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	1%	6 100
	5,6- Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences	2%	15 400
	5.c- Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels (Indicator 5. c.1 Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment)	4%	31 500
SDG 8 Decent work and economic growth	8,8- Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	1%	6 500
SDG 10 Reduced inequalities	10,2- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	27%	228 000
	10,4- Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	27%	229 000
SDG 16 Peace, justice, and accountable institutions	16,6- Develop effective, accountable and transparent institutions at all levels	35%	299 000
TOTAL		100%	855 000

These five targeted SDGs and their related goals inherently interlink with each other forming an indivisible framework that aims to achieve holistic sustainability from a systemic perspective on social protection. Linkages between SDGs have already been identified and elaborate above as achieving one goal or target may contribute to achieving other goals or targets.

“Mainstreaming, Acceleration and Policy Support for Achieving the Sustainable Development Goals in Albania” report identifies three broad policy and programming platforms for accelerating progress towards EU accession and achieving the SDGs: (i) governance reform, human rights, and the rule of law; (ii) the inclusive green economy; and (iii) investment in social and human capital. These accelerator platforms reflect Albania’s development and partnership priorities (as articulated in the EU accession process and the GoAUN Programme of Cooperation for Sustainable Development), the added value of UN agencies, complementarity with ongoing efforts, as well as the substantive challenges enumerated in this report.⁴⁹

The programme responds directly to the accelerator on “investment in social and human capital”. Moreover, investing in human capital and social cohesion is one of the NSDI II pillars, while promoting social cohesion is a priority under the UN-GoA Programme of Cooperation for Sustainable Development. With its middle-income status, Albania has to rely a lot more on identifying resources for effective social protection policies or ensure that the social outcomes of reforms are considered, costed, financed, analysed and adjusted if necessary.

Annex 5. Risk Management Plan

UN agencies in Albania have a long experience in working with national partners and being in the front line of policy, legislative and institutional reforms. The territorial and administrative reform and municipal development, employment and skills development, social protection and inclusion, social care reform, as well as good governance, human rights, gender equality and policies and institutions, span over four pillars of UN's work in Albania. Results reflect solid partnership with national authorities and civil, at central or local level. UN in Albania has usefully gained the trust of other bilateral and multilateral donors in leading forward the social reforms. Albania's long-awaited efforts for EU accession finally met with the approval of the EU Council of Ministers in March 2020. This will mean a new impetus for reforms and commitment to ensure alignment with EU legislation and best practices. This joint programme will build on previous interventions and knowledge and help the government to rise to the challenge if EU integration by making the most of available resources to ensure better social outcomes of ongoing reforms.

The scope of work of this programme evolves round issues of financing with a great deal of emphasis of the role of local government units. Major risks are therefore around political commitment, and local capacities. Recognizing the challenge, UN agencies have reached out to government partners as well as international financial institutions such as the WB that will be engaged for a successful implementation of the programme. The challenge that this programme will try to address is also widely recognized in the MAPS report - hence ownership, strategic relevance and therefore sustainability of the intervention are already on a good foundation.

Based on the initial screening and risk assessment, the proposed Joint programme is of medium to high risk according to the degree of potential social and environmental risks and impacts. The risk log will be updated periodically and the senior management of PUNOs will be duly and timely informed on any issues in order to ensure adequate mitigation strategies.

2021 is an election year for Albania with general elections scheduled to take place in June. While elections always pose a risk that may result in change of leadership or eroded technical capacities, this programme will be working with certain institutions that either will not be affected or like the case of the parliament the expected change will constitute an impetus for a fresh drive to the SDG agenda.

Some of the interventions are purposefully innovative especially those outlined in Output 3. Their success will very much depend on the results of initial testing. Risks in this respect will be taken on board and lessons learned especially on behavioural insights application elsewhere will be taken into account and inform decision making.

Programme implementation will be based on a structure of several institutions and organizations that cooperate and interact with one another. It is necessary that institutions, at all levels, will be responsive and pro-active in the implementation of the newly introduced mechanisms. Their coordination could be not as effective, and this may constitute a risk. Mitigating these risks, the Steering Committee will have to keep a close watch on institutional relations and be ready to pro-actively intervene to avoid bottlenecks developing. Performance indicators will have to be constructed so as to flag such issues quickly triggering corrective measures.

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Essential- 5 Major - 4 Moderate- 3 Minor -2 Insignificant -1	Mitigating measures	Responsible Org./Person
Contextual risks					
Changes in portfolio and responsibilities of the key actors (staff rotation and turnover, restructuring of departments) due to elections.	High (9)	Possible (3)	Moderate (3)	UN agencies have long experience of operating under changing environments. Elections will have inevitable impact prior and after. Prior to the elections, UN agencies will be careful to plan carefully the timing of activities, so they do not get affected by the elections period. On the other hand, in the likelihood of change, just like in the past, the programme staff will establish immediate contacts with the new leadership and management right after the elections to ensure understanding of the interventions and ensure commitment for their continuity.	PUNOs
Worsening macro-economic environment	High (16)	Likely (4)	Major (4)	In view of the global pandemic, an economic slowdown is expected in 2020. PUNO management and programme staff will be following the situation close and would be ready to deal with any implications either from the financial or political perspective.	PUNOs
Programmatic risks					
Innovative approaches may be at risk due to low commitment by government.	High (9)	Possible (3)	Moderate (3)	Adequate information will be made available for informed decision making. Innovation has become a key word in public policies. Aligning innovative approaches to the EU accession or linked to other sources of funding would be the mitigation strategy. Partnerships with other institutions such as the	PUNOs

				ADISA Innovation Lab would also be sought.	
Delays and/or non availability of required data necessary for microsimulations	Low (4)	Unlikely (2)	Minor (2)	INSTAT produces several statistical surveys i.e. SILC, LFS, HBS as well as others. In the likelihood of delays or issues with data the programme management team will work closely with INSTAT to find adequate data sources or construct synthetic panels	PUNOs
Institutional risks					
Pressing emergency issues may hamper partner institutions' commitment.	High (12)	Possible (3)	Major (4)	After the earthquake of November 2019 and the COROVID-19, a certain degree of shifting priorities and emergencies are expected. However, close partnerships with government institutions as well as work of a diverse set of institutions would assist offset any of these risks	PUNOs
Low priority given to issues of social protection and lack of focus on vulnerable populations by central and local government.	High (9)	Possible (3)	Moderate (3)	PUNOs have established partnership with the government and have ensured their commitment in this programme.	PUNOs