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ALBANIA

COUNTRY PROFILE

NOVEMBER 2008



Micro, small and medium enterprises are the driving force for Albania's economic growth and job creation. They account for 99.5 percent of private enterprises and about 75 percent of total employment in non-agricultural sector. USAID is helping Albanian enterprises increase productivity and competitiveness.

ALBANIA SNAPSHOT

Capital: Tirana
Population: 3.153 million
Income per person: \$3,256 (annual)

**For more information, see www.usaid.gov
Keyword: Albania**

OVERVIEW

Albania has played a positive, moderating role in the Balkans and is making strides toward Euro-Atlantic integration with its 2008 signing of a Stabilization and Association Agreement with the European Union (EU) and



Tirana

invitation for NATO membership. However, significant challenges exist for Albania to become a socially- and economically-viable democracy.

Under the U.S. Government's Foreign Assistance framework, USAID's development program in Albania strengthens governmental accountability and transparency, reduces corruption, increases private sector competitiveness, improves the delivery of quality healthcare, helps ensure a reliable and affordable energy supply, and reduces trafficking in

persons. In January 2009, USAID will begin implementing a Stage II Millennium Challenge Corporation (MCC) Threshold program in Albania to address additional corruption-related reforms in the country's public administration and justice systems.

PROGRAMS

INCREASING PRODUCTIVITY AND COMPETITIVENESS

Since 2001, Albania has maintained an impressive GDP growth rate, averaging roughly five percent each year, and poverty levels continue to decline. Despite progress, Albania faces high unemployment, low foreign direct investment, poor infrastructure, and rising trade deficits. USAID's program strengthens the competitive capacity of the private sector, facilitates access to commercial credit for small and medium-sized enterprises (SME); and improves the enabling environment to enhance business development, trade, and investment. Major efforts are focused on improving SME productivity and competitiveness by promoting technological innovations, adoption of international quality standards, and the application of good management practices and marketing techniques. USAID also helps improve the regulatory environment and promote private investments in the energy sector.

PROMOTING GOOD GOVERNANCE, LOCAL ECONOMIC DEVELOPMENT

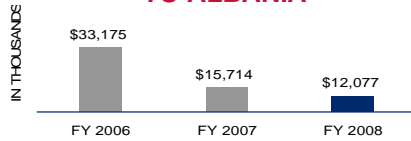
Albania has made real progress towards replacing the highly centralized political system inherited from communist times with one that gives real



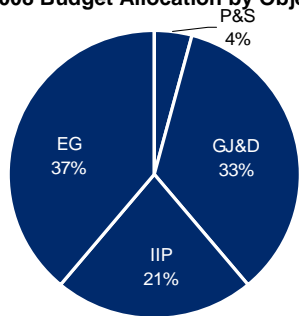
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COUNTRY PROFILE CONTINUED

USAID ASSISTANCE TO ALBANIA



FY 2008 Budget Allocation by Objective



Peace & Security: \$500,000
Governing Justly & Democratically:
\$3,994,000
Investing In People: \$2,563,000
Economic Growth: \$4,470,000

Based on FY 2008 Assistance for Eastern Europe and the Baltic States funding. (FY 2006 total includes \$13.85M for MCC.)

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authority and autonomy to Albania's local governments. USAID's local governance project supports such local government functions as planning, economic development, and public access management that help create a favorable climate for business and investment. The rule of law program serves to foster models of accountable and transparent courts that uphold the rule of law.

STRENGTHENING PRIMARY HEALTH CARE SERVICES FOR ALL

Better, more accessible health systems contribute to improved health of both adults and children, helping to achieve sustainable development and improve the wellbeing and productivity of Albania's citizens. To reduce the incidence of disease, promote primary healthcare, and improve management of scarce resources, USAID works with the Ministry of Health to change the way primary health care in Albania is organized, financed, and delivered. USAID programs improve the efficiency in the financing and delivery of services, boost citizen access to primary health care, enhance the quality and availability of reproductive and maternal services, and build government capacity to respond to public health threats.

PREVENT TRAFFICKING IN PERSONS AND PROTECT VICTIMS

Albania is a source country for women and children trafficked for sexual and economic exploitation internally, in the region, and to other parts of Europe. In order to reduce trafficking, protect victims, and prosecute traffickers, USAID reaches out to at-risk populations and informs the general population about trafficking issues; addresses the root causes of poverty and social stigmatization; enhances services and witness protection to ensure successful reintegration for victims; and builds the capacity of the government and non-governmental organizations to respond to trafficking in persons. Anti-trafficking activities are carried out through two six-year USAID programs entering their final years of implementation in FY 2009.

IMPROVING GOVERNMENT TRANSPARENCY AND EFFICIENCY

Albania's \$15.7 million Stage II MCC Threshold program will build upon the successes of the first program, which has sought to reduce the levels of corruption in Albania's public administration, specifically its public procurement, tax administration, and business registration systems. Managed by USAID, this new program will build the capacity of the judiciary, enhance the capability of law enforcement to investigate corruption, and continue reforms in Albania's tax and business licensing administrations. Progress in these five components will assist Albania in achieving the Millennium Development Goals and qualifying for MCC compact status.