



Joint Programme 2022 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Albania

Reporting Period: 1 January - 31 December 2022

JP title: Strategic Policy Options for SDG Financing

Stakeholder partner: National Government; Sub-national Governments; Parliamentarians;

Thematic SDG Areas: Decent jobs & universal social protection;

PUNOs: UNDP, UNICEF, ILO

Top- up received as part of DEM: No

Total estimated expenditures: US\$ \$ 598,468.0

Total estimated commitments (including expenditures): US\$ \$ 732,010.0

Gender Marker: Gender-responsive (for example, the JP aimed to respond to specific gender needs, such as linking social assistance with GBV response services or maternal health support)

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Executive Summary

2022 was a year of consolidation for the 'Support to SDG Financing' JP. Considerable progress was made in achieving its results, making up for the delays experienced in 2020-2021. Notably, the JP:

- Completed several studies and assessments, generating knowledge for policy advocacy. Important knowledge products include a survey on loneliness and older persons; a study on the challenges for long-term care for the elderly in Albania; a report on the reform of the Economic Assistance Programme; an update on the fiscal space analysis that accounts for the effects of the November 2019 earthquake and the COVID-19 pandemic; a study on universal child-care; a study on financing a social protection floor for vulnerable women girls and children in Albania; a review of the legislation regulating the funding of mandates at the local level; a study of the Social Fund.

Findings from these studies have been shared with stakeholders through policy dialogue events. They have spurred additional collaborations, such as an invitation to contribute to the drafting of the annual progress report on the implementation of the National Social Protection Strategy 2019-2022, and the development of the National Social Protection Strategy 2023-2030. In addition, support provided to the Ministry of Finance and Economy in establishing a Policy Research Unit and creating a platform for data analysis moved into the web design and testing phase.

- Delivered capacity building activities to 189 participants, through a training on social security contribution collection and compliance of rural workers in Albania (30 social security experts and Ministry staff); and trainings of 159 staff in 10 municipalities to increase their skills on efficient and effective use of revenues and resources for delivering gender responsive social services.
- Deepened collaboration with the Parliament by organizing capacity building events for MPs on their role in advancing the 2030 Agenda and for SDG budget scrutiny.
- Advanced the INFF drafting process by completing the work on the assessment and diagnostics building block through an exhaustive process of consultations and validation with relevant stakeholders. Developments in the national context and the compounding effects of on-going global crises diverted the attention of institutional partners, hindering the ability to convene the Inter-ministerial Committee on Sustainable Development that will lead the decision-making on the INFF financing strategy, governance, and monitoring mechanisms.
- Complementary to the work on INFF, the JP is supporting an SDG budget tagging exercise for the 2023 public budget.

Annual Progress

Overall JP self-assessment of 2022 progress:

On-track (expected annual results-achieved)

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

2022 was a year of consolidation for the JP. Notably, the team was able to deliver results in the following areas:

- Knowledge generation for policy advocacy – The JP embraced a strong knowledge-centered approach since its design. In the reporting period, the JP produced several studies and analyses that have informed other activities and have contributed to exchanges with national partners in policy dialogue events, including:
 - o A survey on older persons and loneliness and a policy study on long-term care for the elderly, launched in a forum with the Ministry of Health and Social Protection. The forum catalyzed MHSP to request the commission a pilot study for establishing a database of long-term care needs of the elderly – clear example of how JP research fostered action.
 - o A report on the reform of the Economic Assistance Programme, presented at dedicated forum.
 - o An update on the fiscal space for social protection in Albania, building on a previous assessment and including implications of the November 2019 earthquake and the COVID-19 pandemic on the economy, labor market, and public finance.
 - o A study on the feasibility of universal childcare and one on the fiscal space for a social protection floor for vulnerable women, girls and children in Albania, to provide tangible evidence on the effects of gender-sensitive public investment on who benefits from childcare and job creation.
 - o A legislative review of laws regulating the funding of mandates at the local level (currently being edited before publication in Albanian), as well as an assessment of the Social Fund instrument (in Albanian).

These research efforts have also led to direct engagement in policy drafting: UNICEF is providing support to MHSP for drafting of the annual progress report on the implementation of the National Social Protection Strategy 2019-2022 and will support the costing and budgeting of the National Social Protection Strategy 2023-2030, aiming to address shock responsive social protection and to foster a shift towards universal coverage.

UNDP's support to Ministry of Finance and Economy for the establishment of the Policy Research Unit ended in December 2022. JP support allowed PRU to scope, collate, and structure data produced by MFE itself, INSTAT, and line ministries into a series of metadata frameworks and datasets. These will gradually populate a platform currently being developed by MFE and the National Agency on Information Services.

- Delivered capacity building 11 activities to 189 attendees through:
 - o A training for 30 experts of the Institute of Social Security Albania (ISSH) and Ministry staff on social security contribution collection and compliance of rural workers in Albania.
 - o Training 159 municipal staff (71%F) in 10 Municipalities to increase knowledge and skills on efficient and

effective use of revenues and resources to plan and deliver gender responsive social services.

- Deepening collaboration with Parliament, the JP and Parliamentary Subcommittee on Sustainable Development co-organized a retreat on the role of MPs in advancing the 2030 Agenda, attended by 14 MPs and Parliamentary staff. Building on this event, the JP co-organized a follow-up training on SDG budget scrutiny attended by 10 MPs.

- Delivering on Integrated National Financing Framework was one of the JP priorities in the reporting period. The DFA methodology was used to complete the assessment and diagnostics component. Its preparation followed an exhaustive process of consultations and validation with relevant stakeholders. The report (currently in editing) provides an overview of the financial flows available to Albania, shedding light on their volume and historical trends, thus allowing to identify emerging areas of opportunity. It provides relevant insights for moving into other building blocks. More information is provided later in the report.

In addition, the JP is supporting as SDG budget tagging exercise for the 2023 public budget.

Main Challenges, adjustments and lessons:

During 2022, the JP made concerted efforts to make up for the delays experienced in 2020-2021, caused by the prolonged effects of the Covid-19 pandemic and the 'institutional slowdown' following the April 2021 general elections until the appointment of the new Government Cabinet.

At the start of reporting period, when the pressures related to the pandemic seemed to ease, the JP experienced some new momentum. Unfortunately, this was short-lived, as the start of the war in Ukraine presented an unexpected challenge and created new pressures. Though the impact of the war in Albania is indirect, manifesting primarily through inflationary effects, responding to the new context has taken the priority for national counterparts.

In order to relieve some of the burden caused by price hikes, Government has taken measures such as the provision of extraordinary cash assistance to families, impacting public spending yet again.

In this context, despite the high interest of national partners in the JP, developments in the national arena and the compounding effects of these crises have diverted their attention.

Nevertheless, the JP continued to carry out studies and assessments related to Output 1 and 2, engaging relevant stakeholders in the process; made progress in the delivery of capacity building activities in Output 2; deepened collaboration with the Parliament, accelerated data collection and research within the Policy Research Unit of the Ministry of Finance and Economy, completed the DFA, and will deliver an SDG-based analysis of the 2023 public budget in fulfillment of Output 4.

The most significant adjustment the JP had to undertake relates to Output 3, given the little-to-no interest that national partners displayed in the microsimulation exercise. This was due to the high effort required from Ministry staff in a context of other, pressing urgencies and long delivery times. Yet, lack of engagement from stakeholders makes such exercises very theoretical and not useful. Combined with the indications from DFA findings, the JP explored the possibility of preparing an SDG Investor Map for the country in lieu of the microsimulation exercise. We believe that the SDG Investor Mapping process not only embodies the innovative and data-centric ethos of Output 1.3, but it also complements the array of instruments necessary for boosting SDG Financing in the country.

SDG Acceleration

The JP aims to contribute to SDG 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 research work and the

organization of national policy dialogue events, by contributing to the progress reporting and drafting of the National Strategy on Social Protection, and training of municipal staff.

A key tool for addressing SDG target 5.c is the introduction of SDG-budget tagging guidelines. Such 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 benefit women and girls. The two main national partners for taking these efforts forward are the Ministry of Finance and Economy (MFE) and the Parliament of Albania.

In the reporting period, the JP obtained MFE’s approval to conduct an SDG-tagging exercise of the 2023 public budget, as part of the 2023-2025 MTBF. In addition, it delivered a training to MPs on SDG-focused budget scrutiny. PUNOs are using the successful experiences of Albanian authorities in applying gender-responsive budgeting as an entry point for discussing the broader concept of ‘Public Budgets for SDGs’. These initiatives have increased the awareness of national partners in applying an SDG-lens to their processes.

The JP aims to address SDG target 10.4 by exploring the possibility of including indicators 10.4.2 (Redistributive impact of fiscal policy) and 1.b.1 (Pro-poor public spending) in the Institute of Statistics (INSTAT) SDG tracker. To that end, it is necessary to identify whether INSTAT or other producers of official statistics in the country do / can collect the necessary data for calculating these indicators. In the reporting period, exchanges with INSTAT were placed on hold due to the postponement of the upcoming Population Census (an essential data source for the above-mentioned indicators; its new starting date has yet to be confirmed). Updates will be provided in 2023.

Updates on SDG financing framework

	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Inception phase	Completed (100%)	Emerging (1-49%)	Emerging (1-49%)	Advancing (50-99%)

Descriptions on progress by INFF building blocks

Inception Phase:The INFF inception phase in Albania began in 2021. A first outline of the inception report and preliminary roadmap were drafted by the JP team. In Q4/2021, an expert team (composed of a team leader, a governance expert, a public finance expert, and a data analyst) was contracted. It was joined by an international expert in Q1/2022. The team consulted with national actors, including the Prime Minister’s Office (PMO) and the Ministry of Finance and Economy, to consolidate the inception report and roadmap before they could be reviewed and endorsed by the INFF oversight body. However, institutional changes initiated at that same time within PMO have hindered the ability of the JP to convene a meeting of the INFF oversight body (outlined in more detail in the following responses). Given this context, it was decided to approach the Inception Phase and Assessment & Diagnostics building block jointly.

Assessment & Diagnostics: The Assessment and Diagnostics exercise was completed through the Development Finance Assessment methodology. The team of experts conducted a thorough review of national policy documents, public financial management policies, and development plans; consulted previous reports and assessments on SDG implementation progress and SDG-related spending; and collected secondary data on financial flows and expenditures. In addition, relevant stakeholders, including line ministries, the Bank of Albania, the Institute of Statistics, as well as other financial institutions and oversight bodies, were engaged in an exhaustive process of bilateral and multilateral consultations. The resulting in-depth, quantitative analysis provides an overview of the financial flows available to Albania – domestic and international, public and private – shedding light on their volume and historical trends, thus allowing to identify emerging areas of opportunity. Findings have been validated through stakeholder workshops, where participants have appreciated the bird’s-eye view approach of the INFF assessment and diagnostics. In addition to the quantitative data collection, the analysis helped to gain insights on:

Data collection needs (data gaps to be filled in the future), particularly regarding private sector flows; Coordination needs between the various actors and levels of government, which will inform the upcoming INFF governance and coordination discussions; Opportunities for leveraging and mobilizing additional financing for development. The analysis suggests that, while improving efficiencies in public finance and fiscal consolidation are necessary, they will not be sufficient to finance the entire range of development priorities. It will be crucial to mobilize domestic private finance, particularly in strategic sectors, through innovative financial tools. These insights will inform the INFF Financing Strategy and have the potential to spill over into other national policies and frameworks, particularly MTBF. The report is currently in editing. A summary presentation has been enclosed in the report submission.

Financing Strategy: The INFF Financing Strategy is expected to be finalized later in 2023. Developments in the national context and the compounding effects of on-going global crises diverted the attention of our institutional partners, hindering the ability to convene the Inter-ministerial Committee on Sustainable Development that should lead the decision-making on the orientation of the Financing Strategy. The Inter-ministerial Committee on Sustainable Development is a collegial body, chaired by the Deputy Prime Minister and comprising key government institutions, as well as other stakeholders from the business community, civil society, academia, and international organizations. Institutional changes within the Prime Minister's Office (PMO), which occurred in December 2021 and led to the creation of the State Agency for Strategic Planning and Aid Coordination (SASPAC), have not yet clarified the mechanism for convening this Committee. As such, no Committee meetings could be held in the reporting period, thus delaying decisions on the INFF Governance and Coordination, Monitoring and Review Mechanisms, and Financing Strategy. In the interim, the JP has maintained dialogue with PMO and SASPAC, while working to identify other institutional mechanisms for overcoming this obstacle in 2023.

Monitoring & Review: N/a. Development of the INFF Monitoring and Review Mechanism will take place later in 2023. Partly pending due to the need for clarifying Governance and Coordination, as outlined in Question 18.

Governance & Coordination: Details on the INFF Governance and Coordination are in process of clarification. The INFF oversight body is expected to be nested within the Inter-ministerial Committee on Sustainable Development. This Committee is chaired by the Deputy Prime Minister and comprises key government institutions, as well as other stakeholders from the business community, civil society, academia, and international organizations. Institutional changes within the Prime Minister's Office (PMO), which occurred in December 2021 and led to the creation of the State Agency for Strategic Planning and Aid Coordination (SASPAC), have not yet clarified the mechanism for convening this Inter-ministerial Committee. As such, no Committee meetings could be held in the reporting period, thus delaying decisions on the INFF Governance and Coordination, Monitoring and Review Mechanisms, and Financing Strategy. In the interim, the JP has maintained dialogue with PMO and SASPAC, while working to identify other institutional mechanisms for overcoming this obstacle in 2023.

Annual Reporting on Results

JP contributions to the Joint SDG Fund's global cost of living crisis

Next steps, scaling and sustainability [400 words]

During 2023, the JP will focus on finalizing its activities and ensuring the sustainability of its results.

Priorities for the next reporting period center around three main elements:

1) Finalization of INFF and increased focus on financing for development, targeting both national and international partners: 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.

In addition, collaboration with Parliament will continue with the aim of further strengthening the role of MPs in SDG scrutiny of legislation and budgets.

Finally, the JP seeks to engage other international partners to support financing efforts based on their respective domains of collaboration with Albanian institutions.

2) Capitalization on lessons learned from all the knowledge products developed by the JP to provide evidence-informed input to policy discussions. This will be done through consultations and national policy dialogue events. As such, the knowledge generated through the JP can reach and be used by multiple stakeholders.

3) Ensuring the JP contribution to strategic documents, such as the National Social protection Strategy 2023 – 2030, addressing issues including strategy financing, options for a shock responsive social protection system, social protection floor in Albania.

As it has been our practice so far, the JP will continue to pay particular attention to the ownership and sustainability of the JP results. To that end, PUNOs will continue to apply – 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.

The JP team is deliberate in taking a facilitative role in all its activities, guiding stakeholders in discussions based on evidence, and in response to the context and particular challenges.

Finally, suggested solutions will try to make use of existing processes, platforms, and systems, in order to avoid duplications and increase efficiencies.

Priority Cross-cutting Issues

Cross-cutting results/issues

A major assumption underpinning this JP is that accelerating SDGs in Albania requires investing in human capital and social cohesion. The Covid-19 pandemic and the inflationary effects of the war in Ukraine have 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. Moreover, consistent efforts have been undertaken to mainstream gender in macroeconomic policies, particularly those pertaining to social services and social protection.

Research conducted by the JP in 2022 helped to expand the discourse on care infrastructure and to address intersectionalities of discrimination that mostly impact vulnerable women. Currently, PUNOs are jointly conducting a study to investigate the perceptions of cash assistance beneficiaries on the process by which the benefits are received and their impact on gender roles and decision-making practices in the family unit.

In the same vein, PUNOs are collaborating to ensure the engendering of the INFF process and resulting Financing Strategy. Similarly, PUNOs are using the successful experiences of Albanian authorities in applying gender-responsive budgeting as an entry point for discussing the broader concept of ‘Public Budgets for SDGs’.

How did the JP apply the Gender Marker

The JP is Gender-responsive (for example, the JP aimed to respond to specific gender needs, such as linking social assistance with GBV response services or maternal health support). Evidence, data collection and analysis (e.g. gender assessments of programmes; policy briefs, costing for scale-up of social services); Policy dialogues, advocacy (e.g. direct inputs to national policies, strategies, laws, including women’s and girls’ rights groups in coordination mechanisms); Capacity development (e.g. training of social workers, local governments, local communities);

Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
No	No	Yes	Yes

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 Subcommittee on Sustainable Development, and select municipalities, as related to the respective activities.

In addition, communication around INFF was also maintained with the State Agency for Strategic Planning and Aid Coordination, which coordinates the drafting of the National Strategy for Development and European Integration 2022-2030 (i.e., the national development plan).

Regarding the work with the Parliament, the JP has maintained coordination with UNRCO and the Inter-Parliamentary Union, which has collaborated with UN on joint activities in the past.

Additionally, the JP has built on UN’s existing collaborations with other international partners, such as World Bank and Delegation of the EU to Albania, to engage them in constructive dialogue, ensure coherence of approaches, and build strong alliances to advocate with Government for progressive investment in the SDGs.

Donor and Strategic events attended by JP in 2022

JP steering committee/ programme board meeting	Strategic partners/ donors event	Closing meeting/ event
Yes	Yes	No

JP contribution to SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in management programmes/schemes	Improved effectiveness of (value for money; social impact of \$1 spent) sector investment on the SDGs	Drafted policies/regulatory frameworks i.e. developed tools to incentivize private investment on the SDGs	Structured financial instruments (public, private or blended) to leverage additional funding
No	Yes	No	Yes	Yes	No

Main capacity building activities supported by the JP that allowed people to expand their knowledge on SDG Financing and INFFs

As part of the collaboration with the Parliamentary Subcommittee on Sustainable Development, the JP supported the organization of capacity building activities for MPs. These included:

- A retreat on the role of MPs in advancing the 2030 Agenda: The event had a dual goal of revitalizing discussion on the 2030 Agenda in the new legislature, as well as supporting the Parliamentary Subcommittee in orienting its priorities for 2022. It was attended by 14 MPs and Parliamentary staff,
- A follow-up training on SDG budget scrutiny, co-organized with the Inter-Parliamentary Union, and attended by 10 MPs of the Parliamentary Committee on Economy and Finance and Parliamentary Subcommittee on Sustainable Development.

(20 individual participants in total).