

**USAID/ALBANIA**  
**ANNUAL REPORT 2002**

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## **PART 3. FY 2001 PERFORMANCE NARRATIVE**

### **SECTION 1: OVERVIEW**

**Background:** Albania is transitioning from a centralized planned economy to a free market democracy. The economy remains largely agricultural, with agriculture accounting for over half of the total GDP. Industry and services contribute 25 and 22 percent, respectively, to the GDP. The Government has privatized nearly all of its small and medium-sized enterprises and plans to sell significant strategic assets over the next two years. Despite some recent improvements, the Albanian government continues to have difficulty in establishing an effective system of rule of law. Albania's poorly developed public institutions, weak civil society, deteriorated infrastructure, and fragile economy constitute serious impediments to its transformation. The public health system remains the least developed in Central and Eastern Europe. It suffers from poor planning and weak management capacity. In many respects, the country has moved beyond short-term transition issues to a focus on medium and long-term development.

**Country Factors:** Albania continues to post encouraging economic gains; the inflation rate has remained between 3 and 4 percent. Official statistics showed a gross domestic product (GDP) increase of approximately 8%, compared with a 7.7 % average for the previous three years. Official unemployment in CY 2001 decreased by three percent, from 18% to 15%, although unofficial estimates are almost double these figures. The dependence on agriculture creates wide seasonal swings in unemployment rates. On the down side, a considerable amount of income from criminal and unlicensed, non-criminal activities goes unreported and untaxed. In addition, Albania's economy in 2001 continued to rely heavily on remittances from workers abroad (estimated at \$1 million a day), foreign assistance from donors, and a mostly subsistence level output from the agricultural sector, which generates 52% of official GDP and employs about 60% of the workforce. One large uncertainty that looms over the horizon is the critical shortage of electrical power. The electricity shortage is already having a major economic impact as businesses and industries have had to curtail or completely stop production. Since over 98% of all electrical power is by hydro-electrical generators, and the regional drought continues, the government's tactic of buying electricity from neighbors is tenuous, at best. We anticipate that the governments' political strength will be tested over this issue in the future.

**Summary of Progress:** Performance toward meeting USAID Strategic Objectives in FY 2001 continued to show positive outcomes. USAID's operations continue to play an important role in major sectors of Albanian society. USAID funded contractors and grantees, supported by USAID policy dialogue, have accomplished the following:

- USAID-supported agricultural clients invested \$6.8 million of their own funds in two years to improve operations and expand market share, disproving the notion that debt is the primary source of business financing in Albania.
- USAID-funded micro credit program has a repayment rate of 98% on 5,000 outstanding loans worth over \$6.5 million.
- The U.S. Department of Commerce rates Albania trade policies and access by American businesses as the most liberal within the Balkan Region.
- Passage of a new NGO Law on Nonprofit Organizations, and accompanying Civil Code amendments created a sound legal and regulatory environment for Albania's NGOs.
- Parliamentary elections of 2001 were calm, reasonably fair and open, and the results were generally accepted by the citizens and the international community.
- Parliament approved the law "On the Organization and Functioning of the Local Governments". USAID facilitated the necessary preparatory work.
- USAID assisted the creation of the "Albanian Coalition Against Corruption," which involves civil society (through NGOs) in the fight against corruption in the government.
- Three new partnerships (alliances) were established between American and Albanian health care entities, especially to improve health care to women and children.

- The Albanian Women's Reproductive Health activity expanded to 10 of the 36 districts in the country. It trained over 1,400 health service providers in clinical family planning methods, logistic management support, and STI/HIV infection prevention.

**Plans and Prospects for Further Progress:** Efforts to create the conditions for sustainable economic growth now dominate USAID/Albania's portfolio. USAID's assistance will continue to focus on the private sector, particularly agriculture. Support to farmer associations will focus more attention on women-owned and operated enterprises. Developing micro-credit programs that respond to private-sector needs will be a priority. Support to land titling will continue as will support of bank supervision activities and other financial sector developments. Efforts will continue to improve the commercial regulatory and legal framework and to support World Trade Organization post-accession issues and customs reform.

The Mission continues its support for the emergence of sustainable local government; encouragement of the central government's decentralization efforts and the development of a viable civil society. Helping the GOA to solidify the rule of law – including efforts to fight corruption - continues to be a major thrust. Ongoing assistance to media, local government and NGOs will support citizen awareness and participation in the democratic process. USAID will continue efforts to improve primary health care services through training, public awareness, and increasing service delivery points. Lastly, the Mission significantly increased its emphasis on the trafficking of women issue. Several programs integrating shelter, training and re-integration activities are underway.

## **SECTION 2: PERFORMANCE BY STRATEGIC OBJECTIVE**

**STRATEGIC OBJECTIVE :** 182-0130, Growth in Number of Self-Sustaining Enterprises.

**Mission Self-Assessment:** Meeting expectations

**Summary:** This SO links to Agency's Objectives 1.1, Critical, private markets expanded and strengthened; 1.2, More rapid and enhanced agricultural development and food security encouraged, and 1.3, access to economic opportunity for the rural and urban poor expanded and made more equitable. It also links with E&E's SAA#1, Economic Restructuring and Growth, and the MPP goal to Promote Economic Growth through Broad-Based Growth and Free Market Institutions. Starting from an economy with no private businesses in 1991, Albania's economy is increasingly dominated by the private sector, although the informal sector still comprises an estimated 40 to 50 percent of GDP. The GOA nearly completed privatization of its small and medium-sized enterprises. Some privately owned light manufacturing is emerging, and private sector construction increased significantly. Agriculture, characterized by small holder farms predominately growing subsistence crops and forage for a few farm animals, is largely seasonal and currently accounts for over 50 percent of GDP and 60 percent of employment.

This SO assists the agriculture and private enterprise sectors to achieve sustainability through technical assistance, business services, training and technology. Efforts to improve the legal and regulatory environment for investment and growth and to register land and immovable property are helping build an enabling environment for business. Facilitation of non-bank lending opportunities is the third element of USAID's assistance to private enterprise development. USAID is helping Albanians build agribusiness associations for producers and processors that provide agricultural extension courses, advocacy, information sharing and network building, and increase access to credit.

Bank lending continues to be constrained, despite the lifting of credit limits and the abolition of minimum rates on some deposits. Credit risks and lack of transparency of businesses make the private banks cautious about lending. Private banks lend only about 40 percent of their deposit base. The significant increase in deposits (about 38%) indicates greater confidence in the banking system. Remittances of over \$1 million a day flow through Italian, Greek and Turkish banks.

**Key Achievements:**

- (1) *Economic Value of Selected Agriculture and Livestock Products Increased.* This describes the growing economic contribution of the agriculture sector by measuring the monetary value of increased exports and gain in domestic market share. This value increased by 3.2 % compared with CY 2000.
- (2) *Sustainable Agriculture Associations Developed.* Agricultural associations provide production and marketing information, represent member interests before government and parliament, and develop quality standards for member's products. The emergence of sustainable associations is critical to the growth of agribusinesses. Six of the 17 associations assisted by USAID became organizationally and financially sustainable in 2001.
- (3) *Number of Financially Successful Small and Medium-Sized Businesses Increased.* This is the number of USAID-assisted business clients that establish businesses and become financially sustainable. During the past year, there was a 14% gain in the number of these businesses that achieved a positive cash flow and were judged to be financially viable.
- (4) *Financing of Small and Medium Businesses Increased.* This measures the number of loans made by banks and other financing sources to USAID client businesses. This is the first year for this indicator, and 1,983 micro loans were made in 2001, totaling over \$3.8 million. Experience is showing that USAID assistance before and during the loan period (technical assistance and training) has increased banking confidence and led to processing more loans.
- (5) *Deposits held by private banks.* This measures confidence by the public in newly formed private banks. Yearly increases would indicate increasing confidence and growth in disposable income. In the next several years, deposits in private banks will also reflect the effects of privatizing the remaining state bank. Between 2000 and 2001, bank liquidity in Albania increased by 19 percent.

**Impact of the Performance:** Agribusinesses are critical for a structurally sound economy. Albanian producers and processors over the past year have regained a large portion, up to 70 percent, of the domestic market. This is 18 percent more than last year. Banks recognize the value of lending to USAID client agribusinesses. USAID agriculture clients received \$2.5 million in loans over the past two years for business expansion and operating capital. The dairy sector is vertically integrating, beginning with our micro credit program working with the livestock program to enable small farmers to purchase quality milk cows. Payment by milk stations is based on butter fat content and freshness. Presently, the USAID dairy activity works with over 10,000 small farmers, of which about 9,700 are women.

There has been a tremendous shift in the attitude of banks. After a disastrous pyramid scheme experience, the banking sector was nearly inactive. A concerted international donor effort in the banking sector has begun to pay dividends. The concentration of technical assistance and training to the Bank of Albania and Savings Bank restored depositor confidence in the banking system. Deposits rose by 19 percent. In 2001 USAID's micro credit program had less than a 2 percent default rate. USAID resources build on these loans and shift emphasis from central government controlled programs to private sector development.

**Beneficiaries:** The economic growth portfolio encompasses banking, energy, immovable and movable property registration, banking supervision, micro credit, small and medium business development, trade, business and economic education, agribusiness development, participant training and environment. Micro, small and medium business entrepreneurs and employees benefit from access to business counseling and credit. Albanian students and faculty benefit from the economic and business education programs. Consumers and depositors are confident of food quality and banking sector stability. And small farmers and herders receive higher payments for higher quality milk and agriculture products.

**Challenges of the SO:** Despite these performance examples and emphasis on private sector development, the rapidly changing political situation in the Government retards economic growth. The many years of electricity sector neglect now cause prolonged blackouts. Production costs rise as businesses must rely on private generators.

The three pronged emphasis on agriculture, banking and business development remain valid since the emphasis is on private sector development. However, the lack of electricity and delays in privatization are of concern to foreign investors. Delays in completing first registration of land parcels impede development of an active land market.

**STRATEGIC OBJECTIVE:** 182-021, Increased Involvement of Civil Society in Economic and Political Decision-Making

**Mission Self-Assessment:** Meeting Expectations

**Summary:** Activities under this SO link with the Agency's Democracy Framework objective 2.3, *The development of politically active civil society promoted*, E&E Bureau's SAA#2, Democratic Transition, and the MPP goal of Developing Democratic Political Institutions and Regional Stability. Albania's society today continues to reflect the country's need for considerable assistance to enable it to complete the transition to an open and free democratic republic. USAID's efforts continue to focus on: 1) improving the electoral process, 2) promoting political party development, 3) enhancing parliamentary operations, 4) strengthening Albanian civil society organizations/NGOs, and 5) supporting an independent media.

USAID played a leading role within the donor community in supporting free and open elections. Successful parliamentary elections were held in June of 2001, which were considered relatively open, fair, and free of abuse. These efforts benefit a wide range of politically active men and women by strengthening the organization of NGOs, as well as the linkages among them, developing the skills of young party leaders, and encouraging the growth of independent broadcast media. Other programs emphasize the importance of the diversity of opinions, non-violent conflict resolution, and the value of public participation. SO2.1 is a complex and multi-faceted set of efforts seeking to better inform citizens as well to increase their participation in the political process.

**Key Achievements:**

*(1) Parliamentary elections conducted that were certified by monitors as free and fair.* Although a national voter registration list was not fully compiled, the national elections were held on schedule. The election was deemed "mostly" free and fair by independent observers and accepted by the Council of Europe.

*(2) Number of Non-governmental organizations (NGOs) participating in policy formulation and implementation.* The number of NGOs influencing policy formation and implementation has continued to increase. However, only a few are beginning to become more mature members of civil society capable of petitioning members of Parliament for the needs of their constituents in local communities. During parliamentary elections over 25 local NGOs were mobilized in elections monitoring throughout the country.

*(3) The NGO Sustainability Index has rebounded after a decline in 1999.* Over the year 2001 Albania has made positive strides towards stabilizing the NGO community. With the end of the Kosovo crisis, a strengthening of public order and a peaceful round of local elections, the NGO Index has improved from 4.8 in 2000 to 4.6 in 2001.

*(4) Increased local participation in civil society.* USAID has directly supported activities targeted at increasing participation in civic action programs ensuring openness and accountability in elections and expanding the knowledge of democratic processes in local communities along with identifying potential political leaders at this level. In 2001 USAID-funded meetings, workshops and training on various topics of civil society for about 5,500 Albanian participants in three districts.

**Impact of the Performance:** After support and monitoring by the international community, the parliamentary elections of 2001 were deemed to be reasonably fair and free, despite some irregularities, especially in the run-off rounds. The international community accepted the result. The civil society has been organized through establishing the Albanian Coalition Against Corruption with a growing

membership comprising more than 60 NGOs. The Coalition intends to raise awareness of the costs of corruption, enhance citizen participation in governmental decision making process and promote transparency and accountability in government operations. The recent establishment of the Albanian Center on Change and Conflict Management will enhance the ability of NGOs throughout Albania to work more cooperatively with each other and with the local government, business and other sectors.

**Beneficiaries:** The direct beneficiaries of activities under this strategic objective are Albanian NGOs, Albanian Civil Society and the Albanian public at large.

**Challenges of the SO:** One difficulty that will be addressed in the near future is the sustainability of the NGO community in Albania. This community is supported through international donors, with very little funding through private (and other non-governmental) sources. As conflicts arise in the region, the direct resource flow to Albania has been very erratic, making long term programming, planning and implementation nearly impossible.

**STRATEGIC OBJECTIVE:** 182-022, Legal Systems that Better Support Democratic Process and Market Reforms

**Mission Self-Assessment:** Meeting Expectations

**Summary:** Activities under this SO link with the Agency Democracy Framework objective 2.1, *Rule of Law and respect for human rights of women as well as men strengthened*, E&E Bureau's SAA#2, Democratic Transition, the MPP goal of Developing Democratic Political Institutions and Regional Stability. USAID is strengthening the development of democratic legal institutions, facilitating the adoption of an accompanying legal framework in line with international norms, supporting a cadre of trained judicial and legal professionals, and working to increase access to justice for ordinary Albanians. The great challenge for Albania is to devise a power-sharing system of political participation by all of the various constituencies in the country that is transparent and accountable. The need to develop democratic political institutions extends to passing new legislation consistent with the democratic process, the open and free election of public officials, and enhancing the operation and efficiency of the judiciary by improving training for judges and lawyers.

Albania adopted a democratic constitution by popular referendum in November of 1998 and have been implementing it over the last two years. A newly independent judiciary was installed and an independent association of judges was created, along with a high council of judges charged with appointing new judges or disciplining corrupt judges. Despite the improvements, the judiciary remains the weak link in the rule of law chain.

**Key Achievements:**

*(1) Access to justice increased.* USAID has provided increased access to justice through the free legal consultations provided through non-state entities such as the Tirana Legal Aid Society, the Women's Bar Association, and the Woman's Advocacy Center. While improved access is sought for all citizens, conscious efforts in support of women's issues have been emphasized, resulting in increased access for everyone. More than 35 cases were presented and defended in court in 2001.

*(2) Judicial and legal profession strengthened.* USAID continues to support the training of judicial and legal professionals in cooperation with the U.S. Department of Justice. Utilizing legal experts from teaching faculties outside of Albania (e.g., Poland, Italy, and the U.S.), Albanian legal professionals are developing a more open and accountable legal system. The system is also becoming more accessible to women; in 2001, woman judges accounted for 86 of the total sitting 281 judges sitting on the lower (First Instance) courts.

**Impact of the Performance:** USAID has played a key role in assisting with the reform and enhancing the legal education system, including the Albanian Magistrate School, law faculties, continuing legal

education, and "street law." In 2001, USAID activities supported twenty seminars, workshops and special training programs at the Magistrate School.

**Beneficiaries:** The direct beneficiaries of activities under this strategic objective are Albanian NGOs, Albanian Civil Society and the Albanian public at large.

**Challenges of the SO:** The most essential step to implementing Albania's new legal framework is building an independent judiciary. This means a judicial system that is free of corruption and political control. Decisions would then be based on the knowledge of the law and the facts of a given case. USAID will continue to focus on this issue in the future.

**STRATEGIC OBJECTIVE:** 182-032, Improved Selected Primary Health Care Services In Selected Sites  
**Mission Self-Assessment:** Meeting Expectations

**Summary:** Activities under this SO link to Agency Population and Health Objectives 4.1, *Unintended and mistimed pregnancies reduced (50%)*, and 4.3 *Deaths, nutrition insecurity, and adverse health outcomes to women as a result of pregnancy and child birth reduced (50%)*, E&E Bureau's SAA #3, Social Transition, and the MPP goal of Improving General Health Care.

The public health system in Albania remains the least developed in Central and Eastern Europe. While there has been some progress, the health delivery system continues to emphasize curative services over primary and preventive care and suffers from poor planning and weak management capacity. Abortion continues to be the primary method of birth control for many Albanian women. This strategic objective aims to increase the efficiency and lower the cost of health services to reduce the social investment required to maintain a healthy population and to bolster the productive capacity of Albania's people.

#### **Key Achievements:**

(1) *Improved reproductive-health practices:* Activities provide conditions that are required to achieve behavior changes among the targeted population, thereby improving their habits or practices. In 2001, the number of clients exposed to reproductive health information, education, and communication materials increased by 15 % to an annual total of 90,000 client contacts.

(2) *Reproductive health services quality improved:* Quality reproductive health services are those which meet client expectation offering appropriate and acceptable services for them. These services should meet established technical standards and ensure sustainability by increasing clients satisfaction and service utilization. In 2001, the number of service delivery points providing reproductive health services increased by 50 % over the previous year (total of 1,157 in 2001). A second Women's Wellness Center, which offers state of the art reproductive health services, opened in Tirana in 2001. Also, the number of health professionals trained increased by 60% over the previous year.

**Impact of the Performance:** The SO has shown remarkable impact despite many obstacles. There has been a threefold increase in the number of health facilities that provide family planning services in selected rural areas. A second Women's Wellness Center opened in Tirana as a result of a partnership (alliance) with a U.S. medical facility. The Ministry of Health plans to replicate this partnership on its own. USAID assisted the government with the design and draft of a National Health Information System, which will be used to determine stocks and supplies for national medical facilities, track illnesses and pharmaceutical use. It will better integrate the National Health Insurance Institute services into the health sector.

**Beneficiaries:** Primary beneficiaries are Albanian families due to USAID's focus on women and child health. Healthier women in a family lead to the better wellbeing of families.

**Challenges of the SO:** Modern methods of family planning require effective means of contraception available to all that want them. Over the last decade, only UNFPA has provided modern contraceptives

to Albania. The UNFPA is now closing-down this program. The Mission plans to work closely with the Ministry of Health to assess the impact of this departure on the health sector.

**STRATEGIC OBJECTIVE:** 182-041, Special Initiatives

**Mission Self-Assessment:** Meeting Expectations

**Summary:** Special Initiatives are activities that do not contribute directly to a strategic objective in the country program. They are specific, time-limited activities or they address extraordinary circumstances requiring assistance. FY99 SEED Supplemental activities are handled under this SO due to the extraordinary circumstance of the Kosovo refugee crisis. This SO also includes activities outside the USAID Mission's manageable interest.

**Key Achievements:**

**SEED Supplemental Funds:** In late FY99 Congress approved \$18.372 million in supplemental funding for Albania to provide emergency support to Kosovo refugees and communities that housed them. The Albania Refugee Community Relief Program was designed to improve the capacity of communities strained by the heavy influx of refugees. There are three major components to the program that continued activity in FY 2001.

Municipal Infrastructure Support Program (MISP) Funding level: \$10.0 million. Implemented through the International Organization for Migration (IOM), the aim of this program addresses the urgent need to repair damage to infrastructure, services, and the environment caused by the influx of refugees. The program rehabilitates weakened facilities and services essential to support basic community needs. MISP addressed needs identified by communities through renovation activities that provide tangible evidence of the benefits of community participation in governance. Following the local elections in October 2000, MISP worked intensively with the newly elected mayors to assess needs and set their priorities. MISP moved quickly during FY01, and 23 discrete activities in 18 municipalities, ranging from improving roads and street lighting to renovating libraries and school yards, were completed.

Social Sector Rehabilitation and Support Program (SSRP) Funding level: \$7.372 million. Even prior to the arrival of the Kosovo refugees, Albania's social infrastructure showed signs of serious deterioration due to lack of resources and the impact of migration to the cities. The refugee presence depleted medical supplies and led to rapid deterioration of physical structures and equipment. This program is designed to rehabilitate clinics, rural hospitals, and schools and to enhance the skills of local staff. By the end of FY 01, 38 primary health care facilities and 22 secondary and high schools had been rehabilitated. This rehabilitation included nearly \$850,000 worth of basic furniture, supplies, basic medical equipment and teaching materials. Another 35 structures are planned to be completed by the end of FY 02.

Weapons in Exchange for Development Funding level: \$1.0 million. This program was initiated in March 2000 through a grant with UNDP. The activity supported ongoing community development and rehabilitation efforts. USAID support, and other donors' funds, enabled the UNDP to expand its program to Elbasan and Peshkopi, where a large number of the refugees were housed. In exchange for the return of weapons, UNDP undertook rehabilitation projects to repair or upgrade infrastructure and facilities, in cooperation with local communities. By the end of CY2001, Elbasan activities had rehabilitated 3 roads, 5 city water supplies, an irrigation system and 2 community centers. In Peshkopi, 2 roads, 1 irrigation and 1 street lighting projects were completed.

**Other Programs:** Fighting Trafficking of Women. The objectives of these activities are to advance international counter-trafficking efforts by developing a responsive and sustainable network in Albania that facilitates the successful return and reintegration of trafficking victims. This includes helping Albanian authorities establish standardized procedures for dealing with legal and human rights issues related to the return and reintegration of trafficking victims, in accordance with international norms. It also includes providing shelter and services to trafficking victims and developing counter-trafficking education and training initiatives. During 2001, the U.S. Mission to Albania developed an integrated strategy whereby

the Embassy's POL/ECON Office concentrates on political, legislative and justice issues, the Public Affairs Office works on media outreach and publicity, and USAID supports assistance to victims (shelters, re-training and re-integration.) Several unsolicited proposals were received and evaluated in late FY01. These programs will be fully implemented in FY02.

Regional Energy Sector Reform. Albania faces major challenges in reversing the physical and financial deterioration of the electricity sector and in achieving a balance between supply and demand. Working in cooperation with other donors and the Ministry of Industry and Power, the Mission will contribute to the E&E Bureau's Regional Energy Initiative that will assist the government in developing a strategy to transform the energy sector into an effective system. This increased efficiency will enable Albania to participate in the regional electric grid, in particular with Greece and Montenegro. This work directly supports Economic Reform under the Stability Pact.

Regional Infrastructure Program (RIP) The Regional Infrastructure Program assists Albania's water, transport and energy infrastructure, all key priority sectors for the Government of Albania. The Mission is assisting the GoA develop the capacity to overcome serious deficiencies in project management, which have led to delays in completing infrastructure projects, resulting in unnecessary cost overruns, and often poor quality products. These problems have retarded completion of Albania's Stability Pact Quick Start Projects.

**Impact of the Performance:** USAID-funded technical assistance provided in FY01 assisted the national power company to restructure itself into a more effective and efficient provider of electrical power. Additional training was provided which strengthened its commercial aspects of operations and investment generation. While the transformation is in its very early stages, key indicators of transparency and regulatory reform are beginning to take hold. There was a restructuring of electrical rates and an upgrading of electrical grid capacity last year. These two critical actions strengthened the financial base of the national power company and increase the capacity of the national grid. The citizenry senses that there has been progress and tensions have been eased.

Under the Regional Infrastructure Program about 65 government officials participated in workshops on project identification, design, planning, procurement standards and contract management. Albania is now having more success in attracting further donor and government investments in infrastructure rehabilitation. This is due to increased confidence by donors due to better design, documentation and implementation of these projects by the government.

A shelter for trafficked women was renovated and 125 trafficked women were assisted with reintegration into their native countries. These women often requested job skills training prior to reintegration. Local law enforcement officials were provided training on international anti-trafficking protocols.

**Beneficiaries:** Under this multi-sectoral SO, beneficiaries were Government of Albania officials and citizens, and trafficked women.

**Challenges of the SO:** The SO has been relatively problem-free and no major issues or problems exist.

**STRATEGIC OBJECTIVE:** 182-042, Cross-Cutting Programs,

**Mission Self Assessment:** Meeting Expectations

**Summary:** Cross-cutting programs are activities that are strategic but make significant contribution to two or more strategic objectives. Mission programs that have been traditionally under this objective are bureau-managed Participant Training Program (former TRANSIT program) and audit, valuation, and program support (AEPS) activities.

**Key Achievements:**

*Participant Training:* Twenty-six training programs were organized over the course of FY01 in direct support of the Mission's strategic objectives. Eight Albanians took part in a three week training program on television station management practices in the United States, and another 183 participants were trained in other Central Eastern European countries. The Mission supported six in-country training programs in the agriculture, democracy, and health sectors, for more than 200 participants. Gender mainstreaming is a continuing goal of our training programs: 35% of the regional and 50% of the in-country participants were women. Small grants (17 in 2001) supported follow-on activities implemented by Albanians who earlier had participated in USAID-sponsored training. To better ensure success of the grants program, technical assistance was provided to the grantees to help them develop budgets and report on their efforts.

*Audit, Evaluation and Program Support (AEPS):* The AEPS Program has been used as the principle resource for activity design, evaluation and program support. The funds have supported Mission-sponsored training sessions on program and activity management topics, strategic planning, and funding four FSN PSC positions previously supported by OE funds.

**Impact of the Performance:** The impact of the training programs is quite evident. Several participants (producers and processors) in organic olive oil production are now certified by a Swiss Agency as organic olive oil producers, enabling them to export olive oil at a much higher price. Television stations are now more independent of interest groups and able to invest more in much needed technology due to newly reduced license fees. With the insight gained during their training and follow-on support, the regulatory commission radically lowered the license fee structure. This decreases media reliance on special interest groups. The small grants program is beginning to have an impact: manuals for collection of property taxes have been published; five rural credit unions have been computerized and show increased memberships, deposits and loans processed; and a manual has been published on the rights of citizens to information.

**Beneficiaries:** These cross-sectoral training programs have benefited the general citizenry of Albania. Gender awareness and mainstreaming remain a focus of these activities.

**Challenges of the SO:** The SO has been relatively problem-free and no major issues or problems exist.

## Section 4. Table 1: Annual Report Selected Performance Measures

The information in this table will be used to respond to USAID's reporting requirements under GPRA

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
<b>Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives</b>					
1 Did your operating unit achieve a significant result working in alliance with the public sector or NGOs?	Yes	No	N/A X	N/A	
2 a. How many alliances did you implement in 2001? (list partners)	1			AEEB (FY 2000)	Partners: 1) Providence Rhode Islands - Womens Wellnes Center, Tirana Maternity Hospital
b. How many alliances do you plan to implement in FY 2002?	3			AEEB	Partners: 1) Providence Rhode Islands-WWC, Tirana Maternity Hospital, 2) Pittsburg Magee Hospital-Lezha District Health Authority, 3)Health Mgt. Institute Romania - Institute of Public Health Tirana
3 What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	N/A X			N/A	
<b>Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the</b>					
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (000-002: Natural Resource Management)	Exceed	Met	Not Met	N/A	
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (000-004: Quality Basic Education)	Exceed	Met	Not Met	N/A	
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (000-006 Rural Income Expansion)	Exceed	Met	Not Met	N/A	
4 If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (Economic Restructuring & Agriculture Development)	Exceed	Met X	Not Met	AEEB	
<b>USAID Objective 1: Critical, private markets expanded and strengthened</b>					
5 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	AEEB	Agribusiness clients received \$ 2.5 million in bank loans.
<b>USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged</b>					
6 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	AEEB	6 of the 17 associations assisted by USAID became organizationally and financially sustainable in 2001

<b>USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable</b>						
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes <b>X</b>	No	N/A	AEEB	There was a 14% gain in the number of the USAID assisted bussiness clients that achieved a positive cash flow and were judged to be financially sustainable
<b>USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded</b>						
8	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A <b>X</b>	N/A	
9	a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual)	Male	Female	Total N/A	N/A	
	b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	N/A	N/A	N/A <b>X</b>	N/A	
<b>USAID Objective 5: World's environment protected</b>						
10	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A <b>X</b>	N/A	
11	a. Hectares under Approved Management Plans (2001 actual)	N/A		N/A	N/A	
	b. Hectares under Approved Management Plans (2002 target)	N/A		N/A	N/A	
<b>Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.</b>						
12	If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met <b>X</b>	Not Met	AEEB	
<b>USAID Objective 1: Reducing the number of unintended pregnancies</b>						
13	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes <b>X</b>	No	N/A	AEEB	In 2001, the number of clients exposed to reproductive health information, education and communication materials increased by 15% to an annual total of 90,000

USAID Objective 2: Reducing infant and child mortality						
14	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	N/A	
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
15	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	AEEB	The number of service delivery points providing reproductive health services increased by 50% over the previous year (total 1,157 in 2001). Also, the number of health professionals trained increased by 60%
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	N/A	
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	N/A	
Democracy, Conflict and Humanitarian Assistance						
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met	AEEB	
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	AEEB	More than 35 cases were presented and defended in court in 2001
USAID Objective 2: Credible and competitive political processes encouraged						
20	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A	N/A	

USAID Objective 3: The development of politically active civil society promoted						
21	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes <b>X</b>	No	N/A	AEEB	USAID funded meetings, workshops and training on various topics of civil society for about 5,500 Albanian participants in three districts
USAID Objective 4: More transparent and accountable government institutions encouraged						
22	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A	DA	
USAID Objective 5: Conflict						
23	Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No <b>X</b>	N/A	AEEB	The program started implementation in late 2001, therefore no data is available for this exercise
24	Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A <b>X</b>	AEEB	
25	Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total N/A	N/A	
USAID Objective 6: Humanitarian assistance following natural or other disasters						
26	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A <b>X</b>	N/A	
27	Number of beneficiaries	N/A		N/A		

## **PART 7 ENVIRONMENTAL COMPLIANCE**

Updated for FY 2003

Following the guidance of FAA Sections 118(e) and 119 (d), (22CFR216) current and planned activities in Albania do not include any territories within the tropics, therefore conservation and sustainable management of tropical forests are not within the Mission's purview. The Mission remains aware of the issues concerning bio-diversity and continually monitors our programs to verify that a policy of conserving bio-diversity is followed. As stated in 22 CFR 204, the Mission has taken steps to ensure that there are sufficient resources and staff allocated to effectively monitor and implement the Agency's environmental procedures.

USAID assistance to Albania consists primarily of technical assistance and training and does not include capital construction. This activity composition has been documented through Initial Environmental Examinations on file with the E&E Bureau; however, to date, no in-depth environmental assessments have been completed. The portfolio over the Strategic Plan period will have few changes, and those changes will be technical assistance programs aimed at growth of the private sector, anti-corruption (democratization) activities implemented through NGOs, and assistance to the health insurance (financial) sector.

*SO#1.3: Increased Self-Sustainable Growth of Private Enterprises.* This Strategic Objective will support the continued formation and growth of small and medium enterprises of all types, with emphasis on value-added activities, particularly more advanced agribusiness activities in which Albania may have a competitive advantage and export potential. It will also continue to assist in developing more efficient production technology (no biotechnology methodology is involved), improved marketing of farm output, and increased production of better quality agriculture products. It will continue to support the creation of a more efficient banking system, but perhaps equally important will be the creation of more bankable lending opportunities. Activities under this SO have generally been covered by a 22 CFR 216.2(c)(2)(i), (ii), (iii), (x), and (xiv), "Categorical Exclusions" determination. No environmental assessments are anticipated during the Plan period.

*SO#2.1: Increased Development of Civil Society Actively Involved in Economic and Political Decision-Making.* The Mission revised its citizen participation strategy affirms and continues to build on citizen participation as the cornerstone of a healthy, functioning democracy in Albania. The approach focuses on increased citizen participation in economic and political decision-making processes. The participation helps ensure that the interests of citizens, including women, the poor, and minorities, are included in the decision-making processes of Albania's public institutions as they make policy, allocate resources, protect rights, and enforce laws. Activities found in this SO have generally had "Categorical Exclusions" determination for environmental assessments under 22 CFR 216.2(c)(i), (xiii), and (xiv). No environmental assessments are anticipated during the Plan period.

*SO#2.2: Legal Systems the Better Support Democratic Process and Market Reforms.* Building on Albania's need for more competent legal professionals and for citizens to have increased access to justice, this Strategic Objective will focus on furthering the development of more effective legal institutions. Emphasis will be on citizen participation; necessary for both strengthening public sector legal institutions, and supporting the application and implementation of democratic and market oriented legal rights and standards. Activities under this SO are generally covered by a "Categorical Exclusions" determination for environmental assessments, 22 CFR 216.2(c)(i),(xiii), and (xv). No environmental assessments are anticipated during the Plan period.

*SO#3.2: Improved Selected Primary Health Care Services in Targeted Sites.* Albania needs to provide primary health care services as a critical part of its basic social services. In support of this sector, the Mission will promote the efficient use of health resources through technical assistance for healthcare financing, improved primary health care services, and increase individual and community involvement in health information dissemination. Activities will provide technical assistance, training, and small amounts of medical equipment for health centers. Activities under this SO are generally covered by a "Categorical Exclusions" determination for environmental assessments, 22 CFR 216.2(c)(viii). No environmental assessments are anticipated during the Plan period.

*SO#4.1: Special Interests, and SO# 4.2: Cross-Cutting Programs.* SO#4.1 activities are activities that do not contribute directly to a strategic objective in the country program, are time-limited, or address extraordinary circumstances requiring assistance. These activities are also essentially outside the USAID Mission's manageable interest. No environmental assessments are required as knowledge of or control over furnishing assistance (usually implemented through IAA or 632(a) arrangements), per 22 CFR 216.2(c)(1)(ii). The exception will be the Mission's buy-in to the Regional Energy Sector Reform Activity being managed by the E&E Bureau, which will be managing the program and ensuring all environmental documentation is in order. SO#4.2 funds all audit, evaluation and program support (such as personnel contract costs and program design) of the Mission. No environmental assessments are required per 22 CFR 216.2(C)(2)(x). Cross-cutting training through the participant training activity will continue and does not require an environmental assessment (22 CFR 216.2(c)(2)(i). No environmental assessments are anticipated for either SO during the Plan period.