



PROJECT DOCUMENT

COUNTRY: REPUBLIC OF ALBANIA

Project Title:	Economic Recovery and Resilience in Albania - (ERRA)
Start Date:	1 January 2021
End Date:	30 June 2023
Implementing Partner:	UNDP Albania

Brief Description: The Economic Recovery and Resilience programme in Albania (ERRA) aims to stimulate the Albanian Economy through the support of competitiveness of small-and medium sized enterprises with innovative and effective tools and smart specialization for employment. The overall objective of the project is to increase and boost the recovery and resilience of MSME in Albania. Working with the private sector, Albanian institutions and other partners, "ERRA" will implement tested methodologies that boost MSMEs (In Motion and Supplier Development Programme), provide innovative tools for transparent economic policies, and increase capacities of job seekers to respond to the needs of the private sector.

The "In Motion" approach has been already piloted in the area of Durres during 2020 with support provided to 15 family run businesses. This will be upscaled and also enriched with additional tools and methodologies that aim to support the private sector. Another key ingredient of the project will be the support of the recently laid off workers with reskilling and upskilling to match with the rethinking of activities and especially the ways of private sector products and services. Furthermore, the project will provide support and the necessary measures for the development of an online platform that incorporates transparency, business analysis and promotion, as well as growing opportunities for businesses. Considering the risks that cut across sectors of life and living that Covid – 19 has exposed, the project will also support legislative and regulatory reform for cooperative, mutual and inclusive insurance, together with improved institutional capacity of government towards increasing resilience.

This project is part of UNDP Albania's response to this development challenge, made possible by the contribution of the Governments of United Kingdom and the Netherlands to the [Albanian SDG Acceleration Fund](#), and in line with national efforts towards economic recovery.

Programme Period:	2021 - 2023	Government of United Kingdom & Government of Netherlands via the Earthquake Window of SDG Acceleration Fund	
Atlas Project Number:	00129776		
Atlas Output ID:	00123350	Total Contributions:	\$1,469,105

United Nations Development Programme

Ms. Limya Eltayeb, Resident Representative

Date: _____

Signature: _____

Limya Eltayeb

SITUATION ANALYSIS

On 26 November 2019 a 6.4 magnitude quake struck just before 4 a.m., 34 km northwest of Tirana, Albania's capital. Consequently, 51 people were killed and about 2,000 injured. On 6th December, the Government of Albania requested support from the European Union, the United Nations, and the World Bank to undertake a full and comprehensive Post-Disaster Needs Assessment (PDNA) to identify the damage, losses, and recovery needs arising from the earthquake. The tripartite partners provided financial and technical support to conduct the assessment in addition to the resources the government made available.

The PDNA undertaken by the European Union, the United Nations, the World Bank and the Government of Albania appealed for € 1.08 billion from the international community, at a donors' conference, organized on the 17th of February 2020, in Brussels, to rebuild houses, schools, businesses and other vital infrastructure. That amount will also fund an upgrade in the country's disaster preparedness.

The PDNA revealed that the total effect of the disaster in the 11 municipalities amounted to 985.1 million EUR (121.21 billion ALL), of which 843.9 million EUR (103.84 billion ALL) represented the value of destroyed physical assets and 141.2 million EUR (17.37 billion ALL) refer to losses. Most of the damages were recorded in the Housing sector (78.5%), followed by the Productive sector (8.4%) and the Education (7.5%) sector. Regarding the losses, the Productive sector accounted for the highest share (56.4%), followed by Housing (24.1%) and Civil Protection (CP) & Disaster Risk Reduction (DRR) with 9.4%,

The private sector suffered a lot of damages from the earthquake, specifically the sub-sectors: business and employment, tourism, cultural heritage and agriculture. In the Tourism sub-sector, there was damage to 18 public and private accommodations in Durres, and to 42 food and beverage facilities primarily in Durres as well. Of all losses to tourism, 97% is due to the anticipated decline in foreign visitors from 2020 to 2022. According to INSTAT (2018), there are 9,416 official businesses registered in the eleven affected municipalities, of which 1,039 are in manufacturing and 8,377 in trade.¹³ Micro and small enterprises comprise the largest share of businesses, representing almost two-thirds in the Manufacturing sector. The largest number of active businesses has two to four employees.

The difficult situation of micro and small businesses affected by the earthquake worsened due to the lockdown generated by the measures adapted by the government in response to the pandemic of COVID-19. In this context, most economic activities were forced to respect a period of closure and those with the opportunity of being opened, were negatively impacted by the general economic crisis with a consequent consumption reduction. The effect on MSMEs is especially severe, particularly because of higher levels of vulnerability and lower resilience related to their size. The tourism sector, a key driver of growth, was hit especially hard because of containment measures and travel restrictions. GDP contracted by 2.5% in the first quarter of 2020. Investment contracted sharply by 16.7 %, exports decreased by 11%, while consumption growth was marginal at 1.1%.

These effects have been compounded by workers being laid off and firms not being able to pay salaries. Whereas the number of unemployed people increased worldwide, Bank of Albania reports around 100,000 jobs to be at risk due to the lockdown and social distancing policies, and that the annual unemployment rate could increase by 7.4% due to the combined impacts of COVID-19 and the earthquake disaster. Furthermore, several forecasts have projected negative impacts of COVID-19 on Albania's labour market, and a rise in unemployment rates. In the efforts to combine virtual or online services, the MSMEs and SMEs face a lack of skilled workers to transit in the new way of doing business. They are either not skilled to perform such adjusted tasks or don't have access to the new market and these companies that initiated their business transformation.

The two significant shocks that have recently affected the economy dominate the stage of recent economic developments, in the backdrop of Albania's government efforts for implementing important structural reforms that aim to support equitable growth, raise productivity and competitiveness in the economy, create more jobs and improve governance and public service delivery.

MANAGEMENT ARRANGEMENTS

The project will be implemented by UNDP Albania through a direct implementation modality (DIM). UNDP Deputy Resident Representative will be responsible for assuring qualitative management and results of the project as per UNDP project management policies and procedures and financial rules and regulations as set out in the [Programme and Operations Policies and Procedures](#). The activities will be implemented in close coordination with the Ministry of Finance and Economy, municipalities affected by the earthquake, private sector organizations and business partners under the guidance and decision making of the project Steering Committee.

MONITORING

The activities are subject to review and reporting in accordance with UNDP monitoring and evaluation procedures. The activities will be managed and monitored based on qualitative and quantitative progress indicators, set out in the work plan and will indicate the extent of progress towards the completion of activities. UNDP Albania will be responsible for preparing the progress reports (substantive and financial) as per its policies. In addition, consolidated reports will feed to the UN Albania Annual Progress Report as well as periodic updates as requested by UN RCO and contributing donors (UK and Netherlands).

COMMUNICATION

A project communications and engagement strategy will be designed to make full use of channels and tools that seek to highlight the results of support

PROJECT OUTPUTS AND ACTIVITIES

The Economic and Resilience Programme in Albania is an intervention aiming at building and developing capacities of MSMEs. The overall objective is to enhance the productive capacity and market access of supported enterprises through the application of various innovative methodologies and upskilling while improving policies in support of competitiveness and business development.

Output 1: Enhanced recovery process and performance of the micro and small enterprises through the UNDP's "In Motion Methodology".

Activity 1.1 Selection, training and certification of consultants on the In Motion Methodology

Activity 1.2 Identification and selection of potential enterprises for support

Activity 1.3 Enterprises are supported to improve their business processes

Output 2: Strengthened value chains in selected economic sector of the Albanian economy, to mitigate the interruptions caused by the earthquake.

Activity 2.1 Transfer of know-how and operationalization of tools for implementation of the Suppliers Development Programme are developed and operationalized

Activity 2.2 Conduct a sector mapping

Activity 2.3 Selection, training and certification of consultants on the Supplier Development Programme

Activity 2.4 20 businesses identified and supported with the Supplier Development Programme

Output 3: Data driven and innovative policies and tools are in place.

Activity 3.1 Support to policies aiming at economic recovery and fostering resilience of private sector (competitiveness, insurance)

Activity 3.2 Establishment of a data transparency platform for business engagement

Output 4: Reskilling and upskilling programmes offered to jobseekers and recently laid-off workforce to respond to the needs of the affected enterprises.

Activity 4.1: Identification of training needs for business recovery and resilience

Activity 4.2 Individuals are trained in topics that respond to the needs of the businesses, using innovative and practical oriented approach

WORKPLAN & BUDGET

Expected Outputs	Planned Activities	Timeframe (quarters)										Description	Amount
		1	2	3	4	5	6	7	8	9	10		
OUTPUT 1: Enhanced recovery process and performance of the micro and small enterprises through the UNDP's "In Motion Methodology". Indicator 1 # of trained and certified consultants for the implementation of the In Motion Methodology Target: 15 Indicator 2 # of businesses supported with In Motion Target: 100	Activity 1.1 – <i>Selection, training and certification of consultants on the In Motion Methodology</i>											Consultants, Training	5,000
	Activity 1.2 – <i>Identification and selection of potential enterprises for support</i>											Consultants, Communications	10,000
	Activity 1.3 – <i>Enterprises are supported to improve their business processes</i>											Consultants, Goods & Services	83,105 166,500
Total Output 1													264,605
OUTPUT 2: Strengthened value chains in selected economic sector of the Albanian economy, to mitigate the interruptions caused by the earthquake. Indicator 1 # of trained and certified consultants for the implementation of the In SDP approach Target: 20 Indicator 2 Number of supported businesses through the Suppliers Development Programme Target: At least 2 lead companies (SME) and 10 suppliers (MSME)	Activity 2.1 – <i>Transfer of know-how for implementation of the Suppliers Development Programme are developed and operationalized</i>											Consultants	147,300
	Activity 2.2 – <i>Conduct a sector mapping</i>											Consultants	
	Activity 2.3 – <i>Selection, training and certification of consultants on the Supplier Development Programme</i>											Consultants	5,000
	Activity 2.4 – <i>Businesses identified and supported with the Supplier Development</i>												120,000
TOTAL OUTPUT 2													272,300
OUTPUT 3: Data driven and innovative policies and tools are in place. Indicators 1 # of policies and legislative initiatives in support of economic recovery and resilience (insurance for private sector)	Activity 3.1 – <i>Support to policies aiming at economic recovery and fostering resilience of private sector (competitiveness, insurance)</i>											Consultants	180,000

Expected Outputs	Planned Activities	Timeframe (quarters)										Description	Amount	
Target: At least 1 policy approved Indicator 2 Digital platform that provides transparency, opportunities and promotion Target Platform in place and operational	<i>Activity 3.2 – Establishment and maintenance of a data transparency platform for business engagement</i>												Goods & Services	100,000
TOTAL OUTPUT 3													280,000	
OUTPUT 4: Reskilling and upskilling programmes offered to jobseekers and recently laid-off workforce to respond to the needs of the affected enterprises. Indicator # of individuals trained in topics that respond to the needs of the businesses, using innovative and practical oriented approach. Target At least 100	<i>Activity 4.1 – Identification of training needs for business recovery and resilience</i>											Consultants	10,000	
	<i>Activity 4.2 – Individuals are trained in topics that respond to the needs of the businesses, using innovative and practical oriented approach</i>											Training services	150,000	
TOTAL OUTPUT 4													160,000	
Project Management and Operations	Project Management											Personnel	239,600	
	Operational costs (rent & expenses)											Goods and services	119,045	
General Management Support													133,555	
GRAND TOTAL													1,469,105	