Delivering as One
United Nations in Albania
Stocktaking Report 2008
March 2009
Contents

1. Introduction

Part I - Overview of Progress in Delivering as One (DaO) in Albania in 2008
   1. Objectives and expectations set for 2008
   2. Accomplishments
      2.1 One UN Programme and strategic positioning of the UN in Albania
      2.2 One Budgetary Framework and One Fund
      2.3 One set of management practices
      2.4 Communicating as One
      2.5 One Leader: Enhanced role of UN Resident Coordinator and an empowered UN Country Team
      2.6 Increased national leadership, ownership, and alignment with national priorities
         2.6.1 Involvement of line ministries

Part II - Analysis of Changes and Results at the Country Level in 2008
   3. Functioning of the UN System
      3.1 Savings resulting from reductions in transaction costs
      3.2 Impact of transaction costs on internal UN system as well as on national and international partners
   4. Changes in Funding Flows and Predictability
   5. More Coherent UN Programming to support National Priorities
      5.1 Drawing more effectively on mandates, resources and expertise of UN system
         5.1.1 Non-resident agencies
         5.1.2 Bretton Woods Institutions
      6. Impact on Development Results
         6.1 Enhancement of UN system capacity to support national development and how the DaO coherence tools contributed
         6.2 Impact of DaO on cross-cutting issues, including response to the global financial crisis

Part III – Change Management and Business Practices
   7. Capacity Assessment
   8. Business Practices
   9. Follow up to the evaluability mission

Part IV – The Way Forward: Overcoming Challenges
   10. Efforts to overcome challenges in 2008 and beyond
   11. Lessons learned and good practices emerging from piloting experience to be adopted by other countries
   12. Focus in 2009
Introduction

Following the request of the Government, Albania was selected in January 2007 as one of the eight Delivering as One UN pilots around the world. The request of the Government falls within the Albanian Government’s on-going reform efforts to align external assistance with national plans and budgets. In 2007 the Government of Albania and the UN Team devoted considerable time to laying the foundations for a new way of working. By the end of the year, essential systems and mechanisms to support the Delivering as One, such as the One Programme, One Fund and One Budgetary Framework, had been established.

Having laid the groundwork to Deliver as One, the Government of Albania and the UN Team were able to devote full attention to implementation of the One UN Programme in 2008. The ultimate aim of these joint efforts is to achieve greater impact and results of the UN system’s development assistance in Albania.

Covering approximately 80% of the UN’s work in the country, and combining specific interventions of individual UN agencies and targeted interventions through Joint Programmes, the One UN Programme is well on track. In 2008, UN Agencies delivered approximately USD 15 million under the One UN Programme. Reflecting the interdependence of governance, economic and social policies where the UN plays an important role in the country, the One UN Programme supports Albania’s national priority of EU integration and a prosperous and inclusive future for its citizens.

The establishment and effective functioning of the One UN Programme Governance system has been one of the fundamental joint achievements of 2008. National institutions such as the Government Modernization Committee, the Department of Strategy and Donor Coordination (DSDC) which Co-Chairs the Joint Executive Committee with the UN Resident Coordinator and the Programme Working Groups, provide the institutional support and co-ordination needed to implement as One UN. Management tools such as the Monitoring & Evaluation Framework, the Funding Allocation Criteria, the One Coherence Fund and the Working Principles came together in 2008 to form a coherent system which provided the UN Team and the Government with a clear picture of what is happening and the tools to undertake effective governance and adaptive management based on this knowledge.

National leadership and ownership increased substantially and coordination improved. The Government is more involved in key decisions on the One UN Programme, including on funding allocations, and plays a central role in setting the priority areas where the UN system works in the country. A more coherent and effective UN system, using harmonized tools and having a joint vision is better able to support strategic national priorities in a coordinated manner. This in turn has contributed to enhancing national ownership and saving time for both national and international partners.

The emergence of a stronger, more unified UN Country Team has proven of fundamental importance to the process. A deep shift in attitudes of UN Team members shows how the One UN concept has been internalized through increased collaboration and new business practices. Agencies’ actions and behavior in 2008 under the One UN Programme demonstrate a marked shift from an agency-based focus to a UN focus. This has been a gradual process, but an important one, as it represents a fundamental shift away from “business as usual.” Among other benefits, common advocacy on policy areas has yielded results that individual agencies would not have been able to achieve.

The present report has been prepared jointly by the UN Team and the Government of Albania. It takes stock of achievements and challenges in Delivering as One UN in 2008 and summarizes how the UN system, the Government and other national and international partners are working differently at country level in Albania.
I - Overview of Progress in Delivering as One (DaO) in Albania in 2008

1. Objectives and expectations set for 2008

At the beginning of the year, the UN Team and national partners set a number of objectives for 2008. These are outlined below.

- Emphasis would be placed on implementation of the One UN Programme for greater results and impact of UN system’s development assistance in Albania.

- The Delivering as One UN effort would continue to support the Albanian Government’s objective of better aligning external assistance with national priorities through enhanced national leadership. The National Strategy for Development and Integration (NSDI) would guide the UN’s work.

- Development and start up of new Joint Programmes would be a priority. Programme Working Groups (PWGs) would be operational and empowered to provide strategic guidance to the UNCT, including the monitoring of results and prioritization of funding for the five pillars of the One UN Programme.

- A Monitoring & Evaluation Framework (M&E) would be established, including indicators to monitor progress and outcomes of the One UN Programme as well as progress in reform and aid-effectiveness agenda. The M&E Framework would ensure alignment with national monitoring frameworks where possible and alignment of indicators with the Triennial Comprehensive Policy Review (TCPR) and Paris Declaration on Aid Effectiveness.

- An assessment of the UN system’s capacities in the country to deliver results under the One UN Programme would be undertaken. Recommendations of the assessment would support strengthening of implementation capacity where required.

- In the absence of clear guidance on the accountability of the UN Resident Coordinator and the UNCT within the Pilots a set of “Working Principles” for the UNCT would be prepared to ensure principles of engagement and cooperation for Delivering as One UN at country level.

- The use of common services and harmonization of business practices would be accelerated for efficiency gains and reduction of transaction costs to UN Agencies.

- Joint Communication and Advocacy would be pursued through a common communication strategy. Public information materials would be produced to inform the public both in and out of the country on the work of the UN system in Albania.

- A joint Resource Mobilization strategy would be finalized and implemented, identifying the best options for mobilizing funds to the One UN Coherence Fund and for joint programmes. Criteria for fund allocation would be agreed upon.
2. **Accomplishments**

2.1 One UN Programme and strategic positioning of the UN in Albania

With twelve participating UN Agencies, Funds and Programmes, the first full year of implementation of the One UN Programme started in 2008. Covering approximately 80% of the UN’s work in the country, and combining specific interventions of individual UN agencies and targeted interventions through Joint Programmes, the One UN Programme is well on track. In 2008, UN Agencies delivered approximately USD 15 million under the One UN Programme. This represents one of the largest and most innovative external assistance instruments in Albania following a programme approach in line with the Paris Declaration on Aid Effectiveness.

Four new Joint Programmes (JP) were formulated, signed and began implementation during the year. These included the Joint Programmes on Culture and Development, Youth Employment and Migration, Gender Equality and Economic Governance. A total of eight agencies are participating. Joint Programmes on Roma and Minority Rights, Environment and Child Nutrition were formulated and await funding.

Joint Programmes allowed for rationalization of the division of labor among agencies under one management and coordination structure, thereby reducing transaction costs. Each JP has a lead UN Agency which brings together the expertise of other agencies. In the past, four agencies were working on gender equality separately in Albania; now these agencies work together under the JP on Gender Equality, with leadership roles specified, based on agencies’ expertise. In Albania, JPs are implemented as a single programme under the overall guidance of a Programme Coordinator or a Chief Technical Advisor, with matrix reporting lines for staff of individual agencies. This approach avoids the potential problem of having compartmentalized mini-projects which run in parallel and independently of each other.

In terms of results stemming from more coherent and focused UN programming, key initiatives include support to capacity development in data and statistical analysis. The Living Standard Measurement Survey (LSMS) and the Demographic and Health Survey (DHS) are two important statistical initiatives expected to provide critical data on poverty figures between regions in the country and on population, health and nutrition which are currently lacking or unreliable. The results will also support the evidence necessary for national policy making and monitoring of Government’s social and economic programmes.

The amendment to the law on birth registration was approved as a result of UN advocacy and work in the area, giving children the right to have access to basic services and social benefits. Support to birth registration of vulnerable minorities continued throughout the period. The UN contributed to awareness raising and capacity development of officials (police, doctors, social workers) on domestic violence following the adoption of the Domestic Violence Law which was finalized with UN’s technical support. Primary and secondary public schools around the country were equipped with computer labs connected to the internet.
Programme Working Groups (PWGs) became operational for each of the five pillars of the One UN Programme. UN Agencies took lead roles to Chair the PWGs. Successful involvement of all agencies, including NRAs called for innovative approaches to communications, including the creation of a virtual team and increased use of video conferencing and Skype. PWGs coordinate with national sector groups to provide optimal support within the One UN Programme and to avoid duplication with other international partners. A strategic and results-based 2008 One UN Work Plan was developed, in close collaboration with line ministries. The Work Plan was linked to the budgetary framework as well as the Monitoring and Evaluation Framework and serves as a management and monitoring tool for the UN Team with the PWGs playing a key role in monitoring the progress of planned results.

A UN interagency Monitoring and Evaluation (M&E) Group was established and developed a Monitoring and Evaluation framework, which was adopted in early 2009. The framework is linked to existing Government reporting requirements and global aid-effectiveness targets and defines outcome indicators and means of verification for the entire programme period.

2.2 One Budgetary Framework and One Fund

The single budgetary framework for the One UN Programme has provided a significantly more transparent overview of the UN’s financial resources and gaps in the country, helping the Government in particular to exercise stronger ownership and leadership over the UN’s assistance in the country.

The positive effect of the single budgetary framework was further enhanced by the establishment of the One UN Coherence Fund in late 2007, enabling partners to channel their contributions to a single pooled fund without the need to deal with many UN Agencies separately and with certainty that the funds would be used for highest priority needs of the country.

The Joint Executive Committee (JEC), co-chaired by the UN Resident Coordinator and the Government, reviews and approves One UN Coherence Fund allocation and acts much like a programme board for the One UN Programme. The JEC allocated approximately USD 8 million to date from the Coherence Fund. Allocations are made according to agreed funding allocation criteria adopted in 2008, providing clear guidance to JEC on activities eligible for funding. Spain, Norway, Switzerland, Austria and the Netherlands have contributed resources to the Coherence Fund. Given the limited resources pledged to the Coherence Fund by donors, the UN Team, together with the Government, agreed to allow earmarked contributions to Joint Programmes and thematic areas.

2.3 One set of management practices

As UN Agencies started to work more closely together and implement programmes jointly, the need for common management practices increased in key areas such as human resources, IT systems and procurement.

The UN in Albania already benefits from common services in the areas of security and medical services. Long Term Agreements (LTAs) for additional common services were prepared throughout the year and two LTAs were signed for translation and interpretation services. The tendering processes for additional LTAs are now completed for printing, travel, and mobile communications and will be available for UN Agencies during the first half of 2009. The LTAs will facilitate an efficient procurement process for UN agencies and ensure economies of scale.
To support the expected increase in joint procurements, an Inter-Agency Local Procurement Advisory Committee (LPAC) was set up to act as an “advisory body” to the Resident Coordinator and UNCT on UN procurement matters related to Common Services. The interagency LPAC also ensures that procurement and contract actions are transparent and conducted in accordance with UN financial regulations and rules.

In 2008, UN agencies in Albania adopted a harmonized rate for national consultants. This was the result of an analysis of existing disparities among rates applied by agencies for consultants with similar level of expertise and seniority.

2.4 Communicating as One

A United Nations Communications Group made up of Communications Officers from the participating resident and non-resident agencies was established, and a unified communications and advocacy strategy was drafted and began implementation. The communications strategy aims to promote Delivering as One UN in Albania and raises awareness on UN reform, its potential impact and contribution to Albanian national priorities. It also aims at increasing the advocacy role of the United Nations in the country.

In 2008, joint communications and advocacy focused on promoting gender equality and raising awareness on climate change. A new UN web site helped promote the UN’s work in Albania and proved to be a useful tool for Agencies to promote their activities in a unified way. The extensive communications and media work generated many news stories about UN reform and the One UN Programme objectives.

To present the values and the goals of the Delivering as One UN initiative, a branding exercise was carried out during the year. The new visual identity with the UN logo is used in all joint communications.

2.5 One Leader: Enhanced role of UN Resident Coordinator and an empowered UN Country Team

The enhanced role of the UN Resident Coordinator (UNRC) has increasingly been recognized and appreciated by national and international partners and by participating UN Agencies. The UN Resident Coordinator has successfully led the shaping of the One UN Programme with the Government as well as the formulation of Joint Programmes and built broader support and partnership for Delivering as One in Albania. The UN Resident Coordinator is called to advocate for and represent the broader UN agenda in the country. The arrival, in February 2008, of a UNDP Country Director to manage the day-to-day operations of UNDP Albania has allowed the UN Resident Coordinator to devote undivided attention and time to the UN system and to provide increased strategic guidance for the implementation of the One UN Programme.

The adoption of “Working Principles” in June 2008 by all participating UN Agencies helped to strengthen the already constructive working environment that the team had, by defining more clearly the mutual accountability among participating UN Agencies as well as between the UN Resident Coordinator and the UNCT. It has provided an impetus to a stronger Resident Coordinator and an empowered UN Team.
Delivering as One has encouraged innovative ways of working together. The difference in the way the UN in Albania works through Delivering as One UN is evident. Each member of the UN team agreed to take on key responsibilities to Deliver as One even though these responsibilities come in addition to agency-specific work. This has enriched the process and contribution of the team to common joint efforts such as the M&E Group, the Operations Management Team as well as leadership of the PWGs.

2.6 Increased national leadership, ownership, and alignment with national priorities

The Government of Albania assigns great importance to and actively works on the implementation of the Paris and Accra agendas. At the Accra Aid-Effectiveness Meeting held last September, Albania's progress in the implementation of the Paris Declaration was highlighted, especially for indicators related to increased national ownership and leadership and increased alignment of external assistance with national plans. The Government sees the Delivering as One UN effort contributing to this progress - as the One UN Programme better aligns activities with national priorities and its delivery mechanism is harmonized across participating UN agencies.

The Government showed increased ownership of the One UN Programme throughout 2008. As co-chair of the Joint Executive Committee of the One UN Programme, the Government is more engaged in decision making on fund allocation to the One UN Programme. The Government also increasingly guides UN Agencies on where they see their contribution and where UN agencies are best suited to address national priorities, in line with the UN's comparative advantage. The emergence of strong ownership and leadership helps to ensure that external assistance is closely aligned with national priorities as defined in the National Strategy for Development and Integration (NSDI) 2007-2013 and avoids overlapping among donors. This requires the Government to make tough decisions at times on where they see the UN working best.

Prior to inviting new UN agencies to join the One UN Programme, the Government decided to review and make an internal assessment of the first year's experience with implementation of the One UN Programme. Following the first year of implementation, the Government is now in the process of inviting additional UN agencies in response to emerging national priorities.

The Delivering as One initiative, its tools and mechanisms, such as the budgetary framework and One UN Programme Work Plan, provides a clear overview of the UN's work and resource allocation, helping the Government in its effort to strengthen and harmonize donor assistance. Although much still remains to be done in terms of using national financial systems, the coordination role of the Government has been strengthened vis-à-vis the UN family.

In 2008, the regular contacts and communication between the UN Resident Coordinator, the RC Office and the Department of Strategy and Donor Coordination (DSDC) of the Council of Ministers grew into a stable channel of interaction for matters related to the One UN Programme. The Office of the UN Resident Coordinator is increasingly used as a one-stop shop for the Government for broader UN system support.
2.6.1 Involvement of line ministries

The Government Modernization Committee (GMC), chaired by the Deputy Prime Minister, is the highest decision-making authority for monitoring progress and ensuring coordination of the One UN Programme in the country. After a consultation process involving line ministries and the inter-ministerial working group - composed of line Ministries’ Secretaries General – the GMC decides on the requests that the Government will present for the final approval of the JEC.

The involvement of line ministries in the Delivering as One initiative has been mixed, depending on their varying capacities. Ministries with strong teams and strategic leadership were more involved and led prioritization of UN’s work. Overall coordination on the Government’s side was conducted by DSDC, which consults regularly with line ministries on on-going and up-coming programmes.

Line Ministries involved in UN Joint Programmes started to change their attitudes and began working with the various agencies involved as part of a single entity. Increasingly, ministries no longer contact agencies individually with various requests, but approach the UN system through either the Office of the UN Resident Coordinator or the lead agency of the JP with a single request. Another positive, and unanticipated, development stemming from increased UN coordination has been an increased coordination among line ministries. They are required to work together much more under JPs than ever before.

To increase leadership of line ministries in the One UN Programme, the UN Team and the Government agreed for relevant line ministries to participate in key meetings of the Programme Working Groups. Further attempts will also be made in 2009 to better link the Programme Working Groups to the donor coordination mechanisms under the Council of Ministries.

II - Analysis of Changes and Results at the Country Level in 2008

3. Functioning of the UN System
3.1 Savings resulting from reductions in transaction costs

One of the areas where savings have been most evident in 2008 involves the sharing of staff by various agencies. Joint Programmes in Albania have only one Programme Coordinator/Chief Technical Advisor. While they are recruited by one UN Agency, they provide services to all participating agencies within the Joint Programme. This results in clear savings for agencies and for the Joint Programme, given that agencies do not need to have agency-specific programme managers. This results in savings both in terms of contract management time and resources.

The development of Joint Programmes helped to identify lead agencies on various components, based on mandate, expertise and capacity. In so doing, the UN Team has reduced overlap/duplication of efforts in key sectors, and within cross cutting issues such as the Environment, Culture and Development and Gender.

The concentration of resources by UN Agencies on certain geographical areas of the country is expected to improve the impact of UN assistance, providing more focus at the local level. This also reduces costs to UN Agencies, which have been able to pool together offices and staff in the northeastern part of the country.
Initial savings from common services have been achieved through cost-sharing in the areas of health services and security and common banking. Long Term Agreements were approved for translation and interpretation services. Other LTAs for publishing, fuel for vehicles/generators, IT equipment, event management and mobile communications, have been prepared and will be finalized in 2009.

While cost savings for the recent LTAs on translation and interpretation have not yet been quantified, clear benefits are expected in terms of a higher and more consistent quality of service and quicker access for UN staff to these services. There are potential cost savings for LTAs to be agreed in other areas, especially given the discount derived from purchasing in greater volumes per contract.

Following the recommendations of an assessment of the UN system’s assets and capacities in Albania, an Operations Advisor for the UN Team will shortly be recruited. The Operations Advisor is expected to lead efforts to realize cost savings from common services and to support implementation of harmonized business practices within the UNCT.

By 2010, the target is for all resident UN agencies to have acquired accommodation in One UN House with measurable reduction of costs through the provision of related One UN premises, facilities and common services. Discussions with the Government to identify an appropriate building continue.

3.2 Impact of transaction costs on internal UN system as well as on national and international partners

Changes in transaction costs associated with programme/project planning and implementation remains a challenge. This challenge is not confined to Albania: discussions with those leading on the evaluation of the Paris Declaration confirm that few examples of analysis of transaction costs have been commissioned and that the first phase of the Paris Declaration Evaluation has not attempted to identify, or quantify, changes in transaction costs. There are no tested and robust methodologies that could be used for tracking changes in programmatic transaction costs.

The newly adopted Monitoring and Evaluation Process Framework for Delivering as One in Albania identifies a number of Means of Verification to track shifts in transaction costs. These include indicators used for reporting against the Paris Declaration, the operation of new processes and perceptions of those involved.

The effective functioning of the Programme Working Groups (PWGs) has implied an increase in transaction costs for UN staff, since this is a process that improves and goes beyond the typical UNDAF Theme Groups. However, this initial increase in transaction costs is considered cost-effective in terms of resulting increased effectiveness of the UN in terms of: (i) enhancing interaction between programme stakeholders; (ii) allowing the UN to provide policy leadership in priority areas; (iii) developing effective joint advocacy positions when interacting with other stakeholders; and (iv) allowing the UNCT to increase the use of joint analysis and coordinate an increase in the number of joint missions.

The work of the PWGs on reporting and presenting funding requirements to the JEC by the One UN Programme pillars testifies to significantly improved coordination among agencies, supporting the Government’s capacities to monitor and lead the work of the UN system in the country.
Thanks to the various tools of Delivering as One, such as the One UN Programme and its Budgetary Framework - for the first time in Albania - a comprehensive view of what activities UN agencies are carrying out and, what resources are available and where gaps remain can be seen in a transparent manner. This has greatly reduced transaction costs for the Government which previously had to examine separate reports and budgets from each agency. The tools also provide an overview for international partners on what the UN system is doing, where it has funding and where funding gaps remain.

The One UN Annual Report also reduces transaction costs to both national and international partners. Rather than having to read multiple reports, national and international partners have one Annual Report, providing an overview of the progress on the implementation of the One UN Programme in the country.

Further reduction in transaction costs for the Government would imply a simplification in approving UN Agency programmes for the next programming cycle 2011-2016. A single One UN Programme and CPAP for all Agencies would be signed by the Government, reducing from many to one approval process with the Government of Albania.

The last DAC survey for Albania shows an increase in the number of UN joint missions, which has helped to reduce the time spent by Albanian stakeholders interacting with the UN. In 2008, the role of the RCO has been instrumental where almost all missions of non-resident agencies from across the UN system are now coordinated through the RCO. This allows for better preparation for missions and more effective use of missions’ time. More effort is still needed however for the UN system to reduce the number of missions.

4. Changes in Funding Flows and Predictability

According to the 2008 Survey on Monitoring the Paris Declaration, ODA disbursed in Albania in 2007 totaled USD 285 million, of which UN agencies disbursed 6%, i.e., USD 17 million. Disbursement of the UN system in 2008 is estimated not to vary significantly from this figure.

The total value of the One UN Programme (2007-2010) currently stands at USD 82 million, with a total financial gap of approximately USD 16 million. At the time of signature in October 2007, the financial gap was USD 35 million. This represents a reduction of more than 50 percent over the duration of the programme 2007-2010. The reduction is thanks to pledges made to date to the Coherence Fund, funds allocated to three joint programmes by the Spanish MDG-Funds, as well as funds from other sources, primarily bi-lateral. While the funding gap was reduced significantly, less than half this amount came from un-earmarked contributions to the Coherence Fund.

<table>
<thead>
<tr>
<th>Donor</th>
<th>Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>USD 387,675</td>
</tr>
<tr>
<td>Netherlands</td>
<td>USD 1,154,431</td>
</tr>
<tr>
<td>Norway</td>
<td>USD 2,495,473</td>
</tr>
<tr>
<td>Spain</td>
<td>USD 3,000,000</td>
</tr>
<tr>
<td>Switzerland</td>
<td>USD 1,578,000</td>
</tr>
<tr>
<td>Total</td>
<td>USD 8,615,579</td>
</tr>
</tbody>
</table>
Although donors were very supportive of the Delivering as One effort in Albania, this support did not translate into significant amounts of predictable, un-earmarked funds to the Coherence Fund to meet the needs of the One UN Programme in 2008 and beyond. Predictable funding remains well below desired levels. Only two donors (Spain and Switzerland) have committed to multi-year predictable funding. In this difficult funding context, early on in 2008, it was necessary to allow thematic and joint programme earmarking in order for the UN to be able to continue implementing priority activities.

Funding flows to Albania have not changed significantly with the Delivering as One initiative. This could be attributed to Albania’s middle income status as donors to the UN system tend to contribute more to LDCs. However it should be noted that there have been a significant increase in funding to Joint Programmes through the Spanish MDG-Funds. The UN Team and the Government have been successful in preparing proposals and receiving funds for four large Joint Programmes totaling over US$12 million. An agreement is expected to be reached with the European Commission regarding an un-earmarked contribution of approximately 2.5 million Euros to the Coherence Fund.

It is critical to have a reasonable amount in the Coherence Fund early on to allow for predictability and strategic quality of UN’s assistance to Albania. Not having sufficient funds during the first year of implementation has been a risk and could have dampened the positive spirit amongst participating UN Agencies. Lack of predictable funding can impact the quality and timely delivery of the Programme. The Joint Executive Committee has typically been unable to allocate the full amount required by UN Agencies. This is an area which needs attention and support from DOCO and the Regional Directors Team to make donors aware of their commitment early on in the process to make pilots a success.

5. More Coherent UN Programming to support National Priorities

5.1 Drawing more effectively on mandates, resources and expertise of UN system

The Delivering as One UN effort contributed to a better understanding of the richness of the UN system and its diverse services to respond to emerging national priorities. For example, following the tragic explosions at the munitions disposal facility in the village of Gerdec on 15 March 2008, the UN Country Team responded to the Albanian Government’s request for support by fielding a mission of the United Nations Disaster Assessment and Coordination (UNDAC) team. UNDAC experts arrived within 48 hours of the explosions and contributed to the assessment of the overall situation, evaluated the environmental impact of the accident, offered coordination support to the Government and made recommendations for medium- and long-term assistance. The speed at which UNOCHA responded was highly appreciated by both the Government and international community and at country level this reflected positively at the UN to be able to draw on its assets.
5.1.1 Non-resident agencies

In 2005, the UN Development Assistance Framework (UNDAF) was signed in Albania by only four UN Agencies. Not a single Non-Resident Agency (NRA) signed the UNDAF at that time. Today within the One UN Programme in Albania there are four NRAs providing strategic technical expertise in response to national priorities.

NRAs have benefited from additional support provided through the newly recruited NRA Coordination Analyst within the Resident Coordinator’s Office (RCO). The Analyst is the first port of call for NRAs carrying out activities in the country.

Throughout 2008, the RCO worked closely with NRAs identified by the Government as having a comparative advantage to respond to national priorities. UNIDO is now in the process of joining the One UN Programme with a strategic focus on Cleaner Production, responding jointly with UNEP to the Government’s need to stimulate environmentally sound ways of producing goods. IFAD will also join following Government’s request with their Programme focusing on mountain areas development.

In the second quarter of 2008, a joint mission of the UN Inter-Agency Cluster on Trade and Productive Capacity, including five NRAs, visited Albania to discuss the Joint Programme on Trade with Government and other stakeholders. The UNCTAD-led mission was very much appreciated by the Government as it served as a demonstration of how the UN system, working through joint approaches can reduce transaction costs by formulating a comprehensive sectoral approach. The mission resulted in a draft joint report currently under consideration by the Government.

5.1.2 Bretton Woods Institutions

Benefiting from diverse expertise and complementary approaches, UN Agencies cooperate closely with IMF and the World Bank in Albania. The IMF and the World Bank are active members of the UNCT. The close relationship has been strengthened by the Delivering as One process in the following areas:

A Joint Programme on Economic Governance, Regulatory Reform and Pro-Poor Development was formulated by the World Bank and the UN with successful resource mobilization from the Spanish MDG-F. Due to start in 2009 under the One UN Programme, the JP promotes the participation of user groups in important decisions concerning utilities’ decentralization and privatization, tariff changes in the energy and water sectors, as well as measures to strengthen market surveillance and consumer protection.

The World Bank and UN cooperate under the One UN Programme to provide quality assurance for the data produced for the Living Standard Measurement Survey (LSMS) 2008. In addition the World Bank and the UN work closely in overall donor coordination efforts in the country through the Donor Technical Secretariat.

Close cooperation with the World Bank and UN Agencies continue in the education sector as well as in Avian Influenza and Human Pandemic Preparedness and Control Joint Programme.
6 Impact on Development Results

6.1 Enhancement of UN system capacity to support national development and how the DaO coherence tools contributed

A key achievement in 2008 was the creation, refinement, and smooth functioning of the One UN Programme Governance system (see Box below). The governance system is composed of a number of existing national bodies and institutions. The Joint Executive Committee, the Programme Working Groups, together with the M&E Framework, the Fund Allocation Criteria, the One Fund and the Working Principles, form a coherent system which gives the Resident Coordinator, the UNCT and the Government a clear oversight on what is happening in the DaO. This in turn contributes to strengthened national leadership and ownership.

Governance of the One UN Programme

Government Modernization Committee (GMC)

The GMC serves as the Government’s highest-level policy, coordination and decision making authority for the One UN Programme. The GMC determines strategic priorities, monitors progress on an annual basis and ensures coordination of the One UN Programme with other inter-ministerial and cross-sectoral policies and priorities. The GMC is chaired by the Deputy Prime Minister and includes five Ministers.

Joint Executive Committee (JEC)

Executive and joint decision-making functions associated with the Programme are performed by the JEC. The JEC is co-chaired by the Director of the Department of Strategy and Donor Coordination of the Council of Ministers (DSDC) and the UN Resident Coordinator, and comprises the heads of Participating UN Organizations. The JEC is responsible for reviewing funding priorities and approving allocation of resources from the Coherence Fund. Decisions are made in a collegial and consultative manner with the Government and the UN Resident Coordinator making final decisions when required on fund allocation based upon a well documented rationale.

Government Inter-Ministerial Working Group

The Working Group provides the GMC and JEC with technical advice on areas falling within the scope of the programme. It is composed of Secretary General level representatives of the line Ministries.

Resident UN Coordinator (RC) and UN Country Team (UNCT)

The UNRC provides strategic leadership and coordination throughout the programming process as the One UN Leader. The UNRC, jointly with Government as a member of the JEC, reviews and approves fund priorities and ultimately makes decisions on the fund allocation. The UNCT, chaired by the UNRC, functions in a collegial and participatory manner. In the context of the One UN Programme and envisaged UN reforms, the UNCT has designated substantive leadership to agencies for each of the One UN Programme Outcome and Thematic areas.
Administrative Agent (AA)

The UNDP Multi-Donor Trust Fund Office has been appointed the Administrative Agent of the Albania One UN Coherence Fund. The functions of the AA include: receipt, administration and management of contributions from Donors; disbursement of such funds to the Participating UN Organizations in accordance with the approved Annual Work Plans/Programme Documents; compiling of consolidated narrative and financial reports on the use of the Albania One UN Coherence Fund. Some of these functions have been delegated to UNDP Albania and its Country Director.

Programme Working Groups (PWGs)

The PWGs are responsible for supporting the implementation and achievement of the results of the One UN Programme. There is a lead Agency for each of the five Pillars of the One UN Programme. The five PWGs contribute to the One UN Annual Work Plan, allowing the UN and the Government to see the overall programme implementation plan for the year in a transparent manner and also providing a monitoring tool for the PWG leaders and the UNCT. The PWGs are also tasked with monitoring the overall implementation of their Pillar and reporting back to the Joint Executive Committee on progress, as per the Monitoring and Evaluation schedule. The PWGs coordinate amongst one another as well as with national sector working groups to provide optimal support within the Programme and to avoid duplication with other international partners.

Fundamental to UN reform has been the evolution of a stronger, more unified UN Country Team. Agencies’ actions and behavior in 2008 under the One UN Programme demonstrate a marked shift from an agency-based focus to a UN focus.

2008 was a year in which the UN and the Government went beyond the planning and learning stages of 2007. The key overall achievement is that the UN system has a more coherent way of working, using more harmonized tools with one voice. The result is a UN system at country level supporting national priorities in a more coordinated way and directing resources towards strategic priorities. As each agency collaborates more and more with other agencies and jointly with the Government during the implementation phase, all partners have gained a better idea of who works on what, how and where. This has allowed the UN team to foresee overlaps earlier, to seek resources jointly (rather than competing for meager resources), to learn lessons faster, to adapt and to more quickly seize on opportunities for synergy. This is a gradual process, but it is important as it represents a fundamental shift away from “business as usual.”

Improved coordination and increased joint programming has resulted in improved impact and awareness among direct beneficiaries (CSOs and Government) on key policy issues and strategies. For example, the UN team has expanded the definition of “social inclusion” to encompass nationally relevant priorities. Through strengthened and collective focus on “participation,” the UN has adopted a more cohesive approach to Human Rights Based Approaches, recognizing that while agencies’ approaches may differ, HRBA is a priority for all members.
6.2 Impact of DaO on cross-cutting issues, including response to the global financial crisis

Throughout all five pillars of the One UN Programme, capacity development and gender equality remain as core principles. Participating agencies agreed to adopt a common approach to capacity development throughout the implementation of the Programme.

Gender has been addressed more coherently by UN agencies through the Joint Programme on Gender. Moreover, increased coherence in the message and the language on gender has spurred a similar reaction from line ministries and the government which now employ similar concepts in their speeches and communications particularly with respect to gender-based violence, improving monitoring of the status of women, improving women’s access to social protection, and special measures for women in decision making. While it is clear that the DaO has significantly increased and scaled up the UN’s work on gender equality, the findings of a recent DaO gender retreat in Hanoi have shown that the Pilots have not yet had significant impact on the improved integration of gender equality priorities into broader development programmes.

Under the Joint Programme on Gender Equality, the UN Team prioritised coordinating advocacy and technical support to government (including Parliament) to ensure the successful adoption of the law “On Gender Equality in Society.” Further, the UN has come together in prioritising increasing women’s role in elections – both as voters and as candidates. Over the past months, Government and civil society, youth parliaments, international donors and political parties were closely consulted to determine a strategy for UN’s work on “Women in Elections” in the lead up to the June 2009 parliamentary elections. Through UN technical support and coordinated advocacy, in December 2008, under the newly adopted Electoral Code, the Government of Albania adopted the country’s first quota in national and local party lists and within bodies administering the elections.

The One UN Programme places special emphasis on addressing social inclusion and building capacity of civil society to promote the empowerment of rights-holders – and to build capacity of duty-bearers to meet their obligations, particularly through the effective implementation of human rights-based social policies. In order to mainstream human rights in the work of the UN, a Senior Advisor on Human Rights and Social Inclusion, funded by the OCHCR under the Action2 initiative, will be on board soon. A new JP on Social Inclusion and Human Rights is expected to be formulated in 2009.

Capacity development is at the core of the UN system’s work in the country. Capacity development efforts focus on ensuring Albanian institutions and public administration are prepared for EU integration and adopt international standards. A National Human Development Report this year will be dedicated to ‘Capacity Development for EU integration’ and it is expected to be a document for further discussion with policy makers and follow up actions by the UNCT.

Albania’s limited integration into global markets provided an immediate buffer against the global financial crisis, although the country is not immune to its effects and is experiencing a decline in remittances and exports. According to the latest IMF projections, growth is expected to slow to 3.5 - 4% in 2009 from 6% in 2008. The UNCT is closely monitoring the overall situation and the eventual impacts of the global economic slowdown on vulnerable groups in the country. A joint analysis is being undertaken by the UNCT to analyze potential changes in the regions of the country and impacts on vulnerable communities’ livelihoods and well being. Based on the findings of the analysis, the UNCT will decide on whether to adjust its programmes according to possible emerging national needs.
III-Change Management and Business Practices

The Delivering as One initiative at the country level requires change in behavior and changes in the way the UN Agencies operate and how the staff works to deliver results. Increased alignment with national priorities and systems as well as harmonization of inter-agency processes, to ensure greater impact of development assistance requires dedicated support. In this challenging endeavor, building more efficient mechanisms and a mind set for closer collaboration among the participating UN agencies is a critical part of the change management efforts. In early 2008, Heads of participating UN Agencies, came together to agree on an implementation strategy with commitments for the reform process. Team building and training, Capacity Assessment, Monitoring and establishment of benchmarks and Communications and Advocacy were among the key components agreed to be part of the change management strategy.

7. Capacity Assessment

The UN Team requested a ‘light’ assessment of UN Agencies’ existing capacities to deliver successfully the One UN Programme. To support this process, a Capacity Assessment Mission visited Albania in October 2008. The objective of the Capacity Assessment was to provide the UNCT with an overview of the existing types of capacity – both resident and non-resident – across the UN System in Albania and to identify capacity needs necessary to achieve the Delivering as One vision and meet Albania’s future needs. The Mission’s results, supported the UNCT in defining a future vision for capacities needed in the country in the next few years.

The assessment revealed that current capacities of the UN system in Albania were around 40% in operations and 60% in programme. Given Albania’s development trends and the role of the UN in a pre-EU accession country, the findings also revealed that the UN should shift towards a more advisory role in a limited number of areas, including social inclusion, environment, democratic governance and strengthening civil society – all areas where it has a comparative advantage. In this case, a reduction in provision of management services and operations and an increase in technical assistance and advisory functions is expected in the coming years.

A number of immediate recommendations were made including the need for an M&E Advisor to support the work of the inter-agency M&E Group and to implement the M&E framework adopted for the One UN Programme. The Operations Management Team (OMT) would benefit from an International Operations and Procurement Advisor to support implementation of harmonized business practices.

Follow-up actions to the capacity assessment and a forward looking exercise to define capacities needed for the UN system will take place during the next retreat scheduled to take place in May 2009. During this retreat, agencies will start to carefully analyse what kind of capacities will be needed in the country.

8. Business Practices

In 2008, the UN system in Albania established a UN Local Procurement Advisory Committee (LPAC) which serves as an advisory body to the UNCT when undertaking common services or LTAs. This innovative idea has provided an important forum to analyze and approve procurement decisions that will affect all agencies.
The Operations Management Team (OMT) has developed a work plan identifying common services that would be beneficial to the majority of UN agencies. These include: Travel, Translation and Interpretation, Printing/Copying, Mobile Communications and Events Management.

Despite several attempts to get guidance from headquarters, the following issues continue to require clarification: (i) unified procurement procedures for common services; (ii) signatory and authority levels for common LTA’s; (iii) potential mandatory use of LTAs; (iv) vendor management, (v) reduction of duplicate contracts review across the agencies, and; (vi) general guidance on models for the establishment of one UN procurement.

9. Follow up to the evaluability mission

The UNEG mission which visited Albania in early 2008 assessed that the One UN pilot would be ready for evaluation when a number of process elements were in place, mainly related to the establishment of the M&E framework and clarification of mutual accountabilities. The UN Team and the Government found the UNEG mission useful and worked throughout the year to follow up on the recommendations summarized below:

a) Finalization of One UN Programme Annual Work Plan and M&E Framework with indicators for individual outcome areas and their components: A Results Monitoring Framework was developed and adopted in May 2008. This framework has specific indicators, base lines and means of verification for all the results and outcomes of the One UN Programme. The work plan was finalized and linked to the One UN Budgetary and M&E Frameworks.

b) Assessment of transaction and investment costs: In late 2008, a ‘process framework’ was drafted and adopted in early 2009. This framework intends to measure differences in the way the UN works at country level with identified indicators, milestones and baselines.

c) Formalization of Code of Conduct between UNRC and UNCT: A code of conduct referred to as “Working Principles” was developed and adopted by all participating agencies in July 2008. The Working Principles outline the roles and responsibilities of the RC and UNCT members within the new way of working under delivering as One UN.

d) Terms of reference for key functions. The TOR of the Communications Group and Operations Management Team (OMT) were revised and adopted in 2008. The UNRC TOR was finalized by HQ in 2009.

e) Adoption of fund allocation criteria: The fund allocation criteria was adopted in February 2008 and guides the JEC on eligibility and prioritization of resource allocation.

f) Resource mobilization strategy in place: The UN Team agreed on a common approach to resource mobilization and a resource mobilization package was prepared.
IV – The Way Forward: Overcoming Challenges

10. Efforts to overcome challenges in 2008 and beyond

Despite the lack of common guidelines from Agencies’ headquarters on how to work jointly and in a more integrated manner at country level, the UN Team in Albania, together with international and national partners stretched the existing rules and regulations to accommodate a more integrated system. It is now time for major efforts at headquarters level to harmonize and simplify practices so that more can be done at country level. Otherwise, the reform effort could plateau in 2009 at country level without similar changes at headquarters and regional level.

There is a need for UN agencies at headquarters level to agree jointly on a number of issues and provide clear guidance to country teams. There are few additional gains to be made without changes in the regulations at headquarters level on more synchronized and harmonized rules and regulations in procurement, human resources, finance and IT standards.

For example, the One UN Programme Annual Report is still not accepted by UN Agencies’ headquarters as a replacement of Agency specific reports. This challenges efforts to streamline reporting requirements and leads to increased workload for UN teams having to prepare two or more sets of reports. In late 2008, the UN Team in Albania advocated for a unified annual One UN Report to replace agency individual reports to respective headquarters and prepared a template for DOCO. This was not endorsed by UNDG and will be further reviewed in 2009. Unfortunately, at this time Agencies are still required to submit individual reports to their headquarters in addition to the One UN Annual Report.

Within these limitations, the UN Team attempted to simplify One UN Reporting by limiting additional new requests for information to the minimum and using exiting reports to draw information. A mapping exercise was conducted on reporting requirements – both those under the One UN Programme and existing UN Agency reporting requirements. The aim was to identify areas where Agency reporting could be used as elements of One UN reporting, thereby minimizing or avoiding entirely the need for Agencies to prepare two different reports regarding their work.

As we near the preparations for the next programming cycle (2011-2016), there is still time to ensure further reduction in transaction costs for the Government. This can be done through a single One UN Programme/UNDAF and CPAP for all Agencies, signed by the Government, thereby reducing the many approvals to one approval process with the Government of Albania.

Another possibility to reduce transaction costs within the UN Team would be for the Inter-Agency Local Procurement Committee (LPAC) to be granted legal authority to replace agency bodies for inter-agency procurement cases.

11. Lessons learned and good practices emerging from piloting experience to be adopted by other countries

It is important for the UN Team to not get too caught up in the process of Delivering as One but to move as quickly as possible to planning and implementation of the One UN Programme. It is through joint planning and implementation that the real spirit of UN reform and team work takes place.

The UN Team must keep in mind that national priorities must guide the UN’s work and that ultimately it is about having a UN system which is able to remain relevant and strategic in the country and not about sustainability of the UN system in the country.
It is critical to have a reasonable amount of funds in the Coherence Fund early on in the One UN Programme process to allow for predictability and strategic quality of UN’s assistance in the country. Not having sufficient funds during the first year of implementation can be a risk and dampen spirits amongst participating UN Agencies. Lack of predictable funding can also impact the quality and timely delivery of the programme.

The Spanish MDG-Funds have been a tremendous support to fund Joint Programmes. The funding support has increased joint planning and implementation and acted as a catalyst for change in addition to supporting the achievement of the MDGs in the country.

The M&E Framework is an excellent tool enabling the UNCT to follow the progress of reforms as well as the implementation of the One UN Programme. The M&E Framework used in Albania is a tool which can adapt easily to other country contexts. Key milestones can be monitored and checked off as “complete” or flagged in red as areas needing more attention.

Joint recruitment panels for posts working with more than one Agency was extremely useful and brings agency perspectives into the selection process and ensures agencies have a stake in the recruitment process.

The UN’s coordinated approach and one voice has been critical when dealing with donors or trouble shooting and problem solving as a team with challenging partners.

Coordination and harmonization requires dedicated effort by all participating agencies. Agencies participating in the Delivering as One initiative should be ready to significantly increase efforts to meaningfully participate and benefit from Delivering as One. Limited capacities in Regional Offices of NRAs need to be addressed to ensure a timely delivery of programmes as well participation in key meetings of Delivering as One.

Involvement of line Ministries is important at strategic level to ensure alignment with national priorities and plans.

12. **Focus in 2009**

In 2009, the focus will remain on implementation of programmes as it will be the last full year before the start of consultations on the next programming cycle. Further increase in harmonization of business practices will be high on the agenda. With a strong focus on implementation, an increase in delivery across UN agencies is expected. This is reflected in the 2009 budget of the One UN Programme, which is higher than that of 2008.

Common services have become a pressing priority for the UNCT, as joint implementation requires joint procurement and joint recruitment. In 2009, the UNCT will focus more on addressing these issues and overcoming associated challenges. As a follow up to the recommendations of the Capacity Assessment mission, an International Procurement Advisor is being recruited to support the UN Team in harmonizing procurement procedures and to strengthen the Operation Management Team.

The Harmonized Approach to Cash Transfer (HA CT) will be implemented starting with the macro-assessment – the first step in the HACT process. In 2009 a number of micro-assessments will be carried out if required. The implementation of HACT will lead to lower transaction costs for the Government implementing partners, as it will require the use of common quarterly reporting form for all UN agencies on the use of UN’s resources.
UN Agencies have been actively working with the Government to identify premises for a UN House. Given that there is simply a lack of available Government owned buildings in Tirana that would be suitable in size and location for the UN, the team had to start looking into commercial space to meet its needs. It is expected that by 2010, the move to a common premise for UN Agencies will be initiated.

At the request of the Government, the focus in 2009 will remain on implementation of the Programme, especially the recently launched Joint Programmes. As a result, the UNCT will formally request postponement of its UNDAF cycle by one year to 2011. Drawing on lessons learned after two years of implementation of the One UN Programme, work will start on the conceptualization of the next Programme in late 2009. The new Programme will need to take into account the role of the UN in a pre-EU accession, middle income country. The Programme Working Groups will form the strategic core of this exercise and, as part of their One UN reporting and planning exercise, they will be expected to provide insights into trends, priorities and needs of the country in the future.

The PWGs will link much more with national sector working groups as well as with line Ministries. In the second half of the year, the UNCT will report to the Government Modernization Committee on the latest developments of the One UN Programme. A joint workshop involving DSDC and staff from line ministries will be carried out to inform staff of the workings of the One UN initiative and raise awareness on the new ways of doing business.

Coordination and harmonization requires dedicated effort by all participating agencies and further attention will be devoted to this in 2009 to review alternative approaches to support NRAs and others to deliver more on their commitments.