



OCTOBER 2004

Sida Country Report
October 2003–June 2004

Albania



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1. Summary

The period has been overshadowed by the work with a new country strategy for development cooperation. As the draft strategy versions changed the focus of some of the section's work, some reorientation was necessary during the period. The hitherto sectors of cooperation have however expanded during the period, especially public administration and environment. Work in the justice sector has advanced and a few projects are about to start. The agriculture and rural development sector, due to a combination of factors not directly connected to the country strategy work has hampered development of Swedish cooperation and thus the sector has not expanded during the period.

The disbursements of Swedish support to Albania 2003 remained about the same, about SEK 53 million, excluding regional support where Albania is part. Development of the new strategy consumed staff resources and change of orientation in late 2003 and delayed reply to a number of project proposals. During the period donor coordination has improved considerably, while still much is to be done. Four multilateral organisations are leading the new donor coordination architecture and functioning as a virtual technical secretariat. During the period a number of these sectoral meetings has taken place. The role of coordinating ministries, like the Ministry of Economy, is changing to allow for better-organised coordination from the Government of Albania side.

In the field of civil society, the decision was taken to support the *Civil Society Development Centres* as well as to give Sida's first direct support to an Albanian NGO, *Albanian Rehabilitation Center for Torture and Trauma*, ARCT. The Sida co-financed project *Trans-National Action Against Child Trafficking*, TACT, has continued working on a number of fronts.

In public administration the project on *Business statistics* started a second phase while anti-corruption project PACO 2 was completed and followed up by *PACO IMPACT*. The project with TIPA has progressed as planned while the *Taxation* project has just started. In the field of local institution building the *Decentralisation project* continued as planned and a new inception phase project was launched with *Support to the Albanian Association of Communes*. The *Korça Clean and Green Project* was extended to end September, the *Migration and Community Development Project* was completed and *Albania-Macedonia Peoples' Empowerment Programme* (AMPEP) was evaluated and is reorienting its work. The *Women in Leadership* project was completed in December 2003 and *Lilja 4-ever* was conducted as a regional project.

The *Korça Building Futures Project* was extended to end of September 2004. The *Support of Agricultural and Economic Development in Miras* was extended another 6 months. During the period all three centres of *Korça Rural Market Development Project* were handed over and by the end of the period the Sida support ended. The *Local Environmental Action Plan Project* was initiated in early 2004.

The *South-East Europe Enterprise Development* project has continued to develop. The project with the National Employment Service on *Efficient Employment Service* was launched.

The project on *Mental Health Reform* continued and the *Strengthening the Management & Maintenance System for the Albanian Health Services* Project has been prolonged twice to 30 June 2004 and will design a new phase. The *Assessment of Socio-Economic and Nutritional Status of WFP target group under the Social Sector* project started implementation.

The *Support to Security Sector Reform project* (SSSR) the new phase of the *Small Arms and Light Weapons Collection project* (SALWC) ran as planned during the period.

2. Strategic Country Development Trends

Albanian development is proceeding, albeit slow and unevenly. The economic figures are relatively positive, the economy growing at a rate of 6% (2003) and progress being made in structural reforms. The political climate, instead, has seen an increased polarisation between the government and the opposition after the local government elections in October, culminating in street demonstrations in early spring. Expressions of public discontent – unusual for Albania – have grown, along with the influence of civil society, particularly through the civic movement “Mjaft!”. The social situation is stable, but remains largely the same.

Negotiations for a Stabilisation and Association agreement with the EU continue, but the reform process is slow. The EU annual Stabilisation and Association Report begins; “Limited progress has been made by Albania in addressing the many challenges it has to face.” Issues related to the rule of law and democracy, notably election reforms, remain a top priority for Albania to address.

In 2001, Albania elaborated and adopted a PRSP, the so-called National Strategy for Socio-Economic Development (NSSED). During the last 18 months, the NSSED has regained momentum after some time of slack. The government is working on synchronising the national and European development processes by including the requirements of the Stabilisation and Association process in the NSSED. It remains to be seen if this effort is successful.

International actors considered the local government elections in October 2003 “a missed opportunity”. Important progress was acknowledged in areas such as campaign, media coverage, police behaviour and election administration, but serious problems remained, such as unclear voter registration, errors in the counting of votes and politicising of election commissions. The after-election process was protracted, non-transparent and litigious and contributed to a return to a highly polarised political climate. As a result of the elections, the opposition gained ground in many districts.

The end of the year saw a reshaping of the government. *Inter alia*, the two empty ministerial posts, Minister for Foreign Affairs and Minister of Public Order, were filled and a separate Ministry for Integration was created in order to emphasise the government’s focus on EU integration. The Vlora accident in January, in which 21 Albanian emigrants died in

the Ionian Sea, ignited strong public discontent with the government, marking the beginning of a series of unusual protests led by civil society. The civil movement Mjaft! ("Enough!") has played a significant role in strengthening the voice and influence of civil society, working itself into a powerful position, impossible for politicians and office holders to ignore. This, however, may also leave the organisation vulnerable to political "advances".

Inspired by the protests and perhaps hoping to capitalise on public discontent, the opposition created their own movement and took to the streets, demanding the prime minister's resignation under the slogan Nano ik! ("Nano Go!"). Tension increased in February, when a "Nano ik!" demonstration in central Tirana went out of hand. Some demonstrators tried to storm the office of the prime minister, and in the ensuing chaos, security guards fired shots in the air. Fortunately, the situation did not escalate and the following demonstrations went orderly. Hereafter the Nano ik! movement progressively lost its momentum.

The EU–Albania negotiations for a Stabilisation and Association agreement have continued but progress has been limited. In its annual report released in April, the EU Commission expressed disappointment at the slow pace of reforms, underlining the importance of true political will, concrete reforms and implementation of adopted legislation. Progress in issues central to the rule of law, such as the fight against organised crime and corruption, and the strengthening of the judicial system, remains a top priority. However, the readmission agreement, the reduction of smuggling/trafficking in human beings over the Adriatic Sea and Albania's constructive regional policy were recognised as positive steps.

The government's response to the EU's criticism has been mixed, promising improvement but at the same time raising concerns about the Commission's "negative" approach. Despite the cautious signals from the EU, hopes for an early conclusion of the SA agreement negotiations have been publicly expressed.

In late spring, political attention focused on the necessary election reforms for the parliamentary elections in 2005. Bipartisan discussions were initiated under the guidance of the OSCE. The upcoming elections are of fundamental importance for Albania's democratic maturity.

Macro-economic figures remain relatively positive, indicating continued growth (approximately 6%), low inflation and a stable currency. The budget deficit has been kept within target after cost cuts. Tax-revenues have increased slightly, but tax collection still constitutes a problem. A minor increase in export can be detected, but the trade balance remains heavily distorted. The price-level is high due to the disproportionate amount of imported goods.

Unemployment is still high and many families continue to be dependent on remittances from relatives abroad. In 2003, it is estimated that Albania received about EUR 700 million in remittances, or about 20% of GNP (exact data does not exist, since most of the money is sent in cash). The remittances are a welcome compensation for the trade deficit and favours consumption and investments in for example housing, thus contributing to the booming construction sector. However, many transactions take place outside of the formal economy, thereby escaping tax

collection. Remittances can also be expected to decrease with the passing of time. To counter the distorted economy, the Albanian government is aiming to improve tax collection and strengthen the banking system.

Structural reforms of the economy are continuing. Progress has been made in the privatisation process, notably within the financial sector, through the selling of the biggest bank, the Savings Bank (now Austrian-owned). The privatisation of the largest insurance company, INSIG, is on its way. Development within the energy sector is also positive. The privatisation of the telecommunication sector, however, has encountered some difficulties.

The investment climate remains uncertain, inter alia due to the weak public administration and judicial system, corruption, the unclear legal framework, the underdeveloped infrastructure and the unreliable energy-provision. The government is, however, working to attract more foreign direct investments, inter alia by removing administrative barriers. Progress has been made in the discussions on a new property law – crucial to provide clarity on real estate ownership – although the law has not yet been finally adopted.

During the period a number of major decisions have been taken to move away from systems of the past and towards more modern European ones. The government scheduled increases in the price of bread, telephone and electricity to better reflect actual production cost. After a series of protests, bread prices remained at the traditional low level, telephone charges were raised but less than intended and energy, still in short supply, was increased radically. Social insurance also increased, as did some pensions. However, the Minister of Health put an end to “free” health care introducing requirements to show individual social insurance card or be ready to pay a fee. This will perhaps benefit the urban middle class that has paid social insurance previously with few visible benefits. At the same time even the rural poor are supposed to receive cards. The Ministry hopes the social insurance card system will not only allow for tracking patient treatment but also make it more difficult for health workers to demand bribes for access to health care.

3. Swedish Development Cooperation

3.1 General Orientation

The period has been overshadowed by the work with a new country strategy for development cooperation. Certain efforts have been held back due to this causing frustration among implementing partners and insecurity among beneficiaries. The guiding document was prior to the period expected to be in place earlier during the period but at the end of the period there was still no clear date for approval of the new strategy. As the draft strategy versions changed the focus of some of the section's work, some reorientation was necessary during the period. The planned support to Kukes region had to be frozen affecting a number of implementing international NGOs, their local partners and beneficiaries. The current sectors of cooperation have however developed during the period, especially public administration and environment. Work in the justice sector has advanced and a few projects are about to start. The agriculture and rural development sector, due to a combination of factors not directly connected to the country strategy work has hampered development of Swedish cooperation and thus the sector has not expanded during the period.

The Section has continued to strive towards improved implementation capacity during the period. Internal capacity building has taken place and the Section has recruited a staff member for a new post as programme assistant.

3.2 The aggregate status regarding commitments and disbursements

The disbursements of Swedish support to Albania remained about the same 2002 to 2003, about SEK 53 million, which is somewhat disappointing. An important reason is that the Section spent considerable efforts building up internal capacity during 2003 with 2 new programme officers, new support staff, new premises, etc. Development of the new strategy as well consumed resources and change of orientation in late 2003 stopped approval of a number of projects. However, the list of proposals that are now under serious consideration is rather long.

3.3 Donor co-ordination with EU and other donors

During the period donor coordination has improved considerably, while still much is to be done. The government has been involved in this process and has taken steps to alter its own structures to improve its own coordinated interaction with foreign donors. The heads of mission regular meetings for development cooperation have been supplemented by sectoral meetings of a more technical character, which hopefully is going to contribute to a better orchestration of donor support to Albania. Four multilateral organisations are leading the new donor coordination architecture and functioning as a virtual technical secretariat. They in turn have divided up the different sectors and each of the four have taken the lead role for the sectoral meetings carried out on a technical level with donors and major implementers. During the period a number of these sectoral meetings has taken place. Government participation in these sectoral coordination meetings has not been high and the Section has pushed for Government of Albania participation.

4. Sida Programmes and Projects

The first Swedish Country Strategy was drafted prior to opening an office in Albania and was to cover the period until the end of 2002. The validity was later extended to the end of 2003 thus covering the first months of this period. The new strategy is still not approved but the draft strategy includes basically the same sectors slightly regrouped and relabeled. Thus the programmes and projects operating during the period are in the six sectors mentioned in the old strategy. Some new activities were initiated in accordance with the old strategy.

4.1 Human Rights

Democracy and human rights are slowly advancing in Albania with a government that is generally positive to the human rights issues in general. A Strategy for Integration of Roma has now been completed. Children's rights has been given attention during the period as it has been agreed to formally move those questions out of the state Committee on Gender Equality to a new and separate official forum.

However, government implementation of change demanded by civil society may not always be first priority. The government normally has a positive attitude towards civil society and often asks for their views and involvement. Civil society in Albania is generally very weak, with extremely few member based organisations. Many NGOs have been organised by individuals, sometimes based on dedication to ideas, but as well for income-generation. These NGOs are often not interested in membership or seldom wish to collaborate with other NGOs. Other NGOs consist of a limited number of member-employees, many times the best experts in their field, and function as private institutes, expert centres or consultancy firms. This has begun to create a negative appeal of NGOs to the younger generation. The newest important NGO in Albania, the Mjaft! "Campaign", and now "movement", has carefully avoided the label "NGO".

High officials see media more sceptically and the press meets often a more hostile reception by the authorities. Media has the resources to make its conflicts public and there are examples of media companies joining forces in the face of threats from leading government figures. During the period there has been much discussion on new media legisla-

tion, which has created intense debates. There is reason for concern about the media ownership issues, subsidization of the press, and the lack of investigative reporting.

The opportunity for Swedish involvement in the democracy and human rights sector is expected to expand and therefore coordinated and cooperative efforts with other donors should be sought. These harmonising efforts are especially desirable, as the sector requires more work per expended krona than other sectors. An almost total lack of indigenous and organically developed people's movements will remain an overshadowing hinder for work in the sector.

Project comments and results

In order to strengthen civil society, the decision was taken to support the *Civil Society Development Centres, CSDS*, in Korça and Kukes for three years. An agreement was signed in June with OSCE, the implementing partner who will give them necessary management support and capacity building. OSCE is also running the CSDC's in Shkodra, Elbasan, Durres and Vlora. The CSDCs in Korça and Kukes have been in operation for three years with funding from the Dutch government. They have already improved the relationship between NGOs and local government and made the NGOs of those regions more visible.

The support given through Kvinna till Kvinna, The Olof Palme International Center and the Swedish Helsinki Committee is continuing to yield good results. The Olof Palme International Center (OPIC) has recruited a coordinator based in Prishtina, covering Kosovo and Albania who has allowed OPIC to become more active in Albania. OPIC had 4 projects ongoing during the period. Kvinna till Kvinna has a Swedish resident representative and supports a large number of women's rights organisation. Swedish Helsinki Committee has representation in the region but not yet in Albania. Still only a fraction of the Sida support through the three organisations is going to Albania, something the Section in Tirana is trying to change.

The project *Trans-National Action Against Child Trafficking, TACT*, has continued working on all five categories of activities (Prevention, Protection, Assisted Voluntary Return, Reintegration, and Coordination). 8500 children and 450 teachers have been sensitised through prevention sessions in schools. More than 1000 pre and post questionnaires have been implemented to evaluate the level of knowledge of children (80%) and teachers (20%). 550 children have been registered as "high risk" of trafficking. 4 cases of Assisted Voluntary Return have been taken care of. 110 families are monitored and benefit from social help, through a cumulated number of 500 visits to families. Further the Olympic Games organized in Athens this summer is seen as providing an increase of demand for child trafficking why Terre des Hommes, the TACT implementers, will send five social workers to be part of mixed street work teams in collaboration with the TACT partner, Greek NGO "ARSIS".

The NGO *Albanian Rehabilitation Center for Torture and Trauma, ARCT*, dealing with torture and torture victims and human rights in mental health was granted Swedish support in June after a long period of intensive contacts with the Section. From August 2004 they will implement a

programme of training for teachers, prison staff, police and health staff in torture prevention and human rights in mental health. Besides this they will develop their role as a lobbyist and watchdog as well as proactive research and information centre for victims of torture, past and present.

4.2 Democracy, Good Governance and Gender

4.2.1 Public administration

The donor coordination has seen improvements starting from early 2004 when a new structure was established to provide for joint forums for government and donors. UNDP has been assigned the lead for donor coordination in the sector of good governance and local development including public administration. So far the new set up has still to show its results. Smaller scale donor coordination on the public administration reform is functioning between EU Commission Delegation, World Bank, UNDP, USAID, DfID and Sida. Recently a number of ministries and institutions within the Albanian Government have increasingly demonstrated an ability to formulate requests for international aid to donors. There is also more understanding of the need to bring together the three on-going processes of poverty reduction, (MDGs)¹ and EU integration under the umbrella of the NSSD growth and poverty strategy and then to be able to implement these in practice.

In terms of Swedish development cooperation there might be scope for considering extending support in the sector by targeting new institutions that are emerging in line with the EU integration process. Although in general there is room for further involvement in this sector, coordination with other donors and considerations about the absorption capacity have to be carefully analysed.

Project comments and results

The project on *Business statistics* implemented by Statistics Sweden with the, INSTAT², as the national counterpart has completed its first phase in November 2003 and started the new one, which will run until May 2005. The most concrete results achieved during the period is INSTAT's new Short Business Statistics (SBS) publication with a new structure and improved analytical approach. A preliminary work to prepare a business register has been done by linking re-registered enterprises with their predecessors. A new STS survey for all economical activities, except for most of the service sector has been conducted successfully for one year, being the basis for production of development data covering twelve-month cycles. Besides the long-term objectives of a business register, national accounts, annual and short-term statistics, time-series production and economic analyses, two new objectives have been added regarding effective report writing and the use of LFA techniques, as internal capacity building component for INSTAT staff. A regional workshop on introducing gender statistics concepts was conducted in 2004. The legal framework concerning INSTAT is further regulated with the new law on statistics approved in February 2004 which tries to bring Albanian

¹ Millenium Development Goals

² Albania Agency for Statistics

statistics in line with the EU best practices. In general cooperation has progressed very well for both parties and with a continuous dialogue between INSTAT and the Section with the latest one regarding the Roma population estimations from INSTAT.

The project PACO 2 (*Programme Against Corruption and Organised Crime in South-Eastern Europe*) implemented through Council of Europe was completed on February 2004. Among the achievements in this last period were: the final recommendations and drafting of legal provisions for Criminal Code and Criminal Procedure Code, further expert support for improving the legal framework on Conflict of Interests and Political Parties and Electoral Campaign Funding, Manual of Operations and development of an outreach strategy for the Anti-Corruption Monitoring Group (ACMG) to ensure cooperation with various institutions at local and regional level with the national one. In November 2003 the project went through an evaluation and the results were utilised for the design of the activities of the follow-up project PACO IMPACT.

PACO IMPACT project started as a replication at the regional level of PACO 1–2 with a focus on regional exchange but with room for country level-based activities. In the first months were conducted as an exploration of needs and viability for specific activities for Albania. A list of possible activities was prepared and submitted by each institution. Based on that a work plan was prepared for Albania covering the period June 2004–June 2005 that was discussed with the ACMG and approved. Preparations are ongoing for the first regional workshop to be held in Montenegro. During the period preceding the start of PACO IMPACT the Section has developed an ongoing dialogue with the Minister of State responsible for anti-corruption and the Anti-corruption Unit of the government to coordinate with activities of the project and find new scope for further support to anti-corruption efforts.

The project with TIPA (Training Institute for the Public Administration) on *Training on management of public institutions*, implemented by SIPU International, has progressed according to the plan. The project provides expertise and guidance to the trainers of TIPA to develop curriculum for management training in different ministries and other central government institutions in the country. Contrary to the classical “ToT” model that aim only at knowledge transfer from foreign experts to local trainers, this project has used much more interactive methods that put the primary responsibility with the trainers themselves and increased the trainers’ ownership of the content. This has resulted in small delays and resistance from some trainers but finally the benefit of this method is broadly recognised and the curriculum has already been developed. The pilot end-users training will be conducted in October. The number of training modules has been reduced from eight to six but without affecting the depth and the breadth of the content to be covered. The relationship built up with TIPA has produced further ideas from TIPA’s side to ask Sida for additional support regarding the end-users training and training capacity building for the internal staff of TIPA. This is under discussion with the UNDP office in Tirana, since UNDP is willing to play the role of the implementer for the coming phase.

The *Taxation* project has just started implementation in the last week of June. The agreement is ready to be signed between Sweden and the Albanian Government. The project, implemented by Swedish Tax Agency will provide management advice to the directors of two of the main tax offices on the local level. The advice will concern the implementation of the planned reform that aims to increase overall tax collection through increased efficiency of the tax administration. Swedish support will target also the field of tax auditing and the related system analysis. Besides this the project will assess the feasibility for a training centre for the tax administration. The first mission has already established good contacts and taken care of related logistics. The Albanian General Tax Directorate's participation in the project Steering Committee has been at the level of General Deputy Director, which secures strong support and easy access to the top management of the tax administration office

4.2.2 Local Institution Building

The local Elections of October 2003 have strongly impacted upon the sector causing delays in most projects involving local government units. The elections brought to an end the clear delineation of a Socialist Party controlled South and the Democratic Party's stronghold of the North. The hotly disputed power shift created in many localities a political and administrative vacuum until the end of the year. Despite this the decentralisation process made major strides forward particularly with the decision to transfer the first batch of public water utility assets to local governments. The fiscal decentralisation begun in 2002 began to really function during the period with local tax collection surpassing central level transfers as the main source of revenue for local governments. Central government transfers to local self-government for health and education investments are scheduled for 2005. The Ministry of Economy issued instructions for regional economic development planning while the Ministry of Local Government and Decentralisation (MLGD) began to pilot test instructions to local governments to develop local economic planning. The National Committee on Decentralisation approved the start of work to reform administrative-territorial boundaries that will radically reduce the number of local governments and regions in the country. The donor coordination architecture decision made it possible to hold a first sectoral coordination meeting facilitated by UNDP.

The ongoing decentralisation process dominates the local institution-building sector. It is one of the few areas where there is clear political will and vision. The absorption capacity of local governments to benefit from technical assistance and investment is very good. Swedish involvement in the sector is expected to expand. The entry of CARDS into the sector will require better coordination and cooperation with the EU and other donors.

Project comments and results

The SIPU-implemented *Decentralisation and Local Governance Project* having facilitated historically unique pre-election debates in the pilot communes was severely hampered by the post-election chaos that prevented the planned work with elected officials. This led to intense activities in the

first half of 2004 to deliver various training. At the end of the period the capacity of the nine pilot communes to manage personnel, finances, taxation, to utilise computers and to plan local development had improved. The Regional Council restructured its organisation and training and planning capacity were greatly improved so that central government officials even noticed it. Independent of the project but influenced by it and other Sida projects in the pilot region, 26 of the 31 commune chairmen of the region spontaneously began meeting during the period to form a Korça association of communes to better represent their interest.

During the period a new project offering *Support to the Albanian Association of Communes (AAC)* was launched to develop an effective service and lobby organisation for Albania's 308 rural communes. While in existence for many years the AAC has not remained a weak NGO unable to offer communes much assistance. The inception phase was launched in connection with the preparation for the AAC General Assembly through a series of regional workshops all around the country. These workshops led to nominations to the AAC executive board from the entire country as well as member input to the vision of a strengthened AAC. The General Assembly produced the first truly democratically elected chairman and board of the organisation. The executive board has however been unable to select a vice chairman as the board is divided whether the vice chairman should come from the opposition party or if the selection should be on non-political grounds. The implementing consortium of the Swedish and Dutch municipal associations and an Albanian NGO has facilitated the new board's planning for the main phase of the project.

The UNDP-implemented *Korça Clean and Green Project* selected the last sub-projects and finalised 62 of 66 sub-projects of the project during the period. The co-financing threshold was raised to deal with the strong interest of the 17 pilot communes. Beneficiary communes were strengthened through the selection and implementation process to involve and communicate with their citizenry. A series of awareness raising media-covered competitions and broadcasts have brought environmental issues to the forefront. The cleanest village competition activated thousands of rural inhabitants and the 17 winning villages won miniature waste handling systems. Groundbreaking cooperation was initiated with the National Employment Service (NES), which for the first time looked into employment issues for rural communes and identified potential job opportunities. This work has gained the interest of the Ministry of Labour and will be followed up now by training that can lead to rural or urban employment for rural inhabitants. The project requested a second extension in time to allow completion of the remaining 4 subprojects and the high demand skills training.

The ICMC³-implemented *Migration and Community Development Project* was completed during the period. The UNDP Clean and Green Project funded one "community response" proposal of the project. The database that was transferred to the Regional Council and accompanied by a training package has now been fully incorporated into the work of the

³ International Catholic Migration Commission

Regional Council Administration's development planning and analysis. All the participating local governments were furnished with processed data of their area and copies of the database widely distributed. Researchers of an upcoming international migration conference to be held in Korça in the near future will use the database.

The cross-border project of Icelandic NGO PEP International called *Albania-Macedonia Peoples' Empowerment Programme* (AMPEP) continued its village mobilisation work, with additional efforts put on increased environmental and gender-awareness. Sida fielded an AMPEP Quality Group mission to evaluate and advise Sida and PEP International on the efficiency and impact of the project on the beneficiaries. The Quality Group recommended less emphasis on learning-by-doing and self-sufficiency and more emphasis on capacity development and strengthening of efficiency of the government structures at the village level, namely the village council and the village elder. At the end of the period, PEP International after two internal workshops was able to deliver a proposal for continuation using a revised methodology to be adopted by the staff.

4.2.3 Gender

During the period a gender equality law was adopted despite heated discussions before and after parliamentary approval. OSCE criticized the new law in a letter to the Albanian president, as the law will not be sufficient as institutional structures are missing to allow the law to be enforced outside the realm of the public sector. The general feeling seems to be that the law is a start and the government is planning its implementation through awareness building.

Although the gender aspect is increasingly being mentioned with relation to different donors' strategies there is not much materialised. EU, the biggest donor has still its gender aspect underdeveloped. Given the current situation with gender inequality in the country, gender mainstreaming as a strategy alone might be insufficient. Swedish support might reasonably consider specific contributions that will target the empowerment of women and the role of men.

Project comments and results

The *Women in Leadership* project ran by UNDP was completed in December 2003. The project provided advocacy for women in leadership through different media, training to women candidates for the position of councillors in municipal/ communes councils, lobbying for gender equality law which was in fact approved after the end of the project, roundtable for women's position in economy, bridging together with the civil society the newly elected women mayors, increasing the communication and media skills of women politicians, building women support networks, etc. Despite the fact that in general all activities were carried out as per the project plan, it was hard to see the positive effects of the project in the local elections results in October where women scored even lower than in the previous elections. This might be due to the fact that the project was designed in a way that did not take into account the local elections as an event and build up activities in response to that.

Lilja 4-ever was conducted as a regional project in cooperation with Kvinnoforum's consultant. Two days of screening of the movie were organised in Tirana with participation from state bodies, local NGO-s, youngsters, journalists and international organizations. Discussions after the movie helped to reveal again the causes of the trafficking phenomenon, the role of different actors from the society and the state and the rehabilitation of the victims. Since the movie generated strong interests Sida intends to make use of the copies in Albanian language to increase or build cooperation with different organizations working in the field of anti-trafficking. Possibilities to broadcast the movie in the national TV are explored pending clarity of the situation with the copyright.

4.2.4 Justice and Home Affairs, JHA

Much of the European integration negotiations and EU support to Albania focuses on this sector making it a major topic of societal debate in the media. During the period issues such as the role of the prosecutor's office vs. police in investigating crime, the authority of municipal police, the resources of the court for serious crimes and the situation in prisons have been debated. Numerous scandals and incidents involving leading policemen, most notably the Vlora accident (see section 2.1), which led to the creation of the "Nano ik" movement, have damaged public trust in law enforcement officials. At the same time, the period saw the important emergence of a well-equipped traffic police corps that has begun to enforce traffic regulations more than before.

Since the sector is in great need of developing and reforming Swedish support might address a wide range of beneficiary institutions by applying the Sida's guidelines on the JHA flexibly. Yet the support has to take into consideration the relatively slow processes and the limited ownership of the beneficiaries. Preparation of new contributions might prove to be lengthy and work-intensive. Sweden has to rely in close cooperation with other organisations, in particular the CARDS programme, that are positioned centrally to the JHA, in order to build up an effective programme in the sector.

Project comments and results

The Swedish Public Ombudsman (JO) and Children's Ombudsman (BO) in a joint mission visited the Office of People's Advocate (OPA) in Albania. During the mission a local expert conducted an LFA workshop. The mission report is going to be used as further input to the preparation of the project document from Save the Children which has the goal to support the Children's subsection of the OPA in Albania and to further strengthen OPA's profile in the whole country.

4.3 Natural Resources and Environmental Protection

4.3.1 Natural Resource Management and Rural Development

Few changes in the negative trends in the rural sector were seen during the period. The dragged out political fighting regarding the property restitution law did not allow for land reform to begin. More positive is the initiation of local government collection of agricultural land tax, which will decrease the attractiveness of retaining fallow land. Similar

taxation of forestlands seems to be lagging behind, connected to the slow transfer of communal responsibility to local governments. Agricultural imports continued to dominate in the market and the conflict of interest of government officials privately involved in the food importation businesses is now more openly debated.

The coordination among the donors in the rural sector has improved and coordination meetings are taking place regularly through the arrangements of the World Bank. Unfortunately the Ministry of Agriculture and Food has not participated in the meetings. During the period no new Sida financed projects were initiated in the agriculture sector due to the development of the new country strategy. Partly as a result of the country strategy process Sida decided not to go ahead with the proposals identified in the Rural Development Study of 2003. The Section began to perform a donor analysis of the sector and to plan for a headquarters' mission during September 2004. This mission will propose how Sida should support Albania in this sector in accordance with the new country strategy with specific emphasis on poverty reduction and EU integration.

The Albanian development plans for the agriculture sector as described in the PRSP requires a high level of donor support, which would indicate possibilities for expansion of Swedish support. At the same time there is a lack of consistent policies and there is also a significant risk of low ownership in the sector. Due to these factors it is foreseen that the support to the sector will continue at the same level as previous years but target well developed policy areas.

Project comments and results

The *Support of Agricultural and Economic Development in Miras*, implemented by Triangle Generation Humanitaire was extended another 6 months to cover a second harvest season. *Mirasi* (farmers association) and *Progressi* (women association) were registered in court in early autumn 2003 and the fishing association is to be registered late June 2004. *Mirasi* has increased the number of members and their main activities have so far been to repair irrigation schemes in two lowland villages. *Progressi* organised a Christmas faire in Korça with good results and in mid-June 2004 they started a small scale baking activity. The fishing association involves two villages in a mountainous area and the main focus is to restore and re-establish the aquaculture that the villages used to carry out in the local pond.

During the period all three centres of *Korça Rural Market Development Project* were handed over from the Ministry of Agriculture and Food to the local government units. Due to the results of the local elections in October, new market company boards and managers were not appointed until late 2003 for Pîrg and early 2004 for the Billisht centre. These political changes and delays had a negative effect on the acceptability and support of parts of the farming community in these areas. The result in terms of utilisation of the market centres was that a limited storage and trade of agricultural inputs and farming produce took place at both Pîrg and Pojan centre during the period, notably higher in Pojan. The third market place at Billisht was completed but was still not used for trade activities. By the end of the period the Sida-financed support, implemented through Opto International, ended. During the period the

Swedish support to the market centres lead to an interesting pilot activity to prepare for EU-certified agricultural exports to the EU. At period's end a ToR⁴ for continued support for completion of the "EURO-GAP" pilot activity was done so as to allow this experience to be analysed by the planned September sector mission.

4.3.2 Environmental Protection

The New Year brought back Albania's first Minister of Environment after a cabinet reshuffling. Environment was quickly moved into the public limelight, in part due to the new minister's insistence on regular press conferences and clearer policy stances by the ministry. The issue of waste, particularly hot spot clean up, dominated as the top priority, especially along the coast. The strong position taken by the Ministry seemed however overshadowed by the government decision at the end of the period to allow an Italian firm to import and incinerate solid waste from Italy. The public reaction to the decision led to numerous protests coordinated by 10 Albanian NGO's, a unique demonstration in Albania of broad awareness of environmental issues. The international community continued to call for implementation of the package of environmental laws passed during 2002–2003. While the Ministry hosted a sector coordination conference during the period, the donor coordination architecture decision allowed for two sectoral coordination meetings during the period to be conducted, facilitated by the World Bank.

Possibilities for expansion of Swedish support in the environment sector are limited due to low absorption capacity if the focus is only on the central Ministry of Environment. The need for environmental awareness in all parts of the central, regional and local government, throughout the private sector, civil society and youth is however great. At the same time there is a lack of political will and vision and therefore risk for low ownership. Significant ownership could be won by integrating with efforts in decentralisation where there is both local and national political will, thus giving scope for expansion.

Project comments and results

In the field of environment, the completed UNEP⁵-implemented project at *Sharra* was evaluated and the report published. The report found problems in design and ownership that compromised the sustainability of the results.

A project proposal on implementing the new law on *Solid Waste Management* was, in light of the *Sharra* evaluation, submitted to the scrutiny of a Sida Project Committee in December and a stakeholder workshop in January hosted by the Ministry of Environment and attended by other key actors. Sida had at period's end decided to fund the project but approval by Government of Albania was delayed due to the Ministry of Finance and Ministry of Local Government and Decentralisation, both demanding a larger role of the latter. Sida decided during the period to allow the project owner, the Government of Albania, to procure with Swedish technical support for that process.

⁴ Terms of Reference

⁵ United Nations Environmental Programme

The *Local Environmental Action Plan Project, LEAP*, for Korça's 6 municipalities was approved during the period and the project activities were initiated in early 2004 in Pogradec Municipality and in late spring, in Korça Municipality. There was an initial hope in coordinating the work of the project in Korça with the USAID-funded DELTA project, which will implement a parallel participatory process for a municipal development strategy. This in the end could not be harmonised between the implementing agencies, REC⁶ and FLAG. At period's end, LEAP coordinators had been recruited by REC for the two municipalities, municipal expert working groups had been established and trained and NGO LEAP update seminar was being planned for Pogradec.

During the period the Ministry of Territorial Adjustment and Tourism sent two requests for assistance, one on decentralisation of water systems and the other on preparation of a new urban planning law. During the period two separate expert missions followed up an initial Sida headquarters mission on water and sanitation and physical planning. At period's end, the physical planning expert mission had submitted a report on its initial findings, which was circulated in Albania for comment. The water and sanitation report had not yet been submitted by its circulation and a follow-up stakeholder workshop on the subject are planned for October 2004.

The new Minister of Environment requested a ministry-level twinning. Sweden's Environment Protection Agency responded positively and at period's end the Ministry was preparing for the first visit in July. The initial theme of the twinning was suggested as implementation of the new law on EIA⁷, a priority for European approximation.

4.4 Economic Growth

(see section 2.2 for the sector developments)

Project comments and results

The *South-East Europe Enterprise Development (SEED)* project has developed a broad portfolio of activities including support to or cooperation with the National Commercial Bank, Albanian Builders' Association, developing financial leasing legislation, alternative dispute resolution, the SME agency, enterprise level investment services, Business Advisory Council, youth entrepreneurship, training and monitoring of consultants. The main activity for SEED during recently has been the donors' board meeting where the future of the SEED was discussed through the concept of SEED 2. Regarding monitoring at field level, it has been difficult to establish a working platform with SEED staff in Tirana. Collection of information from their side is considered time-consuming and not always effective.

The project with the National Employment Service on *Efficient Employment Service* implemented by AMS (The Swedish National Labour Market Board) was launched following Sida's funding decision. The launching workshop attracted visible attention in the media. Pending issues are the signing of the specific agreement between Sweden and the

⁶ Regional Environment Centre

⁷ Environmental Impact Assessment

Government of Albania and the allocation from NES of a staff member to be responsible for coordination of input and contributions to the project from the Albanian side. Dialogue with the Ministry of Labour and Social Affairs on these issues is ongoing and there seems to be understanding with and agreement to the Swedish conditions. Currently the draft agreement is under circulation among the different relevant line ministries.

The World Vision-implemented *Korça Building Futures Project* had a continued high lending rate during the period. The demand for micro credits in the rural areas is still high and in Korça branch a total of 343 loans were disbursed including May 2004. By May 2004 the Korça branch had an operational self-sustainability of 73% (coverage of operational costs) and a financial self-sustainability of 52% (covers also the needed loan capital). During the period some larger urban loans were disbursed but due to a higher rate of delinquencies in those loans the area of focus will still be rural loans. In June 2004 the time for the Sida Building Futures project was extended to end of September 2004.

Contacts with three government agencies under the Ministry of Economy namely the SMEs agency, the Export Promotion Agency and the Foreign Investments Promotion Agency have been intensified with a view to assess better the role, potential and the interests of different local stakeholders in the sector of private business. Internal discussions are to be organised soon to define what could be more relevant in terms of Swedish support to the sector taking into account current proposals of EBRD⁸, KfW⁹ and SEED and the real local needs.

The regional project on Trade in Services, also encompassing Albania, finished in the end of June 2004. The results have been quantitative assessments of trade in services in the southeast Europe countries involving the identification of patterns of trade in services in the region and proposal for alleviating statistical insufficiencies; Creation of a database of services barriers in the countries in the region and presenting the potential benefits from their removal; Development of concrete options for regional cooperation in the area of services in the region; Organisation of capacity building seminars to train government officials and representatives of the business community in the region to plan for more effective national trade policies in the area of services and implement the main policy recommendations proposed during the two phases of the project; and Development of inputs for an Action Plan for future activities in the area of services, for instance in Albania.

An agreement is being set up between Sida and SWEDAC¹⁰ for the implementation of a regional project where Albania is an active part for improving food safety and quality in accordance with WTO¹¹ and EU rules and standards.

4.5 Social Development

Swedish assistance has been focused on the health sector as instructed by the old country strategy. That sector has experienced a number of

⁸ European Bank for Reconstruction and Development

⁹ Kreditanstalt für Wiederaufbau

¹⁰ Swedish Board for Accreditation

¹¹ World Trade Organisation

changes during the period including the agreement between the Ministers of Health and Local Government to channel the investment budget through local self-governments from 2005, in addition to current maintenance budget already fiscally decentralised. Late in the period it was found that the existing health law from the 1960's was out-of-date and needed revision. At the end of the period intensive work was underway to draft three new health laws that will in turn require renegotiation of the period's agreement on the fiscal decentralisation in health.

Recently there has been much more orientation by the Albanian Government to reform health services. Also recognition of the high level of corruption, the need to counteract it and increased access to the services has increased drastically during the period. The Ministry of Health has already produced a document for a health strategy, which could be the basis for identifying future strategic Swedish contributions to the development of the sector. The Section has been kept informed on the recent development and plans regarding the health sector by the Ministry. Dialogue with the Ministry of Health has been continuously improving especially at the Deputy Minister level.

Despite numerous government and NGO requests it is not yet clear what Sweden should support in addition to continuing support to the health sub-sector. More analytical work is necessary prior to taking any decisions on additional social sector support. If any future contributions are to be considered, coordination with the World Bank and the Italian Cooperation programmes in the sector is essential.

Project comments and results

The WHO¹² implemented project on *Mental Health Reform* continued its support to the implementation of the action plan through consultancies and workshops, awareness raising about relevant legislation, drafting a proposal to fulfil international standards in handling forensic cases, a variety of trainings to members of different services of the mental health like the Albanian Development Centre on Mental Health (ADCMH), Community Mental Health Centre in Tirana, primary care workers from Tirana, Shkodra, Elbasan and Vlora, including exchange for the hospital in Elbasan with Irish colleagues. At the same time the project has worked on promotion of mental health issues through the international mental health day, use of public media, etc. A continuous contribution has been made to the strengthening of the families and relatives associations with the aim to organise a National level Association. The relationship with the ADCMH has been regulated through an agreement that defines roles, responsibilities and support to be provided to ADCMH. The project has built or reinforced networks with different organizations involved in the field of mental health like the Stability Pact project UNOPS¹³/PASARP, GIP and with local organizations.

Strengthening the Management & Maintenance System for the Albanian Health Services Project, under Swedish Health Care execution, has been prolonged twice; first from 1 October 2003 to 29 February 2004 and then again from March to 30 June 2004. This period is used intensively to

¹² World Health Organisation

¹³ United Nations Office for Procurement Services

discuss and design the new phase of the project between Swedish Health Care (SHC) and the Albanian Ministry of Health and various hospitals and institutions. An important part of the process was a delegation visiting Sweden in October 2003 from the Ministry of Health, the Faculty of Medicine and advisor to the Prime Minister on Health issues, aiming to gain experience from Sweden regarding organization of modern health care. The Hospital Equipment Management Unit re-named as the Standardization and Maintenance of Hospital Equipment Unit with a stress on the needs to standardise regulations for and characteristics of the equipment used by Albanian hospitals, was not yet approved for 2004. In a short-term perspective the focus will be to develop the function of the unit within the existing structures in the Ministry of Health. At the beginning of 2004 the Ministry employed an engineer to be a part of the new unit and before that start of the new phase of the project another engineer will be hired for the unit. The National Preventive Programme covering 18 hospitals in Albania has been completed with more than 90% (800 pieces) of the equipment included in the program being checked technically. The national Workshop and the hospital are now able to repeat this programme on yearly basis. The hospital information system for Korça has been updated and effectively used by the management to plan financial resources for procurement of the new equipment. During this period the project has already provided one report on possible solutions to the electricity systems for hospitals and a feasibility study on current and proposed projects for hospital information systems.

The *Assessment of Socio-Economic and Nutritional Status* run by World Food Programme started implementation after a several months' delay due to unavailability of a consultant. The study aims to assess the living standards and poverty coping strategies of women-headed households that are involved in the WFP programme. The study is expected to provide Sida with more knowledge on the poverty situation especially in northern Albania. Through a meeting before the start of the survey Sida has conveyed to the consultant the need to pay attention to social and economic aspects of the assessment besides those strictly nutritional ones. Since the field survey is now completed and the data are under analysis, a draft report with the findings will be available not later than July 10.

During the first half on 2004 the Section together with Sida has explored opportunities to support a three year project through UNFPA¹⁴ *On promoting healthy life skills*, targeting the youngsters' behaviour towards STI, HIV/AIDS, drug use and alcohol and the use of relevant services. Sida is processing the project proposal and approval is expected at the end of summer.

4.6 Conflict Management and Human Security

The period began with a disturbing incidence during and immediately after the local elections of October 2003 in Himara with clashes between Greek and Albanian nationalists. Since then however there has been little visible ethnic conflict except for some tension regarding treatment of Albanians at the Greek border. Political conflicts in the capital Tirana led

¹⁴ United Nations Fund for Population

to demonstrations early in 2004, one of which got out of hand (see section 2.1). Since then no other noteworthy violent conflicts have erupted.

As this sector has not been identified through the Country Strategy process, there is no reason for Sweden to consider any further support to this sector. Contributions can be more effectively concentrated to the closely related Human Rights and Judiciary sectors.

Project comments and results

The *Support to Security Sector Reform project* (SSSR) implemented by UNDP is built on the achievements of the Small Arms and Light Weapons Collection project (SALWC). The new phase has transformed the old project into a programme for community safety and security through promotion of police transparency, accountability and partnership with the public it serves. It also raises awareness of the security challenges that children and communities face, and enables them to work with the police and community to solve those issues at the grassroots level. The project has two main components that are Community Safety and Security and Police Transparency and Accountability. The activities have so far improved the environment for sustained public order at the local level, strengthened police capacities, promoted a positive police image, promoted the police's role as a provider of public services and contributed to the safety and security of ordinary citizens. A dedicated Weapons Collection structure is established within the State police. 21 Community Problem Solving Groups have been created and trained, 14 development projects carried out, a baseline was established from which to assess the improvements in the police activities and the community perception of police, a model was created to build Community Based Policing, awareness raising activities were conducted targeting especially children and youngsters. The project has found difficulties as regards accurate planning of activities in the field, pending financial resources decisions from donors, including Sida.

4.7 International Training Courses

During the reporting time, 1 October 2003 – 30 June 2004, there have been ten International Training Programmes (ITPs), to which Albania has been invited to nominate participants:

- Sustainable Agriculture in an Environmental Perspective
- Power System Control and Operation
- Advance Programme on Human Rights
- Environment Impact Assessment
- The Rights of Child and UN Convention on the Right of Child
- Road Traffic Safety
- Solid Waste Management in South East Europe
- Land Administration and Geographical Information
- Parliamentary Democracies and Management of Parliaments
- Sustainable Coastal Development

The Section has distributed brochures (including application forms) and has invited different relevant ministries, governmental agencies, local authorities, local NGOs and international NGOs active in Albania, private companies, universities, etc to nominate suitable candidates to these programmes.

Fifty applicants from Albania have applied to participate to these courses, out of which so far 10 (four women and six men) were selected.

5. Concluding remarks

The period has further developed the capacity of the Section to deliver development cooperation assistance to Albania but some factors in particular the country strategy's delay have slowed expansion of the programme. Despite some negative developments regarding the environment for donors, such as lack of progress against corruption and lack of government-led donor coordination, Albania remains a good partner for Swedish development assistance. With a new country strategy in place and a fully staffed Section, the programme in Albania has the preconditions to develop further in the next period.

Annex: Project list

Project list/Budget containing ongoing projects, disbursement statistics and implementing partners. Currency: Swedish kronor.

Partner	Project name	PLUS	Officer	Country	Sector	Data		
						Committed for 2004	Planned for 2004 - 2004	Planned for 2005
AMS	Labour market Albania	76003079	ALO	ALB	PAR	1 000 000	-	5 102 128
KK	Women's projects, framework	76002942	EN	ALB	HRD	2 310 000	-	2 310 000
SHK	Democratisation regional, framework 2004	76002989	PB	ALB	HRD	4 550 000	-	2 275 000
	Democratisation regional, framework 2003	76002603	PB	ALB	HRD	37 500	-	-
	Child trafficking	76002573	PB	ALB	HRD	765 000	-	765 000
Terre des Hommes								
WHO	Reform of Mental Health System	76003107	GU	ALB	HCV	2 000 000	-	-
World Vision	Microfinance Building Futures	76002426	ALO	ALB	PSD	3 800 000	-	3 000 000
(blank)								
	Triangle phase 1 and 2	(blank)	PBJ	ALB	RUR	3 450 000	-	-
	Water and Sanitation Study	71001570	JV	ALB	ENV	500 000	-	-
	Korca Market Dev	73004693	PBJ	ALB	RUR	1 111 479	-	81 016
	Short Term Cons KRMDP	73000500	PBJ	ALB	RUR	5 719 193	-	1 610 380
	Agric and Econ Dev	76002427	PBJ	ALB	RUR	950 000	-	-
	LFA seminar, labour market	76002525	ALO	ALB	PSD	501 100	-	322 318
EWI	Euroregion Prespa	76002867	EW	ALB	LDE	1 100 000	-	-
SIPU International	Decentralisation and local governance Korca	76002313	EW	ALB	LDE	7 939 362	-	4 448 017
	Management training TIPA	76002912	BO	ALB	PAR	2 237 544	-	488 601
Sw Child. Ombuds	People's Advocate: pilot study	76003084	SB	ALB	JHA	177 160	-	-
OSCE	CS development Kukësi + Korca	76003105	PB	ALB	HRD	675 000	-	675 000
Sw. Health Care	Health Care	76001697	GU	ALB	HCV	2 803 111	-	1 166 022
WFP	Socio-economic study	76002972	ALO	ALB	MSC	176 800	-	176 800
SCB	Economic statistics	76001958	BO	ALB	PAR	952 680	-	937 191
SALA2	Cap. Building Association of Communes	76003075	EW	ALB	LDE	951 379	-	-
Fieldadmin	ALB-SAK-02	21250002	GK	ALB	MSC	2 000 000	-	999 140
	ALB-SAK-01	21250001	GK	ALB	MSC	1 600 000	-	725 179
	ALB-NPO	21259001	GK	ALB	MSC	420 000	-	121 836
ERM Scandinavia	Shara Evaluation	76002881	HH	ALB	ENV	5 373	-	-
REC	LEAPs in Albania	76002866	HH	ALB	ENV	2 318 495	-	-
Per Iwanesson Arkitekt AB	Urban Planning	71001584	JV	ALB	ENV	300 000	-	66 707
Anders Lärkert Miljökonsult	Waste Mgt	76002792	JV	ALB	ENV	201 939	-	157 205
Swedish Institute	Swedish Institute	76002223	GU	ALB	HCV	360 000	-	-
ACRT	ACRT	76003097	GU	ALB	HCV	880 000	-	880 000
OPIC	HR and democracy, framework 2004	76002983	PB	ALB	HRD	2 200 000	-	2 200 000
Grand Total						53 993 115	100 000	19 568 380
								20 946 452

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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