



USAID | **ALBANIA**
FROM THE AMERICAN PEOPLE

PROGRAM CONTRIBUTION AGREEMENT

Between the United States of America, acting through the United States Agency for International Development ("USAID") and the United Nations Development Programme ("UNDP" or "Recipient")

1. Activity Title: Support for the Territorial Administrative Reform
2. USAID Activity Number: 182-G-14-0001
3. Purpose: USAID and the Recipient hereby agree to support territorial administrative reform taking advantage of the benefits of participating in a multi-donor effort administered and implemented by UNDP to provide a unified international voice to ensure that the process is fair, transparent, objective, consultative consistent with international standards (hereafter, "Activity").
4. USAID Grant: Pursuant to its authorities under the Foreign Assistance Act of 1961, USAID hereby grants to the Recipient U.S. \$300,000 to be expended as described in this Agreement. The purpose of the Agreement is met upon disbursement by USAID to the Recipient.
5. Estimated Completion Date: 30 June, 2015
6. This Agreement consists of (a) this Title Page, (b) Annex 1, the Program Description and (c) Annex 2, Indicative Budget for the Activity.
7. Disbursement. Within 30 days of the last signature to this Agreement, USAID will disburse the Program Contribution to UNDP in U.S. Dollars by electronic funds transfer to the following site:

Account name:	UNDP Contribution Account
Account Number:	015002284
Bank Name:	JP Morgan Chase
Bank Address:	270 Park Ave. 43rd floor, NY, NY 10017
SWIFT Code:	CHASUS33
ABA Code:	021000021

8. Reports and Financial Management

- a. The Recipient agrees to furnish USAID an annual financial statement, certified by the UNDP Bureau of Management/Office of Financial Resources Management, concerning the outputs of the account supported by this Agreement. These annual statements will be provided by June 30 of each year of the period covered by this contribution.
- b. The Recipient confirms that this award will be administered according to the financial regulations and rules of UNDP. The expenditure will be recorded in the accounts of the Recipient, which follow generally accepted accounting principles and will be subject to audit in accordance with the Recipient's standard audit procedures.

9. Information and Marking. The Recipient will give appropriate publicity to the Agreement as a program to which the United States contributes.

10. Termination and Other Remedies.

- a. Either party may terminate this Agreement in its entirety by giving the other party 90 days written notice. In addition, USAID's Agreement Officer may terminate this Agreement in whole or in part, upon giving the Recipient written notice, if the Recipient substantially fails to comply with any provision of this Agreement, after efforts have been made by both parties to resolve the issues.
- b. In the event of termination by USAID or in the event of termination by either party in the event of force majeure circumstances, the termination will not apply to funds irrevocably committed in good faith by the Recipient, including those entered into with third parties, before the termination date indicated in the notice of termination, provided that the commitments were made in accordance with this Agreement. Any portion of this Agreement which is not terminated will remain in full force and effect. If, however, the Recipient considers that the reduced funding makes the continuation of the Activity, or any part of the Activity, impracticable, the Recipient may terminate the Agreement in whole or in part.
- c. USAID, notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Recipient to refund a proportionate amount of the Grant in the event that the cost of the Activity is below total contributions by donors. If the provided, unspent balances attributed to USAID, as of the estimated completion date, is two percent or less of the amount contributed under this Agreement, then the Recipient may apply these balances to the continuation and close-out of the program of work beyond this date. The Recipient agrees to report to USAID within 90 days of the Completion Date on how the balances were used for the purposes of this Agreement. In all cases, the Recipient must contact the USAID financial management representative listed

below within 90 days of the estimated completion date, in the event of the availability of unspent and uncommitted funds.

1. Other Provision:

Consistent with numerous United Nations Security Council resolutions, including [S/RES/1269 \(1999\)](#), [S/RES/1368 \(2001\)](#), and [S/RES/1373 \(2001\)](#), both USAID and the Recipient are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of USAID to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the Recipient undertakes to use reasonable efforts to ensure that none of the USAID funds provided under this Agreement are used to provide support to individuals or entities associated with terrorism.

2. Communications: Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telefax, cable or electronic mail ("e-mail") and will be deemed duly giving or sent when delivered to such Party at the following addresses:

UNDP Albania
Str. Skenderbej (Gurten Building), 2nd Floor,
Tirana, Albania
e-mail: yesim.oruc@undp.org
phone: +35542276643
e-mail: vladimir.malkaj@undp.org
phone: +35542276608

USAID
Suzana Cullufi
Governance Specialist
USAID/Albania
Rr. E Elbasanit, 103
Tirana Albania
e-mail: scullufi@usaid.gov
phone: +355 4 229 3388

13. Representatives:

USAID's technical representative for this Agreement by account is:

Suzana Cullufi
Governance Specialist
USAID/Albania
Rr. E Elbasanit, 103
Tirana Albania
e-mail: scullufi@usaid.gov
phone: +355 4 229 3388

USAID's financial management representative for this Agreement is:

J. David Stott
Regional Controller
U.S. Agency for International Development
Regional Financial Management Center
Ulica Roberta C. Frasurea 1,
71000 Sarajevo
Bosnia and Herzegovina
e-mail: jstott@usaid.gov
phone: +387 33 70 4241

USAID's Agreement Officer for this Agreement is:

Laura Slaughter
Agreement Officer
Regional Contracting Office
USAID/Kosovo
e-mail: lslaughter@usaid.gov
phone: +381 38 5959 2250


UNDP's representative for this Agreement is:

Yesim Oruc
Country Director
UNDP Albania
Gurten Building, Rr. Skenderbej
e-mail: yesim.oruc@undp.org
phone: +35542276643

UNDP's financial management representative for this Agreement is:

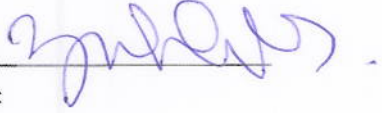
Yesim Oruc
Country Director
UNDP Albania
Gurten Building, Rr. Skenderbej
e-mail: yesim.oruc@undp.org
phone: +35542276643

14. For USAID

Signature: 
Laura Slaughter
Regional Agreement Officer

Date: 12/31/2013

15. For UNDP:

Signature: 
Yesim Oruc
Country Director

Date: 6 January 2014

Annex 1 – Program Description

PROGRAM DESCRIPTION

"Support for Territorial and Administrative Reform" (STAR) project.

BACKGROUND

Albania's current administrative territorial division is composed of 309 communes and 65 municipalities. This division dates from the reforms of year 2000, which established 374 local government units. The reform also created 12 regions (with the same boundaries as prefectures) as the second tier of decentralized government. According to Albania's constitution, changes to the law on administrative divisions of the Republic must be approved by three-fifths of all members of parliament.

Albania is widely perceived by government and opposition politicians, as well as by international observers and even by local mayors and officials as having too many local authorities. In particular, relatively small communes and municipalities find it difficult, if not impossible, to fulfill their responsibilities (which include water supply, sewage, public transportation, waste management spatial planning etc.) according to the local government law.

Albania had its Parliamentary Elections in June of 2013. The new government has made administrative-territorial reform an immediate priority. This reform will be critical for improving institutional capacities and fiscal systems to make them more efficient and responsive to the needs of citizens.

The Government of Albania has expressed its commitment to complete the reform through an open and inclusive process that will involve political parties, local communities, civil society and international partners, as well implementing it in line with the best practices applied by the EU countries. The goals of the reform are to enhance the efficiency and the quality of local public services to the citizens, to increase financial efficiency and resources for the local government units, improve the mechanisms of representative democracy and strengthen the instruments of democracy.

The Minister of Local Issues (MLI) has appealed for immediate international support and the establishment of a flexible financial and management mechanism to facilitate the mobilization of the necessary/temporary human resources and the logistics required for conducting the processes of reform design and public consultations. While discussions with various relevant international partners are on-going and promising, UNDP has offered its institutional and administrative capacities in the country and proposed to establish a multi-source pool of funding for providing operational and support services to the MLI.

Given the political pressures surrounding territorial reform and the GOA's determination to move quickly, it is essential for the international donor community to speak with one voice. By having a single project implemented by a reputable multilateral organization, there can be no question of differing or competing opinions amongst donors.

Furthermore, UNDP's longstanding collaboration with the GOA, will allow for effective and efficient implementation. The work in this activity, along with other parts of UNDP's Albania portfolio, are directly connected to Development Objective One of USAID/Albania's CDCS: Strengthened rule of law and improved governance. A program contribution award is the most effective and efficient way to achieve the purpose of this grant given political sensitivities and to ensure that the international community is involved to make the process transparent.

Therefore, the present project is based on this arrangement and largely depends on international partners' support and collaboration.

The identified key areas requiring support relate to mobilization and management of human resources pertaining to the Experts Group, Technical Secretariat and public consultations (regional coordinators), procurement services with regard to office supplies, public consultation equipment and costs, public awareness products and events as well as various coordination and monitoring running costs.

The Government/MLI will have an active and leading role in shaping the reform and coordinating assistance and expertise for developing the reform content.

UNDP will facilitate support to the Government, for the implementation of activities such as building the necessary knowledge, evidence based policy making support for this political undertaking. The project at hand provides a solid basis for consultation processes with a view to informing the appropriate measures for mitigating the negative social, economic, and cultural impacts of this reform. The Project Board defined in Management Arrangements will review also the progress towards political dialogue and support the Government's efforts in this direction.

The key activities of the project are aimed at:

- Building the necessary alliances for the much needed territorial and administrative reform processes.
- Facilitating support to the Government, for the purpose of building the necessary knowledge, evidence based policy making support for this political undertaking.
- Organizing consultation processes with a view to informing the appropriate measures for mitigating the negative social, economic, and cultural impacts of this reform.

GOA Request

The GOA is seeking donor support to fund the "Support for Territorial and Administrative Reform" (STAR) project. The response of the donors to the Government's request for assistance in connection with administrative and territorial reform has been positive, with key sector donors committed to participating in a multi-donor pooled funding arrangement. Key sector donors, including USAID, recognize that by providing critical technical assistance, the donors can play an important role in moderating domestic political influences and driving a reform process based upon international standards of

fairness and transparency. Donors have been convened to discuss this initiative and it is anticipated that UNDP, the Swiss Development Cooperation (SDC), Swedish International Development Agency (SIDA) will provide support for this project. It is important for USAID to demonstrate its commitment to donor coordination to address the territorial reform. In addition, the USAID contribution will bolster USAID's flagship local government program, which is already working on critical parts of decentralization in the area of intergovernmental fiscal transfers. By participating in the pooled funding arrangement, USAID can improve the prospects for successful decentralization reforms that underpin USAID's governance strategy in Albania.

UNDP will manage the pooled funds that are to be used to provide critical technical expertise for defining and implementing territorial-administrative reform, and will be responsible for ensuring compliance with international standards for financial management and procurement.

USAID Support

The total budget for the "STAR" project implementation is \$1,580,816. USAID will support the accomplishment of this shared objective by contributing \$300,000. That contribution is aimed firstly at supporting the recruitment of local national technical experts to strengthen MLI's technical and institutional capacities to implement and monitor consolidation of reforms and secondly to facilitate public consultations processes as per the budget indicated in ANNEX 2.

Donor/Project Coordination

USAID considers that a contribution to UNDP through a multi-donor fund is the best modality to achieve USAID/Albania's goal in this project. Given the political pressures surrounding territorial reform and the GOA's determination to move quickly, it is essential for the international donor community to speak with one voice. By having a single project implemented by a reputable multilateral organization, there can be no question of differing or competing opinions amongst donors. Furthermore, UNDP's longstanding collaboration with the GOA, will allow for effective and efficient implementation. A program contribution award is the most effective and efficient way to achieve the purpose of this grant given political sensitivities and to ensure that the international community is involved to make the process transparent.

The established Sector Working Group mechanism will bring around the table the traditional wider donor participation having a political, developmental, programmatic or financial stake to the reform.

Donors' financial support remains a critical ingredient for advancing the reform itself. Without such support, the government will not be able to ensure a fair and complete process and consequently compromise the quality and sustainability of any achievement.

In this regard, in the Project Board, comprised of contributing partners, will have the role of "Senior Supplier", in participating in the monitoring of progress of implementation of the Territorial and Administrative Reform of the Government of Albania. The Sector Working Group participates in the Project Board through designated members (e.g. international co-chair and/or lead mandate organization).

[END OF ANNEX 1]

Annex 2 – Indicative Budget for the Activity Program Budget

Activity	UNDP	USAID	Sweden	Switzerland	Other donor	TOTAL \$
1. Support establishment of MLI's Technical Secretariat for the reform	50,000	159,000	247,370	100,000	-	556,370
2. Public consultations and consensus building	-	120,000	163,500	100,000	-	383,500
3. Operational and logistical costs & inputs	50,000	-	286,630	79,000	28,440	444,070
4. Technical support and transition measures during the reform process	-	-	-	-	100,000	100,000
5. UNDP Management Fee		21,000	52,500	21,000	2,376	96,876
TOTAL	\$100,000	\$300,000	750,000	\$300,000	\$130,816	\$1,580,816

[END OF ANNEX 2]

USAID PROGRAM CONTRIBUTION FISCAL DATA

1. Appropriation: 7212/130306
2. Fiscal Year: 2012/2013
3. Budget Account: Assistance for Europe Eurasia and Central Asia (AEECA)
4. Amount Obligated for this Action: \$300,000
5. Total Obligated Amount: \$300,000
6. Total Estimated Amount: \$300,000
7. Cost-Sharing Amount (Other Donors): \$1,280,816
8. Activity Title: Support for the Territorial Administrative Reform
9. Agreement Officer's Technical Representative (AOTR): Suzana Cullufi
10. Tax I.D. Number: _____
11. DUNS No.: 645521498
12. LOC Number: _____
13. Paying Office:
 - U.S. Agency for International Development
 - Regional Financial Management Center
 - Ulica Roberta C. Frasurea 1,
 - 71000 Sarajevo
 - Bosnia and Herzegovina
14. Award No. 182-G-14-0001
15. Please use in Phoenix Vendor code **UNDPNATDEV** Address Line 00108 with DUNS 645521498 to synchronize with banking information: ABA 021000021 and Account No. 015002284 when transferring the funds.

Clearances:

David Stott, RFMC 12/20/13

Marc Ellingstad, USAID/Albania 12/20/13

Denise Manning, RLA 12/24/13