



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Albania

Reporting Period: 1 January - 31 December 2021

JP title: Strategic Policy Options for SDG Financing

PUNOs: UNDP, UNICEF, ILO

Government partner: Ministry of Finance and Economy

Target SDGs: SDGs 1, 5, 8, 10, 16

Gender Marker: 2

Approved budget: USD 855,000

Co-funding: USD 294,205

Total Disbursement by 2021: USD 427,500

Total estimated expenditures: USD 237,386 (est. Delivery rate: 55.5%)

Total estimated commitments (including expenditures): USD 294,821 (est. Committed rate: 69%)

RCO focal point name: Azeta Collaku

RCO focal point email: azeta.collaku@un.org

Executive Summary

2021 was a challenging year for the JP implementation due to the effects of a the Covid-19 pandemic and an institutional slow-down caused by the general elections of April 2021. To ensure delivery, PUNOs focused on technical, preparatory, and analytical work. They were able to complete a number of studies and assessments, including: • An analysis of SDG-related budgetary spending during 2015-2019, • Several budget briefs on the expenditure for children, • A case for investing in free universal childcare in Albania: An Analysis of Child Care Costs, Fiscal Revenue Effects and Gender Centered Multi-Dimensional Vulnerability, • Additionally, the JP completed a Regional Survey on Older Persons and Loneliness; developed a tool for the assessment of the needs for older persons; drafted a manual for integrated services for older persons at municipal level Though the training material for capacity building of municipal staff was developed, training sessions had to be postponed due to pandemic-related limitations. An exception to this were capacity development sessions that took place in the municipalities of Durres, Rrogozhine, Gjirokaster, and Vlora. These were partly supported by another Joint SDG Fund JP on catalyzing municipal social protection, boosting intra-UN synergies, and were delivered in partnership with the State Social Services. The process of drafting INFF was initiated. A draft inception report and preliminary roadmap was prepared internally.

Recruiting of the team that will conduct the field work (a national provider, an international technical expert, and a gender expert) is partly completed. Field work will begin in January. The Ministry of Finance and Economy was supported in establishing a dedicated research unit for a data-driven and evidence-informed approach to policy making. This Policy Research Unit will conduct trend and macroeconomic analyses and modelling, provide input to monitoring and evaluation for improved fiscal management and economic development, and produce actionable policy recommendations.

Annual Progress

Overall JP self-assessment of 2021 progress:

Satisfactory (majority of expected results achieved; 1 to 3 months delay in implementation)

Comments on self-assessment: The JP experienced some delays during 2021 that affected its implementation. These have been documented in the quarterly and semi-annual report. They were caused by: • The continued impediments of the prolonged Covid-19 pandemic, which hindered the implementation of activities, especially those that required travel and/or larger gatherings. • The lower-than-expected engagement of national counterparts in JP activities not only because of the added pressures of the pandemic, but also due to an ‘institutional slowdown’ during March-September 2021 caused by the April 2021 general elections and the interim period until the appointment of the new Government Cabinet.

Overall progress and key developments to date (3 key JP milestones)

During 2021, PUNOs focused on technical / preparatory work, as well as analytical work that allowed that to maintain momentum around the JP implementation despite the challenges outlined in Q13. The key developments for the reporting period are: 1) Supporting the completion of several studies and assessments, including: a. An analysis of SDG-related budgetary spending during 2015-2019, which documents Albania’s efforts towards pursuing SDGs through tracking of its public expenditure. b. Several budget briefs on the expenditure for children are being used in engaging with line Ministries on costing and budgeting key policies for children. c. A case for investing in free universal childcare in Albania: An Analysis of Child Care Costs, Fiscal Revenue Effects and Gender Centered Multi-Dimensional Vulnerability, which showed that each \$1 of investment in such programs generates approx. \$2 of incremental benefits. d. Additionally, the JP completed a Regional Survey on Older Persons and Loneliness; developed a tool for the assessment of the needs for older persons; drafted a manual for integrated services for older persons at municipal level e. Other studies currently in progress: a study on the effectiveness and efficiency of the Social Cash Assistance Program and a feasibility study on the Long-Term Care in Albania. 2) Supporting capacity development activities: a. Two Albanian partners were supported to participate in the E-Academy on Social Security at the International Training Centre of ILO in the field of social protection. b. The training material for building capacities of local authorities in improving their planning and spending for social protection services has been developed based on the assessment of needs, challenges, and opportunities they face for mobilizing financing for social care services, including access to the Social Fund (the national social protection budget dedicated to services). Trainings were planned to be delivered during Q4/2021 to 200 municipals through a mix of online training and face-to-face mentoring. However, the starting date had to be postponed to 2022 due to pandemic-related limitations. Some capacity development sessions have taken place in the selected municipalities of Durres, Rrogozhine, Gjirokaster, and Vlora (partly supported also by another Joint SDG Fund Joint Programme on municipal social protection), and in partnership with the State Social Services. 3) Supporting central level institutions and financing for sustainable development: a. The Ministry of Health and Social Protection was supported to develop the annual progress report for the National Social Protection Strategy for 2020 outlining the progress/delays/challenges of the implementation of key reforms in social protection and more important its financing. The analysis provided information on how the social protection had been allocated and spent during pandemic. Together with the budget brief on social protection (1b), they provide the foundations for discussing a better financing social protection floor.

b. The process for drafting INFF was initiated. A draft inception report and preliminary roadmap was prepared internally, in order to inform the process of recruiting the team (a national provider, an international technical expert,

and a gender expert) that will conduct the field work. Field work will begin in January. c. The Ministry of Finance and Economy has been supported in establishing a dedicated research unit for a data-driven and evidence-informed approach to policy making. This Policy Research Unit will conduct trend and macroeconomic analyses and modelling, provide input to monitoring and evaluation for improved fiscal management and economic development, and produce actionable policy recommendations. A team of three (one team leader and two junior consultants) has been recruited in Q4/2021 and will begin working with the Minister’s Cabinet in January 2022 to identify impending research priorities.

Changes made to JP:

Main Challenges: As described in Question 13 (self-assessment), activities were carried in the challenging context of the pandemic and related restrictions. When possible, activities were conducted online. However, the JP team decided to postpone some of the activities that required larger gatherings (including, the national policy dialogue series) to 2022, in order to ensure the highest possible impact. Similarly, the pandemic overburdened national authorities and created uncertainty over public spending due to the added pressure on national budgets and the disruption of the regular planning and budget execution. This led to a lower-than-expected level of involvement of national counterparts with JP activities. Furthermore, during March-September 2021, the JP was constrained by an ‘institutional slowdown’ caused by the April 2021 general elections and the interim period until the appointment of the new Government Cabinet. As such, the period was not conducive to discussing policy and structural changes.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Advancing (50-99%)	Emerging (1-49%)	Planned (0%)	Planned (0%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: A draft INFF inception report and preliminary roadmap have been drafted through consultations with the technical staff of the Ministry of Finance and Economy and Prime Minister’s Office. These need to be endorsed by the INFF oversight body before they can be considered final. The national team (including a team leader, a governance expert, a public finance expert, and a data analyst) was contracted in Q4/2021. An international expert on INFF, expected to provide technical and methodological guidance, as well as quality assurance, is in process of being recruited. Whereas the recruitment of a gender expert that will ensure gender mainstreaming in the INFF process and final document will start in 2022.

Assessment & Diagnostics: The Assessment and Diagnostics exercise will begin in January 2022. It will make use of previous assessments [including, but not limited to, SDG mainstreaming through the National Strategy for Development and Integration 2015-2020 (2017), VNR (2018), MAPS (2018), Budget Analysis of SDG Related Spending in Albania: 2015 - 2019 (2021)] and complement them with dedicated additional assessments. Progress will be reported in the next quarterly report.

Financing Strategy: N/a. Drafting of the Financing Strategy will take place later in 2022.

Monitoring & Review: N/a. Development of the INFF Monitoring and Review Mechanism will take place later in 2022.

Governance & Coordination: Details on the INFF Governance and Coordination will be clarified in 2022. The INFF oversight body is expected to be hosted in the existing Inter-ministerial Committee and Inter-institutional Working Group on the SDGs. This is pending endorsement. Following, the terms of reference (or equivalent) for the INFF oversight committee will be developed and the chair will be designated.

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

PUNOs and national partners were agile and flexible to adapt activities to respond to the new realities of COVID-19, as well as changes brought about by the results of the general elections in 2021. The adverse impact of COVID-19 has been minimized by using all possible modalities (online, hybrid, in person) in the implementation of the planned activities and in communicating around JP with partners. Following national elections, until the appointment of the new Government Cabinet, the team focused on finalized the technical work that would inform activities in the next phase of implementation.

How did the JP apply the Gender Marker

The JP has a Gender Marker of 2. The gender perspective has been applied to the JP's analytical work, particularly in the studies and assessments comprised in Output 1, such as: • Developing a case for investing in free universal childcare in Albania: An Analysis of Child Care Costs, Fiscal Revenue Effects and Gender Centered Multi-Dimensional Vulnerability (completed), and • A feasibility study on the Long-Term Care in Albania (near finalization). Additionally, dedicated gender expertise has been planned to inform the entire INFF drafting process.

Estimated % of overall disbursed funds spend on gender: 10%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

A major assumption underpinning this JP is that accelerating SDGs in Albania requires investing in human capital and social cohesion. The Covid-19 pandemic has reconfirmed the necessity of strong social protection systems and sustainable development strategies that address growing inequalities and socioeconomic challenges, in order to leave no one behind. The JP recognizes that financing is a key factor in making sustainable development possible. Its activities are guided by the need for holistic approaches to financing that respond to heightened uncertainty, inter-connected shocks, and trade-offs between policy choices in different areas. It takes a comprehensive approach, for e.g., by studying different aspects of social protection provision, as well as by considering a range of opportunities and options for financing national sustainable development efforts, as captured by the work on INFF.

The JP puts a strong emphasis on evidence-informed decision-making. Not only are PUNOs conducting multiple studies that contribute to the activities of the JP, but they are also capitalizing on the lessons from other programmes. Additionally, by supporting the Ministry of Finance and Economy in establishing the Policy Research Unit, the JP is also helping national actors to reflect on the quality of data, its organization, and use.

How did the JP work to build ownership and buy-in of key stakeholders

To ensure ownership and sustainability of the JP results, PUNOs are applying – as much as possible – principles of co-design. This includes continuous dialogue with direct national counterparts, as well as other stakeholders to identify needs, as well as solutions. Thinking of the JP's work on social protection: the national policy dialogue events will bring together multiple stakeholders to discuss issues and opportunities for improving social protection. The JP team will take a facilitation role, guiding discussions through evidence (generated by PUNOs through the JP, but also through their broader expertise), while allowing themes and ideas to emerge from the deliberations between policymakers and other stakeholders. Similarly, the capacity building activities have been developed to address the needs of municipal staff while responding the institutional framework and mechanisms that are specific to the Albanian context. Finally, the support provided in drafting the INFF is trying to make use of existing platforms and roles (including for a such as Inter-ministerial Committee and Inter-institutional Working Group on the SDGs, as well as tools like IPSIS and AFMIS) in order not to create duplication. Rather, only the description of their tasks / functions will be amended to reflect the added responsibilities related to INFF.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

Priority SDGs that the JP is contributing to are:

SDG 1: No poverty, through target 1.3 (By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance), and in particular indicator 1.3.1: Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable. The JP aims to contribute to target 1.3 by supporting the improved integration between planning and financing for sustainable development (and social protection) at the national level. Over the entire duration of the JP, this will be spearheaded through the finalization of INFF and complemented with the capacity development activities at the local level, targeting the municipal staff and their capacities for planning and for mobilizing financing for social care services. Over the reporting period, this thematic priority was addressed through the various studies and assessments that will contribute to the organization of the national policy dialogue event series.

SDG 5: Gender equality, through target 5.c (Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels), and in particular indicator 5.c.1: Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment. The JP is aiming to address this thematic priority through the promotion and introduction of SDG-budget tagging guidelines. These guidelines would allow to track budget planning and execution across SDGs. Depending on the granularity of reporting, tagging would also allow to disaggregate budgetary allocations across other dimensions, including gender. Over time, this would allow to observe trends of investments that benefits women and girls. The two main national partners for taking these efforts forward are the Ministry of Finance and Economy and the Parliament of Albania. Initially, the JP's counterpart in the Parliament was the ad-hoc sub-committee on Sustainable Development. This sub-committee was not reconvened after the 2021 general elections. Since September 2021, the JP's interlocutor is the Committee on Economy and Finance. This change has caused some delays. Discussions with this Committee have begun in late Q4/2021.

SDG 10: Reduced Inequalities, through target 10.4 (Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality), and in particular indicator 10.4.2: Redistributive impact of fiscal policy. In collaboration with INSTAT – the national institute of statistics, the JP is exploring the possibility of including indicators 10.4.2 (Redistributive impact of fiscal policy) and 10.1.1 (Pro-poor public spending) in the SDG tracker it manages. This will require understanding whether INSTAT or other producers of official statistics in the country already collect the necessary data for calculating these indicators. If so, they will be included in the tracker starting 2022. The exploration will be completed in 2022.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

Due to the external challenges and delays described earlier in the report, target results on Outcome 2 and Output 4 were not achieved within the reporting period. Progress is expected during 2022.

Progress against JP-specific outcomes

The JP achieved some progress at the Outcome level, particularly on Outcome Indicator "Proportion of population covered by social protection floors/systems, by sex, gender, distinguishing children, unemployed persons, Roma and Egyptians, persons with disabilities, migrants, refugees, pregnant women, newborns, work-injury victims and the poor and the vulnerable." This indicator is linked to the adoption of a comprehensive social protection floor in Albania. The JP completed 7 analyses and briefs in the reporting period; it has another 4 studies in the pipeline. These will contribute to the wider discussion on social protection in Albania, including the social protection floor,

through the national policy dialogue series. The Outcome Indicator “Proportion of total government spending on essential services (education, health and social protection)” will be reassessed in 2022. The analysis of SDG-related budgetary spending during 2015-2019 indicated that the value of this indicator for the period was approx. 50% (equal to the baseline).

Progress against JP-specific outputs

Achievements of the JP at the output level are less visible, due to the delays experienced in the reporting period. However, some progress has been made across all output areas. Comparatively, the most visible achievements were made in Output 4, not only with the preparatory work on INFF, but also with the support provided to the Ministry of Finance and Economy in establishing the Policy Research Unit (PRU), as a dedicated unit for data-drive research and policy advice. Progress in Output 1 indicators is closely related to the progress at the Outcome level indicators. Assessment of the effectiveness of targeting of the cash assistance program will be finalized in early 2022. Progress in Output 2 was focused on the development of the training material for capacity development of local municipal staff. The call for expertise for screening legislation on funding of mandates at the local level and EU acquis compliance assessment was launched in Q4/2021; however, identification of the appropriate expertise is taking longer than expected. Output 3 will be a main area of focus during 2022. The consolidation of PRU will provide the adequate institutional anchor to pilot a micro-simulation exercise for testing different policy scenarios and behavioral insights.

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

The JP is implemented by participating PUNOs through the Delivering as One mechanism and brings forward a cohesive and coordinated UN approach to avoid overlapping and maximize synergies and results. In fact, PUNOs have been committed to the vision of Delivering as One throughout the JP implementation. They have organized periodic meetings to update each-other on the state of progress of the activities they are implementing/leading. Some activities are co-designed and co-implemented by two or more PUNOs. The rationale behind this has been to capitalize on the respective strengths and expertise. For instance: ILO has taken the lead in activities pertaining to fiscal space and some aspects of social protection, such as targeting of the cash assistance programme and long-term care, with the latter being further complemented by the work done by UNFPA on old people and loneliness; UNICEF in conjunction with UN Women have worked on aspects of social protection that concern children and women; joined by UNDP, the three will conduct a micro-survey study on the perceptions and attitudes of social protection beneficiaries; UNICEF has worked primarily on capacity building at the municipal level, aided in part by ILO and with upcoming studies to be conducted by UNDP; all PUNOs will contribute to at least one theme of the national policy dialogue series; UNDP leads the work on INFF, with UNICEF and UN Women contributing to the process; and finally, UNDP and UNICEF will both work on activities with the Parliament of Albania.

Activities of the JP have been included in the Joint Work Plan of UN in Albania to reflect the alignment with the work done by UN in the country.

Lastly, in communicating with other parties, including the JP’s Steering Committee members, PUNOs typically refrain from using language that identifies which PUNO implemented each activity (unless necessary to the discussion). Rather, they refer to PUNOs as JP team members, further driving the point that we are truly delivering as one.

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

JP activities have been implemented in partnership with government actors, at both national and local level. In particular, strong partnerships have been established with the Ministry of Finance and Economy, Ministry of Health

and Social Protection, Parliamentary Committee on Economy and Finance, and select municipalities, as related to the respective activities. Communication around INFF was maintained with the Department for Development and Good Governance in the Prime Minister’s Office, which coordinates the drafting of the National Strategy for Development and Integration (2021-2030). In late 2021, the new State Agency for Strategic Planning and Aid Coordination was created. It is likely that coordination on INFF will need to be shifted to this new agency in upcoming months. Regarding the work with the Parliament, the JP is coordinating with UNRC and IPU, which has collaborated with UN on joint activities in the past. Additionally, UN works closely with WB and engages in a regular dialogue with the Delegation of the EU to Albania to ensure coherence of approaches and to build strong alliances to advocate with Government for progressive investment in the SDGs.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	Yes	No

Comments on additional financing secured: JP activities have been implemented in partnership with government actors, at both national and local level. In particular, strong partnerships have been established with the Ministry of Finance and Economy, Ministry of Health and Social Protection, Parliamentary Committee on Economy and Finance, and select municipalities, as related to the respective activities. Communication around INFF was maintained with the Department for Development and Good Governance in the Prime Minister’s Office, which coordinates the drafting of the National Strategy for Development and Integration (2021-2030). In late 2021, the new State Agency for Strategic Planning and Aid Coordination was created. It is likely that coordination on INFF will need to be shifted to this new agency in upcoming months. Regarding the work with the Parliament, the JP is coordinating with UNRC and IPU, which has collaborated with UN on joint activities in the past. Additionally, UN works closely with WB and engages in a regular dialogue with the Delegation of the EU to Albania to ensure coherence of approaches and to build strong alliances to advocate with Government for progressive investment in the SDGs.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Organized in 2020	No	No

Number of strategic documents produced by the JP: 9

Number of strategic documents contributed by the JP: 3

Number of communication materials produced: 6

2022 Plans & Way Forward

JP priority activities & expected results for 2022

During 2022, the JP will focus on accelerating delivery to make up for delays experienced in 2021. Output 1: In addition to finalizing the studies and assessments that are in progress, the JP will conduct the series of high-level national policy dialogue events on social protection and sustainable development. These events will bring together policymakers and stakeholders across thematic areas. The timeline of events will be finalized in Q1/2022. Output 2: the JP team will deliver the postponed capacity building sessions for an efficient and effective use of

revenues and resource to plan and deliver social protection services to municipal staff. Output 3: The JP will pilot a microsimulation exercise with the Policy Research Unit (PRU) of the Ministry of Finance and Economy, assessing different scenarios on a chosen policy. In collaboration with INSTAT, it will determine whether fiscal redistribution SDG indicators: 1.b.1 and 10.4.2 can be included in the SDG tracker. Output 4: Efforts will center on finalizing and disseminating the INFF, consolidating PRU as an institutional “anchor” for research, and collaborating with the Parliamentary Committee on Economy and Finance on introducing guidelines for SDG-budget tagging. To achieve the JP results, PUNOs will request a 5-month no-cost extension.

3 major transformative results that will be achieved by the end of the JP

The three major, transformative results expected to be achieved by the JP include: 1) Broad dialogue on social protection and sustainable development in Albania – the JP team expects that the national policy dialogue events will provide the fora for open and comprehensive discussions on social protection in Albania, that will be conducive to a decision on the social protection floor. 2) Finalization of the INFF – The INFF Financing Strategy will be the first national strategic document that will apply an integrated approach between programming and costing on the one hand, and financing options on the other. The JP intends to support the national actors involved in the INFF drafting process in embedding the lessons learned from this experience into other strategic planning processes/exercises, so that the “integrated thinking” can become a standard practice in policy design. 3) SDG-budget tagging – The introduction of the SDG-budget tagging guidelines would allow to track budget planning and execution across SDGs. Depending on the granularity of reporting, tagging would also allow to disaggregate budgetary allocations across other dimensions. Over time, this would allow to observe trends of investments in specific issues and/or population groups and their impact on outcomes, thus making it possible to improve future allocations.

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)