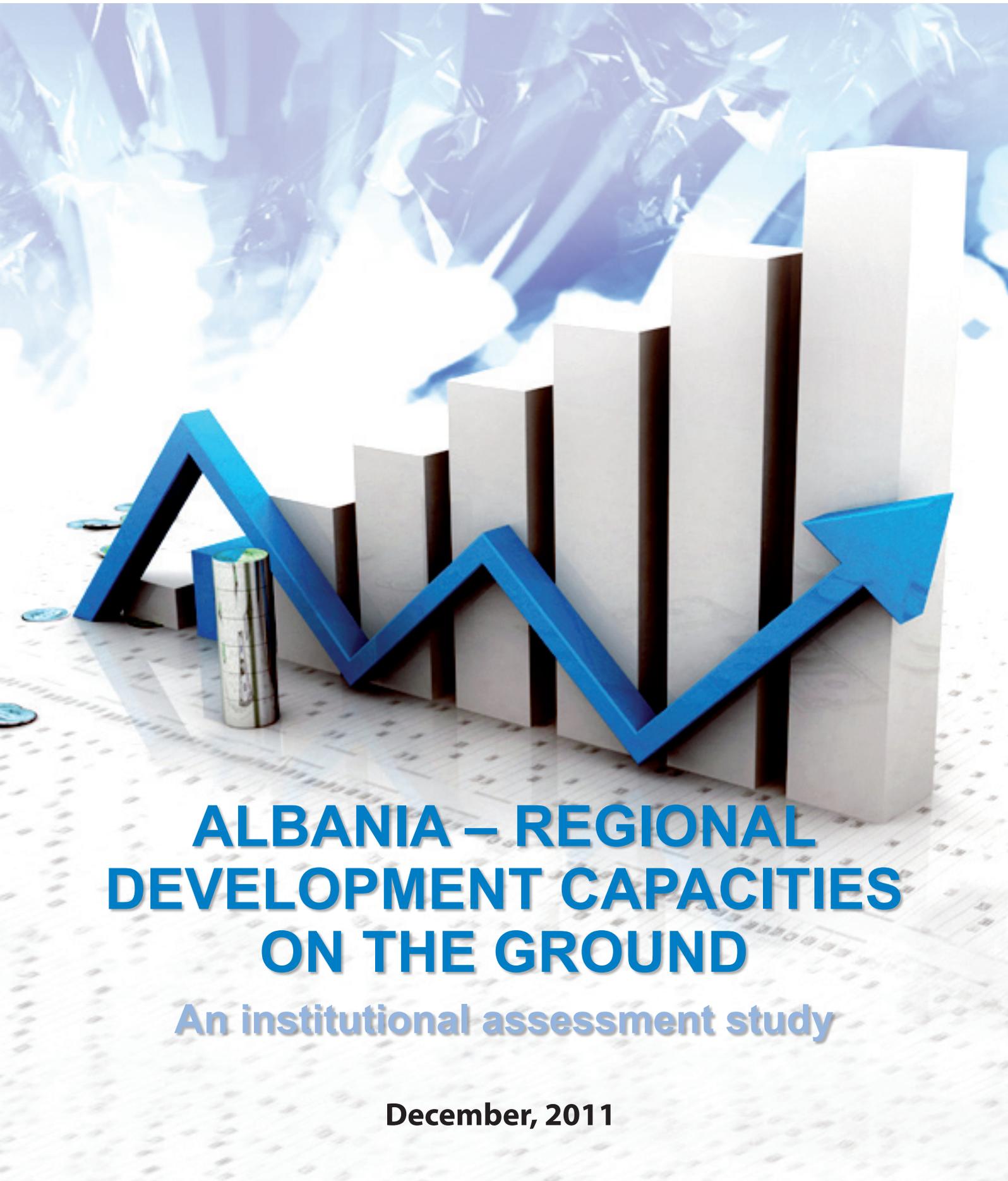




Integrated Support for Decentralization Project  
**WORKING FOR REGIONAL DEVELOPMENT**  
Funded by EU and implemented by UNDP in partnership with the Albanian Government



# **ALBANIA – REGIONAL DEVELOPMENT CAPACITIES ON THE GROUND**

**An institutional assessment study**

**December, 2011**

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# Chapter I. Introduction

## 1.1. Current situation – why an Institutional Assessment at the regional level

*'...Strengthening of administrative and implementation capacities are needed when it comes to several areas such as the development and implementation of sustainable, results-oriented projects with the purpose of optimizing the absorption of available funds...'*<sup>1</sup>

Over the whole transition period Albania has been faced with a number of extremely complex challenges in order to establish stable institutions guaranteeing democracy, the rule of law and human rights as well as to operate a functioning market economy and to cope with competition and market forces. Clearly, the most visible and the most pressing challenge is that of meeting the requirements of the European Union (EU) accession. In the meantime, sizeable funds are channeled from the EU and other donors to assist the country's development and cohesion and this is just the beginning of the substantial support that will be provided also in the post-accession period through the EU structural funds.

Although Albania is still in an early stage of its accession process to the EU, it is realistically to expect that change to a formal status of a candidate country is not too distant<sup>2</sup>. In the field of regional policy, this means that without imposing direct changes in legislation, Albania will need to reinforce planning, management and monitoring of public investments both at central and at the regional/local levels and this will have to be tackled within the existing legal and political system while simultaneously anticipating and preparing changes to this system<sup>3</sup>. Linked to the last point, Albania has to tackle another key political challenge: to ensure full participation of regional/local authorities and stakeholders in the development activities, and ensure that a great number of beneficiaries, both public and private, have effective access to EU and other public funds all over the territory.

Therefore, a comprehensive analysis was initiated and focused on the awareness and the capacity at regional and local levels in Albania to participate effectively and in partnership in development activities. This included an assessment of the institutional, financial and technical knowledge and abilities of the local and regional actors to identify, coordinate and plan development needs, priorities and actions, attract funding and implement projects (the so called "development capacity"). The analysis was carried out in the period June 2010 – January 2011 as part of the Integrated Support for Decentralization (ISD) Project, financed jointly by the EU and the United Nations Development Programme (UNDP). Direct beneficiary of this project is the Government of Albania but the results of the capacity assessment are intended to be used also to inform donor organizations for their possible future activities at the regional and local level as well as to develop knowledge of regional/local actors for the domestic and EU regional policy and requirements.

## 1.2. Purpose of the study

The overall purpose of the analysis is the strengthening of capacities and extending the participatory base for policy discussion and decision making at the local and regional levels in Albania. The assessment should be sufficiently comprehensive to contribute to the above aim by achieving the following specific objectives:

- To provide a snapshot of the current regional development capacities at the local and regional levels;
- To identify the main gaps to be addressed based on the real needs and to outline the basic capacity building measures to be undertaken to improve the knowledge and skills of regional and local actors for domestic regional development and EU cohesion policy and its requirements;
- To inform the national level governmental institutions and donors present in Albania for the main gaps to be addressed and existing deficits in regional development processes as they work actually.

<sup>1</sup> *Enlargement Strategy and Main Challenges 2010-2011, Brussels, 9.11.2010, COM(2010) 660*

<sup>2</sup> *Albania presented its application for membership of the European Union on 28 April 2009, following a continued process that started with the Trade and Cooperation Agreement of 1992 and passed through the Thessaloniki European Council of 2003 and the signature of a Stabilisation and Association Agreement in 2006. On 9 November 2010 the Commission has presented its opinion on this application stated that Albania would be in a position to take on the obligations of membership in the medium term in most of the *acquis* fields. The 2011 Progress Report focused particularly in assessing that the country has achieved the necessary degree of compliance with membership criteria; the candidate status was postponed due to country's limited progress in meeting the political criteria for membership and the twelve key priorities for the opening of accession negotiations. Enlargement Strategy and Main Challenges 2011-2012, Brussels, 12.10.2011, COM(2011) 666.*

<sup>3</sup> *Albanian regional development opportunities and challenges, UNDP, 2005, p. 15*

The analysis looks also at some key legal and institutional gaps and makes recommendations for concrete measures in order to ensure a more enabling environment for successful implementation of development activities. Particular attention is paid to the issue of the capacity to apply the partnership principle since effective and sustainable development depends on the extent to which the available funds address priority local and regional needs and problems (in line with the overall national strategic objectives). This leads to emergence of 'partners for projects' and creates ability for the key partners to come together to identify, propose and implement programmes and projects that provide for a broader economic or social benefit.

The scope of the study was purposefully extended to cover all qarks and representative numbers of municipalities and communes as well as other key regional and local development actors such as local and regional development agencies, business and non-governmental organizations, tourism associations, etc. These actors are understood as the development communities of the regions, rather than simply as administrative structures. With this respect, 'development capacity' is understood as the institutional, financial and technical abilities of the local and regional actors to identify, coordinate and plan development needs, priorities and actions, and to attract funding to prepare and implement projects.

The report does not provide an inventory of the individual organizations' capacity in the processes of strategic planning and project development at the local and regional level. The current analysis looks rather at gaps and needs that are common for each type of regional and local actors (qarks, municipalities, communes, local and regional development agencies and other relevant NGOs).

### 1.3. The development context of specific actors

Depending on who and how takes part in the process of formulation of public development policies and implementation, two communities of participants can be distinguished: a) the programming community, and b) the development community. Both communities are interdependent and equally important. The programming community is responsible to design the programme documents, to negotiate and agree them with the financing institutions, to secure co-financing resources and to manage the implementation. But the actual implementation of planned actions is carried out by the development community, whose aim is to gain access to resources through the implementation of programmes and projects.

Qarks, municipalities and communes are key actors of the development community at the regional and local levels in Albania. They are the basic territorial units of self-governance and although most of the responsibility lies within the Government, they have important competencies and role in allocating and managing regional development public investments. The specifics (actual role, activities, competencies, finances, intentions for changes, etc.) of each group of actors are presented in the beginning of each of the following chapters of the report. It is unquestionable, however, that while the position of municipalities and communes is to be both participants in the planning process as well as the real project promoters that identify needs, generate project ideas, develop them, apply for funding and then implement projects, qarks still remain without clear functions and in a vacuum of resources<sup>4</sup>. Qarks are the upper level of local government units where regional policies have to be designed, implemented and harmonized with the national policies. Their role is not so much to be beneficiaries (designing and implementing projects) rather than to be initiators, facilitators and coordinators of the activities of the other local and regional actors and that role is fully consistent with the qark councils' legal responsibility for planning and coordinating actions of regional interest.

Non-governmental organizations in Albania are mostly members of the development community although in some cases they participate also in the activities of the programming community (e.g. participation of NGOs as members of different steering and monitoring committees). Nevertheless, money from the public funds (be they national or external, EU or others) is provided mainly to public actors for implementation of public policies and when the business (and to a lesser extent NGOs) are involved in the use of those funds, they receive money only because in this way public development policies are put in action.<sup>5</sup>

<sup>4</sup> *Decentralisation and analysis of Government functions: national, regional and local. Draft report, 20.10.2009, p. 2.*

<sup>5</sup> *Bulgaria National Human Development Report 2006. Are we prepared for European Union funds? Challenges and opportunities for local development actors. UNDP, Sofia, December 2006, p. 6, 19.*

# Chapter II. Summary

## 2.1. Findings

The review of current regional development capacities has uncovered significant problems that could influence a successful regional development process:

### **With respect to management competences in regional development:**

- Whatever competences exist, they are not anchored to a firm regional development policy framework, thus creating uneven practices and sporadic attempts to regional development. This has to be considered a major systemic failure which requires immediate response from the government, assisted by major donor organizations.
- In general few development actors have a comprehensive picture of where their region is in terms of socio-economic development, where it should be and how to get there, and what is their role to make it happen. There is a sense of disempowerment and disorientation, often leading to inertia and lack of interest to lead or even pursue development agenda.
- Lack of development experience is widely spread. Donor activities seem to have been present on an insufficient scale to allow key actors across the country to be involved in processes that build their knowledge, motivation and practical skills, and to allow for real performance in regional development.
- There is a lot of confusion where to place regional actions as opposed to national and local interventions, as the understanding of the appropriate 'regional' level is not well established and public functions and development responsibilities are not clearly defined under the current legal and institutional frameworks.
- Qarks' management competences in regional development remain rather limited despite designation of structures and availability of personnel. This is also reflected in the low level of awareness of qarks and of municipalities/communes on development opportunities and funding as well as limited knowledge on the priorities of potential funding agents (national government, international donors).
- Multilevel development coordination is mostly absent, with limited qarks' participation in national planning processes and weak cooperation between the regional and local levels.

### **With respect to strategic planning:**

- Qarks' experience in strategic planning is sporadic. Most strategies so far have been initiated and supported by donors and not followed up through implementation. They constitute isolated attempts rather than standardized approach to development. The same holds true for the municipal/communal strategies (although more numerous) or similar strategic documents that have been developed by the local level when donor support has been available.
- There is very little alignment between the various levels of strategic planning and implementation: national, regional and local. Lack of coordination, weak partnership practices and isolated vertical and horizontal communications lead to many missed opportunities and waste of resources both in financial and capacity use terms.
- Financial resources of qarks are very limited and do not correspond to their aspirations and perceived roles, especially as project promoters/implementers. Also, smaller municipalities/communes (especially with population of less than 5000 inhabitants) have limited resources and are less prepared for developing project proposals and strategies, and absorbing national and donors' funds.

### **With respect to project management:**

- Project management capacities remain limited and are unevenly distributed with some qarks advancing mainly thanks to donor support. In the future lack of capacities for developing donor and EU-funded projects can pose a real challenge to speed up development at the sub-national level. Financial limitations are acute, both in the preparations and implementation of projects (co-financing issues). Most of first-level LGUs, with the exception of major cities, also lack capacities for developing projects other than those related to basic infrastructures, failing to address capacity building issues - an area where NGOs are involved extensively.
- There is a low awareness level of the funding opportunities and procedures, which together with inadequate and non-transparent information flow on development opportunities create the low quality levels of project applications from qarks and communes/municipalities.

**With respect to partnership capacities:**

- Even though there is a willingness and awareness to be engaged in regional development initiatives by all actors, mechanisms of interaction in the process of regional planning are essentially centralized, formal and to a large extent bureaucratic leading to absence of consultation initiatives at various levels.
- Ideas of wider participation, partnerships and coordination are mostly unexploited; coupled with weak NGO sector they constitute an important missed opportunity. In many LGUs, especially rural municipalities/communes, a formal NGO sector is missing. However, the partnership and interaction between NGOs and public administration at the local level seem to be higher than at the central level.
- Especially negative is the lack of horizontal partnering, especially among municipalities and communes. In a situation of extreme LGUs fragmentation, undefined regional scope of functions, and generally limited financial resources for development, inter-municipal cooperation should be the first and natural way to overcome these barriers.

More specific characteristics of major development actors at the sub-national level with respect to regional development management are provided in the table below:

*Figure 1: Main strengths and weaknesses of sub-national level development actors:*

| Regional development actors | Main strengths   | Main weaknesses  |
|-----------------------------|--|--|
| The Qarks                   | <ul style="list-style-type: none"> <li>- Established internal structures dealing with development issues and project preparation</li> <li>- Developing their regional development capacities, though not without difficulties</li> <li>- Ambitions to be coordinators of local initiatives and promoter of greater, regional development priorities</li> <li>- Availability of considerable numbers of staff dedicated to strategy and project development</li> <li>- Potential to play the leading role in regional development upon the condition that important institutional, functional and financial obstacles are removed</li> <li>- Basic experience in strategy development and project management with significant improvements noted in qarks supported by various donors</li> <li>- Progress made with respect to participatory mechanisms, although certain asymmetries are visible</li> <li>- Recognition that more advanced training and other capacity building actions are needed in order to improve strategy and project management skills</li> </ul> | <ul style="list-style-type: none"> <li>- Management competences in regional development still rather limited despite designation of structures and availability of personnel</li> <li>- 'Underutilized' pool of public administrators, comparable to a sizeable ministry</li> <li>- Basics roles only vaguely defined under the existing decentralization framework, and the functional split of competencies not properly determined between the central, regional and local levels</li> <li>- Low level of awareness on development opportunities and funding as well as limited knowledge on the priorities of potential funding agents</li> <li>- Financial resources very limited with severe problems in project development and project implementation co-financing</li> <li>- Experience in strategic planning rather limited and sporadic with most strategies initiated and supported by donors and not followed through with implementation</li> <li>- Multilevel development coordination mostly absent, with limited qarks' participation in national planning processes and weak cooperation between the regional and first level of LGUs</li> <li>- Project management capacities limited and unevenly distributed with some qarks advancing mainly thanks to donor support, threatening future absorption capacities</li> <li>- Project experience limited and uneven, especially in internationally funded projects with a high risk of a 'vicious circle' of low project development capacity</li> <li>- Wide spectrum of unsatisfied needs in the area of project development and implementation requiring a major coordinated attempt, including national and eventually EU support</li> <li>- Ideas of wider participation, partnerships and coordination mostly unexploited</li> </ul> |

| Regional development actors           | Main strengths   | Main weaknesses  |
|---------------------------------------|--|--|
| <b>Municipalities and communes</b>    | <ul style="list-style-type: none"> <li>- Growing interest to improve strategic planning management and to reach out for external development funding</li> <li>- Steady development of dedicated structures, staff and other organizational assets to increase capacities</li> <li>- Wide experiences with some strategic documents: local strategies, development plans, etc. with strategic planning becoming a common practice</li> <li>- Awareness of the need for better alignment of local, regional and national priorities and development policies</li> <li>- Basic training needs on strategy and project management, at least partially, fulfilled, providing a good starting point to develop advanced training and TA programs</li> <li>- Recognition of benefits of membership in relevant associations</li> </ul>  | <ul style="list-style-type: none"> <li>- A strong disconnection between local and higher-level strategies and objectives, leaving the first-level LGUs without policy and priority setting guidelines</li> <li>- Strategic and project management capacities naturally developed by the larger and stronger M/Cs, leaving majority of local administrations with very low preparedness for project-based development</li> <li>- No significant efforts to apply inter-municipal cooperation, joint initiatives or to aid limited capacities of individual M/Cs by developing and using capacities of local administrations.</li> <li>- The same differentiation between larger and smaller municipalities and communes is seen with respect to allocation of their own resources to project preparation and project implementation co-financing.</li> <li>- Relatively high declared readiness to apply for national development funds despite the fact that as many as 1/5 of M/Cs have not realized any projects over the last three years, much weaker for EU funds.</li> <li>- Almost all implemented projects related to improvements or creation of local infrastructures, with other kinds of projects on education, employment, social inclusion, entrepreneurship, etc. practically non-existent</li> <li>- General lack of M/C policies to attract best personnel and motivate them.</li> <li>- Prevailing models of partnerships at local level centralized and rather vertically oriented – towards decision-makers from higher levels with horizontal cooperation among M/Cs extremely weak</li> <li>- More and wider training programs on strategy and project management needed. Over the medium-term period, majority of M/Cs should have developed specialized units skillfully dealing with these topics.</li> <li>- Rather limited level of awareness of funding opportunities and procedures.</li> </ul> |
| Regional development actors           | Main strengths   | Main weaknesses  |
| <b>Non Governmental Organizations</b> | <ul style="list-style-type: none"> <li>- An important asset in terms of organizational capacities which can and should be employed in regional and local development</li> <li>- Natural inclination to be involved in planning and managing development processes together with public authorities and other actors</li> <li>- Some NGOs capable to assist with well-developed expertise complementary to the regional and local governments strengths</li> <li>- Ability to capture and express the needs and interests of communities and target groups allowing for a better fit interventions to real situations</li> <li>- High lobbying skills and policy work valuable partners for strategy compilation and implementation</li> <li>- Experiences with external assistance allow easier preparations for future EU funding and</li> <li>- High practical preparations and skills among all regional and local actors due to most advanced training support received</li> </ul> | <ul style="list-style-type: none"> <li>- NGOs contributions to regional development not capitalized due to limited ability of public administration to engage with the third sector and to build effective and wide partnerships</li> <li>- The sector far from consolidation and showing low levels of collaboration, joint projects and initiatives, and strategic alliances.</li> <li>- Continued support from external sources (donors and the government) necessary due to NGOs fragmentation</li> <li>- Willingness to participate in regional development activities through different roles – as training providers, project applicants, consultants, as well as projects evaluators and organizations involved in LGUs' project/strategy monitoring, with potential conflict between multiple roles</li> </ul>  |

Source: UNDP-ISD Project own elaboration

Note: Full lists of main strengths and problems are found at the end of each chapter.

## 2.2. Recommendations

Based on the extensive study of sub-national regional development actors, reflecting the current state of affairs in regional development, specifically the institutional capacities and modes of coordination and cooperation, the following recommendations are made for each category of regional actors as well as the central government:

### Recommendations for qarks:

- Take a proactive role in strategic planning for the territory by elaboration and equally importantly, implementation of Regional Development Strategies. The process should ensure high level of practicality (only attainable objectives should be considered), participatory approach (involving basic level LGUs, regional NGOs and business sector), and simple but effective monitoring systems. Although, the first attempts at self-elected, conscious strategy elaboration and implementation will be imperfect, this is the only way to ensure ownership and dedication. In connection, try to establish and agree development and investment functions which could be carried out by qark administrations as complementary to municipal/commune ones, either through a regional consensus building or inter-municipal coordination, or through lobbying for better split of public functions among the levels of governance.
- Review internal functions, structures and personnel in order to improve strategy and project management roles. Most qarks have already identified strategy and project management units as indispensable and are investing in their capacity development. It is necessary as well to dedicate a portion of funds, even if limited, exclusively for project development and implementation as well as related capacity building. Projects should be professionally developed in advance of funding opportunities, creating pipelines of sensible and fundable interventions, not only in the area of public infrastructures but also wider socio-economic development: employment, entrepreneurship, social inclusion, tourism, etc.
- Develop authentic regional mechanisms for consultations and cooperation in strategic and project management, focusing on synergy and greater impact of local and regional initiatives. Provide development support to lower level LGUs, especially those that find it difficult to act in isolation due to their size and/or financial limitations. Qarks can play the role of a joint executive agency for groups of LGUs with regards to some public services delivery and development interventions. This approach, if carefully considered, can bring efficiency gains to multiple municipalities and communes, where clearly large economies of scale are being lost under fragmented and numerous local administrations.
- Jointly lobby for a national recognition of regional strategic goals and for provision of a system of synchronized strategy development and management at all levels of governance and for increased investment roles for qarks. Increase the profile of the Qark Association. Regional Development Strategies need to be aligned to general national priorities but also to receive support sensitive to their specific requirements.

### Recommendations for municipalities and communes:

- M/Cs should continue and speed up the efforts to develop structures and personnel dedicated to strategy and project management. Future development opportunities will largely depend on the ability to plan and prioritize interventions, and to professionally generate implementable projects in anticipation of funding. Absorption capacity, meaning the existence of rich project pipelines and effective project realization, and the ability to co-finance project preparation and implementation, will be continually tested. It is clear that access to funds will be progressively more difficult due to growing competition among LGUs and growing complexity of conditions put on the assistance funds.
- Strategic processes at the local level should move well beyond planning. Municipalities and communes need to develop simple but workable monitoring and evaluation methods, and incorporate strategic projects into their budgetary and investment planning. Local strategies should place greater attention to regional and national planning documents to make sure they tap into higher-level priorities and external financial resources.
- Especially smaller, financially weaker municipalities and communes should seek ways to develop strategic and project management capacities comparable to those of larger M/Cs. There are two basic ways, which can be followed, even in the absence of major support from the central government. One is to start collective efforts based on common needs and join existing assets. Strategy and project management structures can be shared among neighboring LGUs, exploiting economies of scale and bringing synergies where resources are scarce. Another option is to collectively rely on qark administration and charge it with strategic and project management tasks for a group or all LGUs in any given region. This requires more vision and commitment rather than additional funding, and is particularly suitable for municipalities and communes which have been left out of strategic planning and project management assistance. Horizontal M/C cooperation is not easy but can bring impressive positive changes.

- Some financial effort should be made both to accommodate the need to co-finance project preparation and implementation, and to train and motivate professional staff working on strategy and project management. Although these expenditures are not seen as crucial, they can make a substantial change in strategy and project effectiveness, in turn adding to income sources for those LGUs that are wise enough to 'invest' in these capacities.

#### **Recommendations for NGOs:**

- There is a good argument for intensive preparations by NGOs of further capacities in relation to growing importance of EU funding. Although resources today are limited, such preparations will definitely pay off. The same argument is valid for increasing presence of these organizations vis a vis local, regional and the central government, for whom NGOs will become one of key development partners. In this respect especially smaller organizations should seek to consolidate efforts and activities, building sector alliances, thematic formal and informal networks, etc.
- Improved collaboration and partnering among NGOs is necessary not only to build stronger positions towards public authorities but also to be more effective in funds appropriation and strategy/project development and implementation. Collaborative practices have to be improved not only among NGOs but also with governmental, business and donor partners, including those from other countries.

#### **Recommendations for the central government:**

- Establish a system for regional development policy management and a relevant institutional framework. Review, update and implement a national strategy for regional development, setting the baseline for regional strategies (standardization, relevance and quality review), providing guidance and related financial support, including a reform of the Regional Development Fund. In relation to the upcoming review of the National Strategy for Development and Integration, the regional development policy framework should first be embedded in this highest-level strategic document of the country.
- In close consultations with sub-national governments develop a workable system of functional responsibilities and investment competences in various public sectors, ensuring that services are provided and managed at the right level of (de)centralization, and qarks' potential is utilized to the fullest for those functions that are best placed between the central and the local government levels. This seems to be the core problem with (de)centralization thus far and a real barrier for meaningful regional development activities. This also requires a revision of the way qarks' functions are financed, leading to the establishment of stable budgetary revenue sources. Ideally, after a due consultative process, a revised legal definition of qark should be put in place (representation, competences, etc.).
- Utilize and support the interest of first-level LGUs in developing capacities for strategic and project management. In the future, together with qarks, they will constitute the base for absorption capacity of EU funds, which will mean either a success or failure, as already proven among Eastern and Central European countries which joined the UE in 2004 and 2007. Failing to develop a strong funds absorption base at the sub-national level, i.e. good number of sensible and implementable infrastructure and non-infrastructure projects, will have severe implications for net gains from the EU integration and future membership. The central government cannot afford this part of preparations to be weak. Regardless of the depth of decentralization and administrative arrangements, the central government alone will not be able to plan and implement development activities across the country and across all the sectors. Local governments are the key allies for success here.
- Ensure availability of information and a transparent system of assistance funding, requires the central administration to take particular efforts in improving information flows in relation to national and international sources of funding for regional and local development activities. Additionally, national systems to provide information and training, accompanied with guidelines and manuals, on strategic planning and project development should be put in place. They can be financially supported by the institution building components of IPA funds and by donors still active in the country.
- Gradually develop and improve project funding mechanisms (such as the RDF), increase their sophistication and convergence to EU funding. The criteria for funds distribution have to be clear and transparent but also demanding, which will stipulate development of adequate capacities by the sub-national actors. Such processes take at least 3 to 5 years, as testing and retesting is required in order to end up with effective and efficient solutions for development grants, loans and other instruments. Co-financing as an expression of additionality and subsidiarity principles should be made obligatory for any regionally and locally developed projects.
- At a stage, when strategic planning is already widely present but subject to trial and error application by different municipalities and communes, there is a strong call for the central government to step up with a system of strategic coordination across all governance levels. Harmonization of municipal/communal strategies with regional development strategies and

national policies and priorities is a must. It should contain all necessary educative and partnership elements: legislative regulations, guidelines, training, consultative and opinionating mechanisms, involving LGUs representative organizations, social partners and the third sector

- Capacity building interventions should not be limited to traditional strategic planning training but integrated with strategy development activities, strategy implementation design and management of projects related to strategic priorities. These should be coupled with technical assistance for strategic planning to compensate for existing gaps. Taking into account the recent experience of weak implementation it is necessary to put more emphasis on monitoring progress of strategy implementation, initially with simple set of indicators and reporting mechanisms.
- Partnerships inclusive of third sector should become a norm for any policy and strategy development activities at all levels of governance just as much as vertical strategic coordination should be. The government should widely apply the EU standards in this respect.
- The NGO sector, with some stimulus from the central government, can be a valuable provider of assistance and capacity building ally for regional and local governments. Mechanisms allowing closer cooperation between public administrations and the third sector not-for-profits can be established. Even further, good governance calls for opening many public services and social inclusion activities to management by not-for-profits which most of the time operate more efficiently than governmental bodies.
- The weaker and smaller NGOs should be supported financially when their scope of work is of high public benefit, while consolidation and collaboration among NGOs should be promoted.

### **Recommendations for the donor organizations:**

- Expand the geographical coverage and numbers of beneficiary institutions, rolling out and promoting successful experiences of previous and current programs and projects. Although it is recognized that some regions and localities in Albania deserve concentration of assistance, the needs related to key development capacities (planning, prioritizing initiatives, preparing and implementing effective and sustainable projects, creating working partnerships) are greatly unmet across the country.
- Increase or preserve financial contributions for the purpose of wider coverage, despite the expectations that gradually the bulk of support will be provided by the EU under IPA programs. Regional and local development still for many years will be dependent on external support, and with the EU integration progress not as swift as one would have hoped for, the interim period will be longer and harder to go through. The EU should already look into best ways of installing 'absorption capacities' at sub-national levels as they one of prerequisites for effective use of development funding.
- Consider scaling up some of the assistance package from very local interventions to supra-local levels, from inter-municipal to regional, and from regional to inter-regional levels. This on the one hand can counterbalance the fragmented and inefficient territorial administration and on the other create stronger horizontal and vertical linkages among development actors.

## Chapter III. Methodology

This regional development capacity analysis is elaborated with and for the participants of the development activities at the regional and local levels in Albania - only in that way the relevance and sustainability of the results could be guaranteed. The main focus was on finding out the real problems and on formulation of pragmatic, acceptable and feasible recommendations. Therefore, along with theoretical knowledge and empirical experience from other countries and organizations, the analysis was based on the existing internal knowledge and experience of the regional and local development actors. The experts' role was just to support and to facilitate the process, to allow for verbal expression, quantification and presentation in a systematic way.

### 3.1. Methodological approach

The assessment followed a participative, awareness raising and learning approach with extensive use of the local expertise as well as the experience of other enlargement countries and member states and in a close link and synergy with the awareness-raising activities on national and EU regional development and policy. It was implemented through a combination of the following methods:

- Document review - Existing analyses of the Albanian and other Western Balkan countries' regional development capacity trends and challenges (developed by UNDP, SNV, WB, USIAD, OECD, national, internal reviews, etc). Similar capacity assessments carried out in Bulgaria, Bosnia and Croatia and documents presenting objective data for specific regional development dimensions, such as the technical, financial and HR capacities etc. The main sources of information (documents) are presented in Annex 1.
- Internet-based questionnaire survey with standardized self-completion questions – The process was carried out mainly through a computer assisted (online) survey via internet which allowed to obtain the data in a structured electronic form, and also to process them automatically. The survey incorporated in one questionnaire the capacity development and training needs assessment. The questionnaires used for each type of respondents (qarks, municipalities and communes, key local and regional NGOs) were different, although the main part of the content was common in order to ensure comparability of results. The survey was conducted in the period July - September 2010 and was completed by 12 out of 12 qarks, 41 out of 65 municipalities, 51 out of 308 communes and 15 out of 59 identified national and local NGOs. The most important results of the survey are incorporated in the current report.
- Personal/structured interviews held in the beginning of the research, in June 2010 with all 12 qarks to ensure involvement of the qarks' management and its staff in RD capacity assessment, to check appropriateness of the questionnaire design and implementation method and to receive as much as possible objective information on the legal, institutional, technical and financial capacities of the qark. The list of the interviewed qarks' officials is given in Annex 2.
- Focus group discussions with qark and municipal representatives – Held in October 2010 to present the preliminary findings of the questionnaire survey and at the same time to receive feedback and verify the main development capacity gaps and constraints, capacity development needs, as well as receive additional information on topics and issues, for which the questionnaires do not provide sufficient information. The focus group discussion scenario and a list of participants are presented in Annex 3.
- Process mapping (analysis) with the participation of representatives from Development Departments in two qarks (Berat and Diber) and two municipalities (Elbasan and Kukes) - The exercise, held in October 2010 allowed for clarification of the sequence of activities of the local and regional actors in Albania to identify, coordinate and plan development needs/ priorities/ measures and projects, different roles in the project and strategy developments, including legal constraints and any recommendation for improvements. The process mapping scenario and a list of participants are presented in Annex 4.

### 3.2. Methods and process for development of the analysis and recommendations

The main methods of data interpretation were the analysis of problems and the analysis of discrepancies. While using the analysis as well as its results, it is important to make a distinction between data and data interpretation, real facts and subjective views. Therefore, the "triangulation" approach applies to the entire analysis, i.e. any of the more important findings, problems, and possibilities for solutions were verified through different sources and methods for data collection, and always interpreted by the analyst.

The following research questions were formulated with view to overcoming the gaps in already existing assessments at regional and local levels, avoiding possible duplications:

- Are local and regional authorities and the relevant NGOs in Albania sufficiently informed about the development possibilities? From what sources? Do they understand differences in terms of goals and requirements of different sources and donors?
- Do development activities (investments) of local and regional structures comply with the range of national and EU requirements and standards?
- Have they set up the necessary structures and organizational preconditions to participate in the utilization of national and international development funds?
- Do they have the necessary resources and do they think that they need to invest resources (money and efforts) in order to attract additional development funds?
- Do they have the necessary experience to participate in planning and project development processes?
- Can local and regional authorities, other levels of public administration, the non-governmental sector and the business work in partnership?
- Which of these aspects reveal the greatest deficiencies and development needs? What are the main capacity gaps? What constrains capacity?
- What kind of capacity building assistance do the local and regional structures need to face the complex tasks of coordination, planning and compliance with the range of national and EU requirements and standards? What needs to be done and who can do it?
- What are the training needs of the qarks/municipalities/communes staff that can be addressed by a training programme related to absorption capacity? What kind of training have they already received? What type of training they prefer? What are the main trusted training sources?
- For NGOs additionally, it is important to understand if they want to participate in planning and project development processes. What could motivate them and what is their preferred role?
- For the communes/ small municipalities additionally it is important to understand what restricts their capacity, what should be done, who to do it? What are limitations to inter-municipal cooperation? Do they understand the advantages of such cooperation?

The survey is representative of all 12 qarks and the entire range of municipalities and communes. LGUs from all qarks are represented, although some seem to be underrepresented (Diber, Durres, Fier, Korce, Shkoder) or overrepresented (Elbasan, Tirane, Vlore). The distribution of respondents reflects the structure of the LGUs by population. LGUs with higher population are overrepresented due to the predefined total coverage by the internet-based survey:

- Above 30000: 6 cases, 6,5% of the total number, 15% of municipalities, none of the communes;
- 10000-30000: 22 cases, 24% of the total number, 27% of municipalities, 22% of communes;
- 5000-10000: 34 cases, 37% of the total number, 34% of municipalities, 39% of communes;
- Below 5000: 30 cases, 33% of the total number, 24% of municipalities, 39% of communes.

The survey fails to be fully representative of the NGO sector. A sample of 59 NGOs, active in regional development area, was selected. Out of that only 15 NGOs have answered to the questionnaire, an indicator that the NGO sector still continues to be weak<sup>6</sup>.

Figure 2: Weight of each selected method in the analysis

| Item                  | Questionnaire surveys |     | Personal interviews | Process mapping | Focus groups |
|-----------------------|-----------------------|-----|---------------------|-----------------|--------------|
|                       | Number                | %   | Number              | Number          | Number       |
| <b>Total</b>          | 119                   | 27  | 12                  | 4               | 2            |
| <b>Including:</b>     |                       |     |                     |                 |              |
| <b>Qarks</b>          | 12                    | 100 | 12                  | 2               | 1            |
| <b>Municipalities</b> | 41                    | 63  | -                   | 2               | 1            |
| <b>Communes</b>       | 51                    | 17  | -                   | -               | -            |
| <b>NGOs</b>           | 15                    | 25  | -                   | -               | -            |

Source: UNDP-ISD Project own elaboration

<sup>6</sup>The 2008 NGO Sustainability Index for Central and Eastern Europe and Eurasia, USAID Report, 12th Edition, June 2009, pp. 46-51.

## Chapter IV. Qarks

### 4.1. Qarks' general preparedness for regional development management

The establishment of the second layer of the territorial self-government called the 'qark' is based on the article 113 of the Constitution of the Republic of Albania. Its role and duties are regulated by the organic Law no. 8652, dated 31.07.2000 'On the organization and functioning of local governments'. Local governments in Albania, based on Law no. 8653, dated 31.07.2000 'On the administrative territorial division of local government units of the Republic of Albania', amended, are organized at two levels:

- first level local government units – communes (308) and municipalities (65)
- second level local government units – qarks (12)

Figure 3: The map of Albania with division of 12 qarks



Source: UNDP-ISD Project own elaboration

The local units are decentralized and autonomous public authorities, responsible for providing or distributing public services and goods in compliance with the law. Commune, municipality and qark councils are the representative organs of the local government. The municipalities and communes are formed by directly elected representatives, whilst the qark council members are elected from the commune and municipal councils within the qark's jurisdiction by their peers on those councils. The Mayors of the Municipalities and the Commune are ex officio qark council members.

The qarks represent territorial administrative units. The basic function of the qark as a second level of local government is to develop and implement regional policies and programmes, follow the progress of sectoral programmes and their harmonization with state policies at regional level. It can exercise functions delegated by other local government units or the central government.

Initially, the establishment of qarks in 2000, aimed to create a structure for coordinating the local government issues in the framework of decentralization reform. However, ten years from their establishment, it is evident that qarks still lack the necessary competences to perform their functions. Also a greater responsibility and accountability towards their respective constituencies is required.

#### 4.1.1. Qarks' self-assessment of roles and preparedness to participate in RD activities

Q1. How do you rate the preparedness of your qark to benefit from the following type of funding sources?

Q2. What do you expect to be the importance of the following sources of funding for the qark development until 2015?

Q3. How familiar is the qark administration with the following strategic priorities?

Q4. What do you think should be the role of the qarks in the overall regional development process?

The overall perception of qark authorities is that qarks’ development activities in the near future will strongly depend on external financial sources. The importance of their own resources is marginal (5 qarks perceive them as being of medium importance, 4 - of low importance and 2 - even of very low importance). Therefore attracting and using external funding is critical.

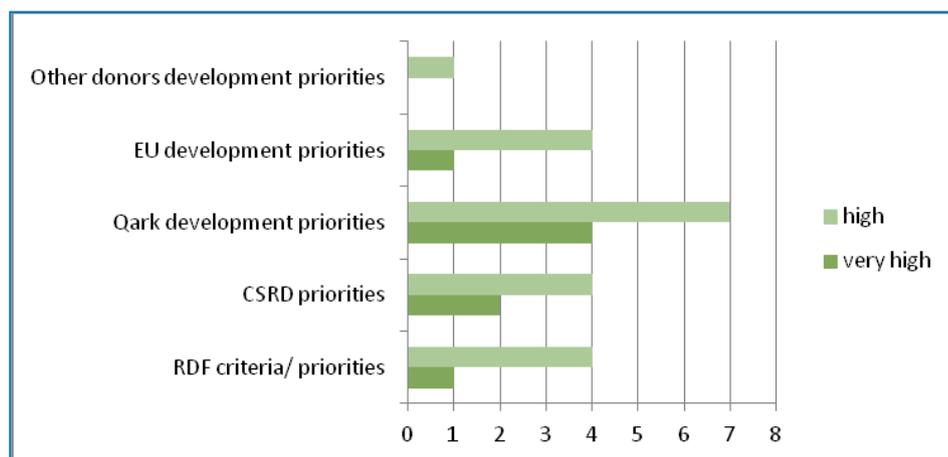
Also currently, the main perceived financial sources for regional development activities with relatively high perceived importance are external to the qarks - the Regional Development Fund, other Albanian public funds, the EU funds (mainly the IPA Cross Border Component) and other donors’ funds. The importance of Albanian sources (RDF and other) is more or less the same among qarks (the dominating answers are ‘high’ – 6 qarks and 8 respectively). The foreign sources (EU and other donors) are perceived less important among qarks (the answers ‘very high’ – 3 and 4 qarks respectively, fewer answers ‘high’ and ‘medium’).

The higher scoring of ‘other Albanian public funds’ compared to the RDF as the current main sources supporting qarks’ investments indicates the lack of access to this instrument. Interviews in most qarks as well as focus group discussions confirm that qark employees are not well informed of the RDF procedures and criteria for application and project selection. Failure to communicate to the regional level on this modified national financial instrument, together with short deadlines are indicated as main reasons for qarks and other LGUs not to applying to RDF or applying incorrectly by using application formats of previous competitive grants.

Most qarks feel fairly well prepared to benefit from all these external sources of funding. None of them indicated lack of preparedness. However, the dominating answer to the question about the level of preparedness is ‘medium’. The readiness to benefit from Albanian funds is scored higher in comparison with preparedness for the EU and other donors’ funds. For the RDF, half of qarks assess their readiness as high (5) or very high (1). For the EU funds and other donor funds there is no single answer ‘very high’, while the answers ‘high’ are given by most qarks (4 and 3 respectively). Lower readiness with respect to the foreign sources, especially the EU (CBC) funds was explained in the focus group discussions by the fact that the respective procedures prove to be more time-consuming and complicated. Applications under these funds need more work and higher levels of expertise, which in many qarks is lacking.

Even though heavily dependent on external funding, qarks are not fully acquainted with the priorities (and policies) that define the funding and seem to be pre-occupied by their own development priorities. While 11 qarks give answers ‘very high’ and ‘high’ to familiarity with their ‘own development priorities’, for the RDF, CSRD and EU development priorities high level of familiarity is expressed only by 5 and 6 qarks respectively, and only 1 qark feels confident about other donors’ priorities . Not surprisingly, this must lead to a conclusion that ‘not always what the qarks applies for is supported’ (focus group discussion with qarks).

Figure 4: Qarks’ familiarity with different strategic priorities



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

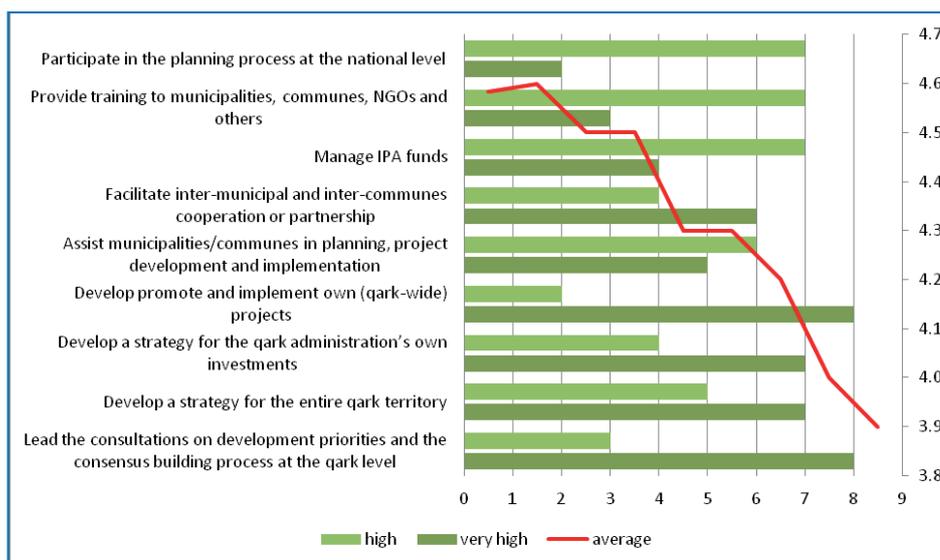
There are several possibilities for the qarks’ roles in regional and local development: a strategic planner, a project promoter/manager or a facilitator/supporter of lower level local authorities. Initially it seems that qarks administrations are inclined to fulfill all such potential roles. Only few of them give answers with ‘low’ rating (1 qark) and ‘medium’ rating (4 qarks) to any of the roles. These high and broad aspirations bring the risk of being overambitious. Taking too many roles with limited resources and limited track record could lead to the lack of focus as well as reduced effectiveness and efficiency. To get a better

understanding of the perceived roles it is more appropriate to look on the average ratings of different roles, and especially at the total of 'very high' and 'high' responses. It then becomes clear that qarks give priority to two main roles:

- Strategy development both for the qark administration activities and for the development of the qark area as a whole (including consultations and consensus-building processes);
- Development, promotion and implementation of qark's own projects.

Nevertheless qarks also perceive it important to facilitate inter-municipal/inter-communal cooperation and to assist municipalities and communes in planning, project development and implementation, the latter being validated also by the interviews with all 12 qarks as one of their most important functions at present. Lower priority is given to participating in national level planning processes, training provision for other local development actors and to taking up the management of IPA funds.

Figure 5: Self-assessment of qarks' roles in regional development



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

This prioritization seems logical, although not risk free. Key questions are:

- Does this prioritization correspond to the recent and suggested future factual roles of qarks (as reflected in policy, legislation, resource allocation, etc.)?
- Do the qarks authorities have the required capacity to effectively fulfill these roles?

These questions are addressed later on in our analysis and some recommendations are made. However, the main problem raised by all qarks during the interviews and focus group discussions is that of the unclear legal definition of the qark competences and the strength of the mandate held by the qark leadership due to the indirect election procedures.

#### 4.1.2. Organizational capacity – human resources

Q 42. Has the qark assigned specific responsibilities related to national and international funded projects?

Q 43. What is the number of the qark administration staff?

Q 44. What is the number of the qark staff working in Development Department (Project and Strategies)?

Q 45. What is the number of the qark staff actually working on implementing the regional strategy?

Q 46. What is the number of the qark staff actually working on project development or implementation?

Q 47. How many of the staff involved in strategy and project development and management have a working knowledge of English?

Q 33. How many people from the qark administration have been trained in strategic planning and in the past three years?

Q 34. How many people from the qark administration have been trained in project development in the past three years?

Preparedness of qarks to play an active role in RD activities is closely connected to their own resources, organizational structures and staffing. In terms of human resources the 'average' qark has some 46 employees. This number varies between 35 and 63 in different regions.

Eleven qarks have established specific units to work with nationally and internationally funded projects. Only in Tirane qark, there were no officials with exclusive responsibilities on project management. In addition, the focus group discussions pointed out that proper organizational structure directly impact the capacities for project proposals writing and lobbying. Several qarks due to their experience in CBC projects have established a project unit. Others have a similar structure as part of the development departments. Process mapping exercise pointed out that improving the structure of the relevant units would eliminate many implementation problems. There is a new concept in Diber for the functioning of such a strengthened unit, which also performs the analysis and evaluation of implementation of LGUs strategies.

The average number of staff working in the development departments, dealing mainly with projects and strategies, is 6 employees. Approximately 12% of the overall qarks' employees speak English, and all of them are involved in strategy and project development and management. This is a considerable number of human resources able to easily access English working documents and prepare project applications. Technical resources are not mentioned in the replies to the questionnaire as a barrier to the effective and efficient project and strategy development. However, some of the other information sources (process mapping) indicate deficiencies in equipment availability (including maintenance costs) and consumables as well as high costs for internet access, telephones, and specific equipment required for technical designs, etc. The distribution of human resources across qarks administration in terms of people trained in strategic planning and project development during the last three years is directly related to the number of staff working on those subjects.

Figure 6: Data on qarks' human resources

| Item   | Average number | Number of staff in all qarks | Share of total staff |
|--|----------------|------------------------------|----------------------|
| Staff working on regional strategy implementation    | 6.3            | 76                           | 14%                  |
| Staff working on project development, implementation | 11.2           | 135                          | 25%                  |
| Staff trained in strategic planning                  | 8.1            | 97                           | 18%                  |
| Staff trained in project development                 | 7.3            | 87                           | 16%                  |
| Staff with English language skills                   | 5.7            | 68                           | 12%                  |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 4.1.3. Information and communication

Q 48. Has qark access to broadband Internet?

Q 52. What are the main sources of the qark's information about national and international project funding?

Q 51. Do you consider that the existing information in Albania about national and international regional development funding opportunities is: sufficient, up to date, comprehensible?

Internet is the most frequently used source of information about national and international funding. This is facilitated also by the relatively wide access to broadband internet in almost every work place in most of the qarks (around 84% workplaces). Qarks rely for information on project funding mainly from the EU institutions internet sites (8 qarks), Albanian institutions internet sites (6) and donor organizations (5). Printed materials such as official documents, guidelines, brochures, leaflets, etc. (5 qarks) and seminars and trainings (4) as usual forms of information are also used. Communication channels among qarks seem to be limited since none of them has identified correspondence or direct relations with peers as a potential source of information. Direct relations with central administration seem to provide some information while media seem not to constitute a strong communication channel. The television is chosen as the only important media source only by one qark while newspapers, magazines and radio are not.

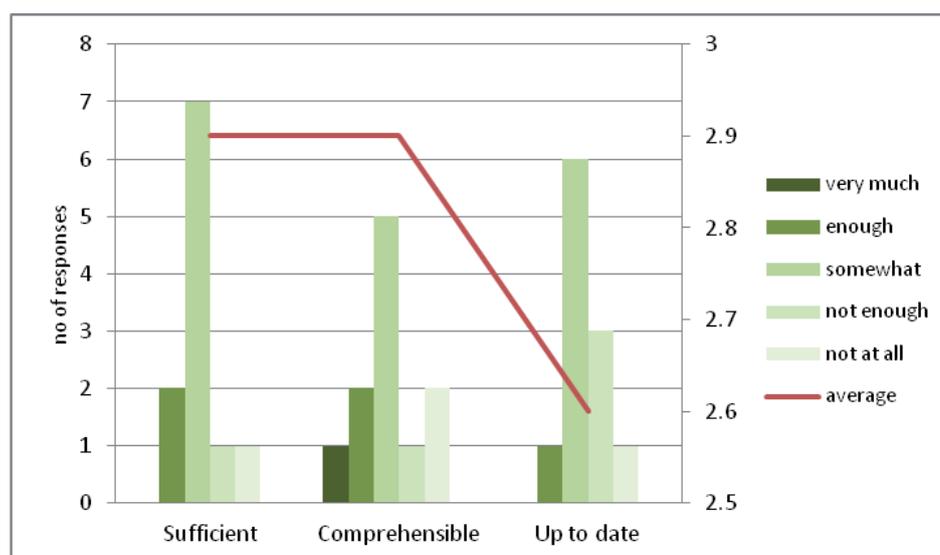
Figure 7: Main sources of information on project funding

| Information source                              | Responses |
|---|-----------|
| EU institutions internet sites                  | 8         |
| Albanian government institutions internet sites | 6         |
| Donor organization internet sites               | 5         |
| Official printed documents                      | 5         |
| Seminars/trainings                              | 4         |
| Popular printed materials                       | 2         |
| Correspondence with central administration      | 2         |
| TV  | 1         |
| Qark and municipalities internet sites          | 1         |
| Albanian NGO's internet sites                   | 1         |
| Correspondence with municipal administration    | 1         |
| Other   | 0         |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

According to the qarks the existing information is not sufficient, often outdated and incomprehensible. The average ratings on these criteria are in the range of 2.6 - 2.9 on a 0-5-grade scale (i.e. close to or below the medium level) with the lowest rating for the information being up to date.

Figure 8: Qarks' assessment of existing information on RD funding



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

This low rating of information on development opportunities and funding can be explained by two different reasons: the objective quality of information and/or the ability of qark staff to search, gather and interpret the relevant information. Both sources of difficulties are considered important.

The interviews and focus group discussions confirm the results of the survey showing that greater reliance is placed upon Internet than on personal contacts with central government officials. The qark employees also indicate that they are better informed about the requirements of donors and other national funds (state budget) which are more frequently used than about the EU financing sources or the RDF.

#### 4.1.4. Financial resources

*Q 49. Is the qark capable of allocating funds for project preparation?*

*Q 50. Is the qark capable of allocating funds to co-finance projects?*

Financial resources of qarks are extremely limited and do not correspond to their aspirations and perceived roles, especially as project promoters/implementers. The survey data show that readiness to invest in project preparation is directly related to the readiness to co-finance projects. Only two qarks (Tirane and Diber) believe that they are capable of allocating resources for both project preparation and project co-financing. Four other qarks indicate that they can provide money to support only one of the abovementioned activities. Qarks with successful experiences in IPA projects, such as Gjirokaster and Durres, where co-financing was a conditionality of the application procedures, were capable to secure it. Elbasan and Lezha on the other hand indicate that the funds seem to suffice only for project preparation. It should be emphasized however that these answers are general and do not indicate the amount for financial resources that could be directed for these purposes. The remaining six qarks, even though acknowledging the necessity, still cannot allocate funds for project preparation. The ability to co-finance projects varies among the remaining qarks. Half of them cannot allocate any resources and are not sure whether there is a need for the qark to co-finance projects. None of the qarks is unwilling to prepare projects or to co-finance them.

The perception of limited financial resources correlates with the identification of insufficient financial resources for project preparation (8 qarks) and project co-financing (7 qarks) as the main barriers for project development and implementation. Often the lack of financial resources to prepare project proposals leads to weak project proposals that fail to be financed. This observation is supported by the overall number of project proposals rejected by national or international funding sources. Data show that the number of submitted but not approved project is much greater than the number of projects approved in the last three years. In other words project preparation shows low effectiveness.

Project preparation and co-financing capabilities heavily depend on the cash in hand. The amounts of funds that could be allocated to finance are largely dependent on the overall revenues of the qarks. The qark income sources are mainly: a) state budget – unconditional transfer, the Regional Development Fund which has replaced competitive grants scheme, b) own incomes – from limited tariffs on services provided by the qark and membership quotas from LGUs, and c) local borrowing and inflows from foreign financing and donors.

Qarks have been an active player under the former competitive grants scheme for education, health, social services, etc type of projects; but now their role is practically limited only to local road infrastructure project applications. In 2006, the share of the competitive grants given to the Councils of the Qarks constituted 43% of the total, in 2007 15%, and in 2008 only 3%. For this time period to some qarks, such as Tirana, Vlora, Elbasan and Lezhe no grants were allocated<sup>7</sup>. Such limitation of the qark investment financing over the years has led qarks into a mode of 'passive existence'. The interviews with different regional council's employees have shown that the amount of money in the qarks is very limited and cannot support investment activities. Focus group discussions pointed out that income on land transactions used to be a good source of financing, but for the time being it is put on hold.

- Municipalities/communes 3.5% membership quota is not enough to support the qark functioning
- Political affiliation of different LGU's influence in membership quota payment.
- Municipalities/communes often fail to pay the membership quota.
- Failure of paying membership quota a reason for opening legal processes - a procedure that costs time, human and financial resource

Korca case:  
'limited revenues,  
failure to support  
investment  
activities'

*Source:* UNDP-ISD Project, semi-structured interview

There seems to be no clear correlation with qark financial indicators. Qark own incomes in 2009 varied from 1340 ALL per capita to 22 ALL p.c. The only qark which shows readiness to finance projects preparation and their co-finance is Diber with the highest own incomes p.c. and Tirane, the capital. A similar trend is observed for other financial indicators. This may be mainly explained by higher experience and awareness related to absorption of funds.

<sup>7</sup> 'Regional Disparities in Albania', UNDP-ISD Project, November 2010, p. 116.

Limited budgets were identified by qarks as the main problem also in focus group discussions, interviews and process mapping. Possible solutions according to them could be searched mainly by strengthening of qark competencies and specific budgets dedicated to qarks' development measures and by changes in legislation. However, all proposals of qarks should be assessed carefully with respect to their feasibility as related to the national reforms of decentralization and public administration. In all cases qarks need to be part of the change process, timely informed and consulted.

#### 4.1.5. Summary findings

Qarks seem to be 'underutilized' in the sub-national development arena. Their preparedness to carry out regional development roles is limited by a number of structural and operational aspects. The following observations deserve particular attention:

- The overall perception of qark authorities is that qarks' development activities in near future will strongly depend on external financial sources. This stems from their experience with limited funding. Most of the qarks feel quite well prepared to benefit from these sources but this seems highly unrealistic considering limited track record and the low level of acquaintance with priorities and procedures regulating these funds.
- Qarks are primarily interested to be involved in both strategy development of the qark area as a whole (including consultations and consensus-building) and in the development, promotion and implementation of qark own projects. They try to take a proactive stand on these issues by establishing specialized structures (development departments or similar) although overall management competences in regional development are still limited. This is a worrying fact especially when one considers relatively large numbers of staff employed (46 persons on average).
- There are many obstacles to be overcome if qarks are to take on a more prominent role in the regional development. In search for funding opportunities they should pay more attention to the strategies and priorities of other actors (the national government, the EU and other donors). While overall staff numbers are impressive, their participation in strategy and project development is not high and the use of information on funding opportunities rather unstructured. There is a severe limitation of the financial resources which qarks can devote to project development and project co-financing, stemming from overall unspecified qark functions and unstable funding mechanisms under the current legal framework.

### 4.2. Strategy development function

Most qarks drafted and approved development strategies in 2004-2005 with the support of UNDP. The main objectives of these strategies were the design of a framework for sustainable development and the improvement of life of communities, such as poverty reduction, education, and health care improvement, promotion of small and medium enterprises (SMEs) development, sustainable environment, and good governance according to the UN Millennium Development Goals. Although these strategies were approved their implementation has been limited both due to the lack of operational action plans and the severe lack of financial resources.

#### 4.2.1. Planning at qark level, qark development strategy (quality, feasibility)

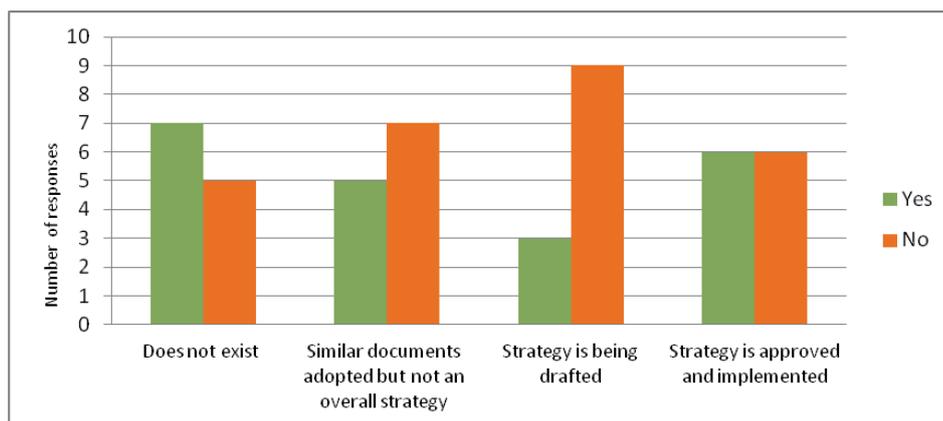
*Q 5. What is the status of the qark development strategy?*

*Q 6. How do you rate the quality and feasibility of the qark development strategy (To what extent are the objectives of the qark development strategy likely to be achieved within the defined timeframe)?*

*Q 7. How do you rate the quality and feasibility of the development strategies of municipalities on the territory of the qark?*

Most of existing qark strategies have to be considered as outdated and/or not actively implemented. Half of qarks have a development strategy approved and in process of implementation (although no information is available of the degree of implementation). Based on the questionnaire responses 7 qarks report they don't have a development strategy, 5 have some similar planning documents but not a strategy, 3 declare that the strategy of qark is in the process of preparation (drafting). Another important problem with the existing strategies is the widespread lack of analyses of their implementation progress, effectiveness and impact.

Figure 9: Status of qark development strategy



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Data from the qualitative techniques (interviews, focus groups, process mapping) indicate that in fact an organized, structured, regular process of strategic planning is absent. One of the reasons is that there is no concrete legal obligation or practice for county strategy development. The other one is that the existing strategies were mostly developed as an isolated attempt, under external inspiration and support. Also in reality development projects mentioned in the strategies were not financed while some other initiatives outside the strategic framework were promoted. As a result there is already a high degree of disappointment with the strategic planning process among the qarks.

Existing strategies are often rich in analytical data but lack priorities and implementation arrangements which prove clear, relevant, acceptable and feasible. Even if the analyses are perceived as good they are mostly outdated. Eight qarks consider their strategies to be of medium quality and feasibility; two perceive them to be of low or very low quality, and two - of very high or high quality. This is explained mainly by the fact that after the elaboration of the strategy and its adoption by the qark not much has been done to implement it, mainly due to the lack of funds. Detailed analyses of these documents lead to the conclusion that they mostly serve as comparative reports for measuring the regional gaps with reference to the Millennium Development Goals.

For a better illustration we refer to the Diber Strategy, where among others the mining resources are considered a priority: "The region of Diber is considered as very rich in mining resources, in particular: chromium, marble, gypsum, cement raw material etc., which are partially utilized. The water and thermal resources is also another important asset for the region. But chromium is the single biggest asset of the region and an important source of revenues from exports for all the country."<sup>8</sup> As explained in the interview of Diber qark and the questionnaire answers - actually mining is not perceived a priority of Diber. Although the region of Diber accounts for more than half of the geological reserve of chromium in Albania, with biggest mines and a processing plant, it has not been considered a high priority by the Qark Development Department. The main development priorities (as identified by the interview and process mapping) are: marble extraction, forestry, mountain tourism, and fruit production.

A similar opinion was presented in the focus group with representatives of municipalities. The shared view is that strategies should be revised but what is even more important is the process of monitoring and assessing the implementation of strategies. The participants admitted that the needs and regional strategic priorities are not well consulted at the local level. Their role of qark is still substantially unclear while municipalities consider themselves important actors in the regional development process which should also be guided by relevant national strategy.

The above mentioned types of issues were addressed by a UNDP report in 2005. However it seems that little progress has been made until now to resolve them.

<sup>8</sup>Promoting Local Development through the MDGs – Dibra region, UNDP (HDPC), 2005, p. 31.

- MDGs linked RDS and RMDGR (regional MDGs reports) were prepared in practice for all regions... This could be assessed as a major step towards regionally driven and regionally owned development. Now the situation is generally that regional development strategies exist, but they are not implemented. ...“there is a difference between planning and implementation – implementation is much more difficult”. ... RDSs are not implemented because they were not designed with a view to being implemented within the existing system (legal, policy and financial settings). The following gaps in design of the strategies should be noted:
- Very few RDS have action plans and where they exist they only specify what has to be done (wish list) and not what could be done, who should do what, what these will cost and where the money will come from, etc...
- The issue on implementing actors is not properly addressed...
- The purpose (the use) of the RD strategies is not clear (explicit) enough – consultation documents guiding and informing other strategies and plans or strategies that will be implemented directly ...
- The scope of RD strategies in terms of the type of actions (and actors) is not specified ...
- Unclear ownership of the strategies and especially discrepancies between ownership/participation and implementation responsibilities

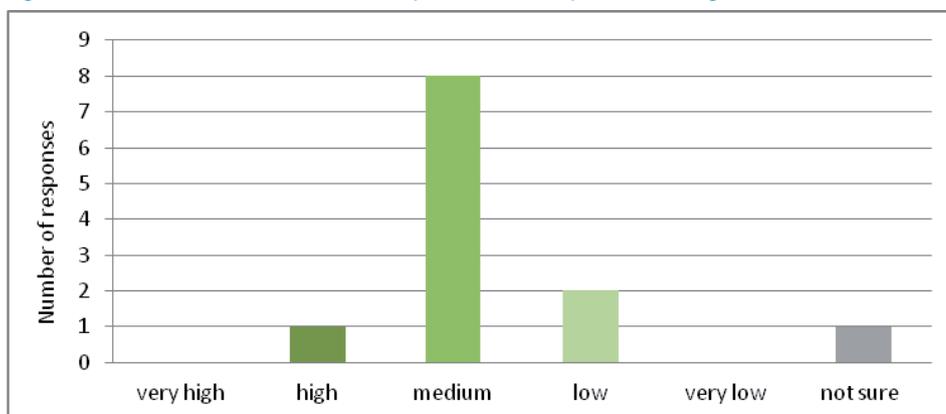
UNDP report:  
'regional  
development  
strategies and  
their future'

*Source:* Albanian regional development opportunities and challenges. UNDP, 2005, pp.41-45

The quality of existing municipal strategies is also uneven. It is perceived by qarks' representatives mostly as medium (8 qarks). 2 qarks consider it as low and only 1 as high. This assessment is supported by the interviews with Development Departments of qarks. It was indicated that qarks approve or consult upon all kinds of strategies and projects of the first level LGUs. It seems that the perception of the municipal strategies mirrors the assessment of the qarks strategies.

Many municipalities that had been supported by different donors prepared and approved their local development strategies or other similar documents. For example the Council of Europe has supported municipalities of Lac, Berat, Permet, Kamze, Shijak for preparing their strategic documents for urban development. Other ten municipalities (Fushe Kruje, Kukes, Kuçove, Pogradec, etc.) were assisted by USAID, Swiss Cooperation, GTZ and other Albanian NGOs such CoPLAN, Flag, Urban Research Institute etc. in the development of their strategic documents. Many LGUs have development strategies; some of them consider city regulatory plans as a strategy for development. Some local strategies are a prerequisite for funding – for example in Diber, the qark doesn't support or finance projects of LGUs that don't have a development strategy with identified priorities.

*Figure 10: Qarks' assessment of municipalities' development strategies*



*Source:* UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Although qarks might generally consider the municipal or commune strategies to be of medium quality, many of municipal strategies are well prepared and include priorities with concrete actions that need to be implemented and funded. The examples of Kukes, Fier, Kamez, etc.<sup>9</sup> clearly show high quality and feasibility of respective strategic plans. This view is shared also by the rating of municipalities and communes of their own strategic documents. 54% of respondents consider these documents to be of moderate quality, 7% of very high and 27% of high quality.

### 4.2.2. Attitude to planning at national and municipal/commune levels

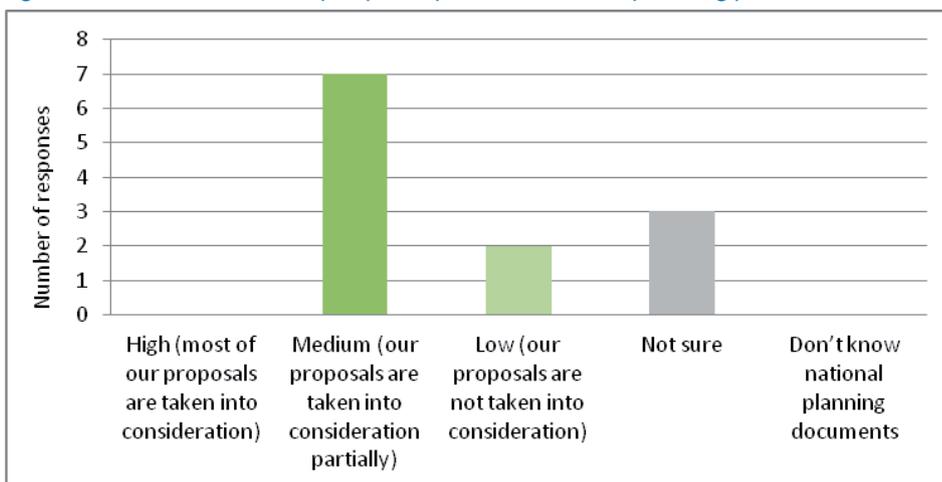
*Q8. How do you rate qark participation in national planning process (To what extent are the ideas, proposals and projects of the qark development strategy are reflected in national plans and strategies, including in the RDF)?*

*Q9. How do you rate qark participation in the sub-regional planning process (To what extent the qark development strategy provides the framework for local development plans and projects)?*

*Q10. What would you recommend for improving the qark's investment/development planning process?*

Qarks participation in the national planning processes is generally considered as unsatisfactory and is not visible. Most of qarks (7) assess their level of participation in the national planning processes as medium, 2 qarks as low, while 3 are not sure how to assess it. This means that qarks ideas, priorities, and proposals are reflected only fragmentally in the national planning documents, which is a critical gap from the sub-national perspective. This problem is aggravated by the fact that most resources and implementing competencies are currently concentrated at the national level. In fact this observation corresponds to the perceived roles of qarks as discussed in section 4.1.1 (lowest priority given to participation in national level planning processes).

Figure 11: Self-assessment of qark participation in national planning process



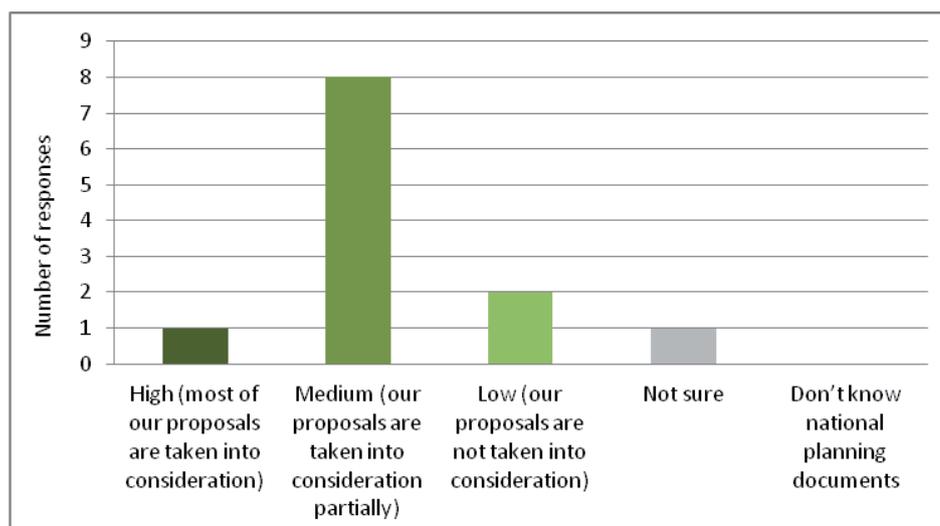
Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Similarly, qarks participation in sub-regional planning processes (municipal and communes) is also considered unsatisfactory. In other words the qarks' development strategy is not perceived as a sound framework for local development plans and projects, and regional priorities are only partly reflected at the local level. Seven qarks see the level of their participation as 'medium', 1 as 'high', 2 as 'low' and 1 qark was not sure how to assess it. These results are in contradiction with one of the priority roles as perceived by the qarks – to lead the strategic planning processes for the whole regional territory. Only a few consider the coordination role of qarks towards LGUs in the designation and approving local projects and strategies as important so far.

The observation from this indirect assessment on the level of cooperation between the regional and local level self-governments is not very encouraging. As it follows from other analyses and interactions with stakeholders in regional/local development the biggest municipalities are not inclined to collaborate with qarks because of the relative imbalance of competencies and resources. Another constraint to this cooperation is the difference in the political representation of these self-governments (quota/indirect/modified or direct) and the political affiliation of mayors and qarks' heads. This is a significant barrier to a better alignment of regional and local planning and development strategies. In the focus group the qark representatives pointed out to the need for 'an umbrella' strategy for the qark which appears a difficult undertaking.

<sup>9</sup>Best practices of local government 2009', September 2009, USAID Local Government Programme in Albania.

Figure 12: Assessment of qark participation in the sub-regional planning process



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Qarks themselves provide important recommendations for improvement to address the key gaps in their strategic planning role. Some of the recommendations should be assessed carefully in terms of their feasibility against the current and suggested (for the near future) allocation of competences and resources as well as the limited nature of qark development strategies. No single respondent believes that qarks strategic planning doesn't need improvement. The focus group provided similar suggestions:

- Clear priority is given to 3 types of recommendations (supported by more than 2/3 of qarks)
- Allocation of resources to qark strategies implementation (all 12 qarks)
- Improved coordination and cooperation both with central (9) and with local authorities (8)
- Capacity development of participants in the planning processes, including through training (8)

Of secondary importance (shared by at least half of qarks) are:

- Allocation of resources for strategy elaboration (7)
- More decentralization of decision-making (6)

Some recommendations were considered less important but still should not be underestimated: a clearer framework of financial programming and development at the national level (4) and more efficient mechanisms for collaboration and coordination with NGOs and businesses (3). The last group of recommendations includes the need for better methodological guidelines and allocation of resources for involving municipalities and communes in the preparation of qark strategies. In contrast, methodological guidelines (some forms of standardization of strategy process and structure) were however emphasized in focus group discussion. So this aspect can also be considered important.

Figure 13: Ways of improving the qark's investment/development planning process



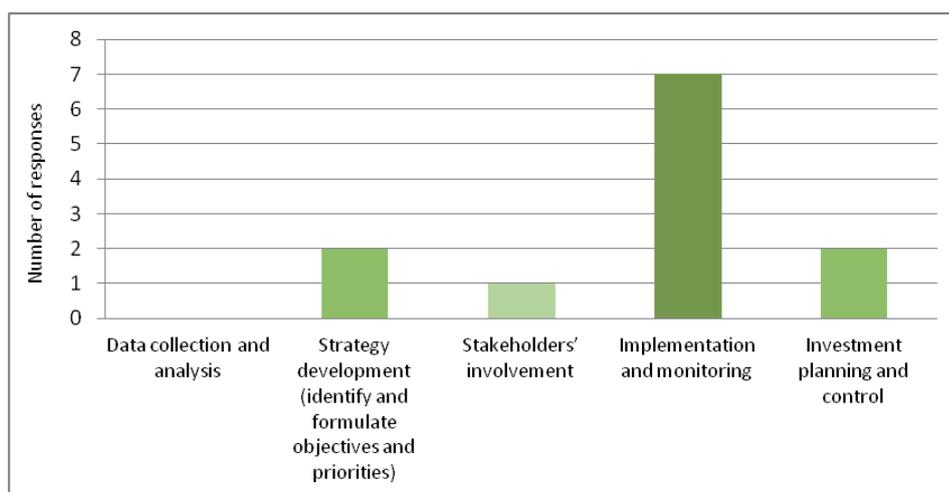
Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 4.2.3. Use and needs of external support (TA)

Q 11. In which areas related to strategy development does the qark mostly need external support (TA)?

Ensuring implementation and monitoring of regional development strategies is the first priority for technical assistance. Having in mind the identified gaps, it is clear that any improvement in qarks' strategic planning will be difficult or very slow without external support. The expressed needs for technical assistance reflect quite well the identified gaps in qarks' strategic planning. With 7 out of 12 responses implementation and monitoring are perceived as the first priority. Elaboration of the strategy and planning and managing investments are considered equally important (2 responses for each) and the least requirement for assistance refers to involving stakeholders (1 response). Qarks do not consider the assistance for gathering and analyzing data to be a priority in this respect. This is however in contrast with the UNDP-ISD Project experience on the ground – even data collection and analysis pose a challenge for many members of qark administrations.

Figure 14: Use of TA in strategy development



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The external support asked for by qark's representatives in the interviews was for the preparation of qark priorities according to EU standards. So there seems to be a growing understanding that development should be managed in line with good practices among the EU countries.

### 4.2.4. Summary findings

Regional strategies are important to ensure a coordinated and integrated approach to development. In a situation of enormous needs and limited resources they are a tool to direct interventions to agreed priorities, to avoid duplication of efforts and more generally, to effectively and efficiently manage resources for development. From the analysis the following conclusions are drawn:

- Qarks are keen to take the leading role in strategic planning at the regional level and this attitude should be considered valuable as it allows a more coordinated approach and provides a good alternative to fragmented local interventions.
- Qarks' experience and know-how in strategic planning is limited. As demonstrated by the recent experience (last 5-7 years) and supported by the survey findings, although many strategies were developed they are already outdated and their quality and feasibility are limited. Existing strategies are not followed through with implementation and but rather serve as presentation documents. One could not rely on municipal and communal strategies as the basis to improve strategic planning at qark level as their quality also varies and they provide only locally specific answers. Significant work to improve strategic planning at qark level is required.
- In terms of wider strategic planning aspects it seems that qarks are inclined to act mainly on their own. Their participation in national and local level planning is considered insufficient. Hence, at this stage, qarks strategies cannot 'feed' into the national planning nor to serve as a common regional framework for local strategies and projects. Pursuing regional priorities is seriously questionable as currently most financial resources and competencies are concentrated either within the central or local authorities.

### 4.3. Project development function

The importance of project preparation and implementation is well recognized by all local government units in Albania. However the experience of qarks indicates that it remains a problem area. There is a general awareness among qarks that they need to improve their capacity for preparing and implementing projects. Interviews, focus group and process mapping showed that qarks tend to play a twofold role - as an applicant and as a decision-maker for first level LGUs' projects. On the one hand qarks are seen as project promoters that generate ideas, develop them, apply for funding (propose them to funding sources: national, EU or other-donors) and implement them. On the other hand qarks can be asked to assess, approve and further develop (e.g. through technical designs verification, strategic fit assessment) project ideas coming from first level LGUs. However, given the limited financial resources and organizational weaknesses, it is difficult to currently perceive qarks as effectively playing multiple roles of project initiator, facilitator, coordinator and beneficiary.

#### 4.3.1. Project development and implementation capacity

*Q 12. Generally, how do you rate the qark capacity to identify and develop projects, under the following sources? (EU funded, Non EU international donors funded, nationally funded)*

*Q 13. Generally, how do you rate the qark capacity to manage and implement projects, under these sources?*

*Q 18. How many projects has the qark prepared in the past three years?*

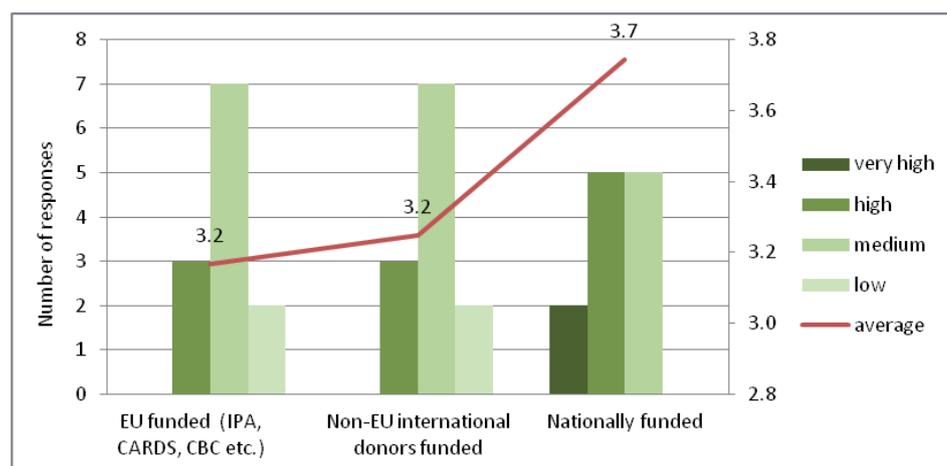
*Q 14. Generally, how do you rate the capacity of municipalities on the qark territory to identify and develop projects (either directly itself, or with the help of external individuals and organizations)?*

*Q 15. Generally, how do you rate the capacity of communes on the qark territory to identify and develop projects (either directly itself, or with the help of external individuals and organizations)?*

*Question during FG and interviews: What is the influence of the previous donor support?*

Qarks administrations feel more confident with nationally funded projects, than with internationally funded ones, both in terms of identification as well as development and implementation. The self-assessment of their capacity to deal with projects reveals unsurprisingly that eight qarks assess their own capacity to identify and develop nationally funded projects as 'high' or 'very high', while for EU funded projects there are only 3 such responses (with no single response 'very high'), and for internationally funded non-EU projects - 4 responses (again with no single response 'very high'). Similar responses relate to the management and implementation of projects. Project development and implementation capacity is correlated with the respective project experience. It is obvious that project development and implementation capacity needs to be enhanced in all qarks. This refers especially to the internationally funded projects for which 2/3 to 3/4 of qarks declared medium or lower capacity, but it is true even for nationally funded projects, for which only 1 qark declared very high capacity.

Figure 15: Qarks' experience with different sources of funding



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Project experience is limited and uneven, especially in relation to internationally funded projects. The risk of emergence of a vicious circle of project development capacity deficit seems to be high. The actual experience in project development and implementation is the key objective indicator for project management capacity, as it cannot be replaced by training or similar activities.

Figure 16: Project experience of qarks in the last 3 years

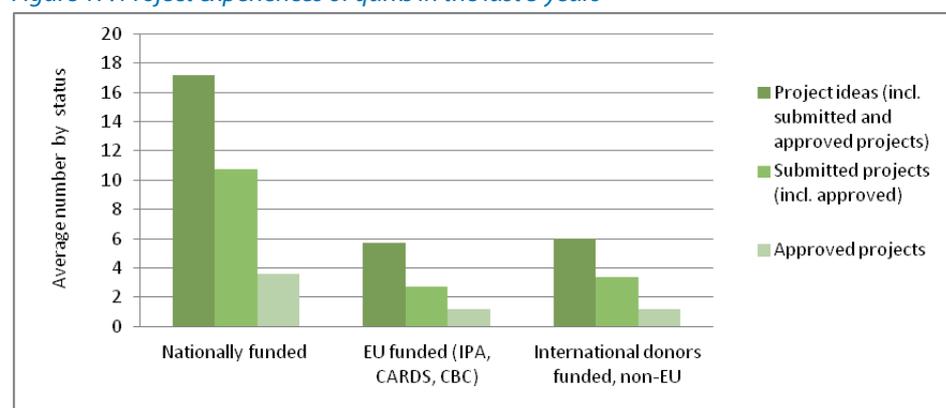
| Status of projects                                    | Nationally funded | EU (IPA, CARDS, CBC) funded | International donors, non-EU funded | Total |
|---|-------------------|-----------------------------|-------------------------------------|-------|
| Project ideas (incl. submitted and approved projects) | 206               | 69                          | 72                                  | 347   |
| Submitted projects (incl. approved)                   | 129               | 33                          | 41                                  | 203   |
| Approved projects                                     | 43                | 14                          | 14                                  | 71    |
| Submitted projects, % of project ideas                | 63%               | 48%                         | 57%                                 | 59%   |
| Approved projects, % of submitted projects            | 33%               | 42%                         | 34%                                 | 35%   |
| Approved projects, % of project ideas                 | 21%               | 20%                         | 19%                                 | 21%   |
| Shares of all approved projects (%)                   | 61%               | 20%                         | 20%                                 | 100%  |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The qarks report on average about 29 project ideas generated in the last 3 years, 17 submitted projects and 6 approved and implemented projects. Slightly more than half (59%) of projects ideas are converted into project proposals (i.e. pass through the full project development process) and about 1/3 (35%) of submitted project proposals are successful (i.e. approved and financed). If the whole process is taken into account about 20% of project ideas reach implementation.

Nationally funded project proposals are most easily approved (60%), while international, EU and non-EU funded proposals have little chances (20% each). No significant difference is observed in the ‘conversion rate’ (project ideas developed as proposals to be submitted) and ‘success rate’ (project proposals approved and funded) for the different sources of funding.

Figure 17: Project experiences of qarks in the last 3 years



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

For nationally funded projects only 1 qark has reported no projects at all, half of qarks declared 1-2 projects, 3 qarks - 3-6 projects and 2 qarks - more than 6 projects. As a result nearly 80% of all nationally funded projects in the last 3 years belong to 5 qarks.

The situation is worse for internationally funded projects: 4 qarks declare no experience with international non-EU projects and 5 - with EU projects. Three qarks lack project experience both with EU and other donors, and 1 qark lacks experience with all types of projects (being national, EU or donor ones). At the same time 2 qarks concentrate 43% of the approved EU funded projects and again 2 qarks concentrate 50% of other international donor’s projects. It seems that this situation is at least to some degree related to the donor coverage of the qarks (discussed later in this section). There is a risk of emergence of a ‘vicious circle’ of low project capacity leading to limited project experience and in turn leading to low level of project generation and successful project proposals, preventing the establishment of project experience, etc.

Figure 18: Distribution of qarks by project experience

| Structure by number of approved projects | Nationally funded |               | EU funded    |               | International donors, non-EU funded |               |
|--|-------------------|---------------|--------------|---------------|-------------------------------------|---------------|
|  | No. of qarks      | % of projects | No. of qarks | % of projects | No. of qarks                        | % of projects |
| 0  | 1                 | 0%            | 5            | 0%            | 4                                   | 00%           |
| 1-2                                      | 6                 | 21%           | 5            | 57%           | 6                                   | 50%           |
| 3-6                                      | 3                 | 35%           | 2            | 43%           | 2                                   | 50%           |
| More than 6                              | 2                 | 44%           | 0            | 0%            | 0                                   | 0%            |
| <b>Total</b>                             | <b>12</b>         | <b>100%</b>   | <b>12</b>    | <b>100%</b>   | <b>12</b>                           | <b>100%</b>   |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

According to qarks representatives both municipalities and communes have lower project capacity than qarks. However municipalities are significantly better prepared to run projects than the communes. Project development capacity within the qark area depends not only on the qark administration capacity but is complemented by the capacity of the first level LGUs – municipalities and communes. Both types of LGUs are important as they possess and/or receive significantly more resources for investments compared to qarks.

The survey results show a considerable level of confidence at regional level in terms of readiness of municipalities to absorb funds for projects but not of communes. The capacity of municipalities is assessed mainly as moderate to high regarding nationally funded projects (6 qark responses are 'medium' and 6 'high' or 'very high') and mainly as moderate regarding internationally funded projects (9 responses for EU and 10 for non-EU funded projects). The capacity of communes is considered neither 'high' nor 'low' regarding the nationally funded projects (11 qarks) and mainly 'low' regarding internationally funded projects (8 for EU and 7 for non-EU). Both municipalities and communes are assessed by qarks as slightly better prepared to use non-EU international funds, reflecting most probably greater experience with other international donors.

Figure 19: Capacity of M/Cs to develop and implement projects (qarks' assessment)

| LGU type, project type and capacity | Very high | High | Medium | Low | Average rating |
|-------------------------------------|-----------|------|--------|-----|----------------|
| <b>Municipalities</b>               |           |      |        |     |                |
| EU funded (IPA, CARDS, CBC, etc.)   |           |      | 75%    | 25% | 9              |
| Non-EU international donors funded  |           |      | 83%    | 17% | 9              |
| Nationally funded                   | 8%        | 42%  | 50%    |     | 4              |
| <b>Communes</b>                     |           |      |        |     |                |
| EU funded (IPA, CARDS, CBC etc.)    |           |      | 25%    | 75% | 2              |
| Non-EU international donors funded  |           |      | 42%    | 58% | 2              |
| Nationally funded                   |           |      | 92%    | 8%  | 3              |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

This perception is not shared by municipalities and communes. Both municipalities and communes feel more prepared for nationally funded projects (64% 'high' and 'very high' replies), followed by EU funded projects (38% 'high' and 'very high' replies) and other donor funds funded (30% 'high' and 'very high' replies). This self-assessment is overestimated however if we look at the projects implemented by them: 21% had no nationally funded projects, 66% had no other donors' funded projects and 87% had no EU funded projects.

A clear gap exists between the perceived capacity to develop and implement projects and the perceived importance of these activities for addressing development needs. There are substantial improvements in project design and implementation experience compared to a few years ago. Analyzing the questionnaires and interviews held with Development Departments of all 12 qarks, this issue is considered a key point that can help the development of regions. There is a common understanding that the preparation of a project funded by foreign donors and particularly under the pre-accession

instruments is an important objective indicator in assessing local and regional project capacity in relation to the absorption of funds.

Qarks with more intensive donor support seem to be more successful in project development and implementation. Based on the interviews, some qarks like Kukës, Diber, Shkoder supported by donors (UNDP, SNV, SDC, etc.) have demonstrated successful experiences with projects. The situation is different in qarks without or with limited donor support (Berat, Korce, Tirane).

In contrast to other qarks, Diber has a coordination role in designing and implementing LGU projects. The experience of Diber qark has been shared to be used as 'learning tool' which helps other qarks to prepare and manage projects (according to Diber Development Department):

**Diber case:**  
'the best way that  
funds meet the needs'

- The highest amount of a project was 200,000 Euros per municipality, and 100,000 Euros per commune.
- Municipalities paid 40% of the amount from their income, and communes had to co-finance 30% of the project funded.
- Local Units had to apply to Qark for such projects and the Council of Qark takes the final decision.
- The monitoring of projects is done by the Training Unit of Qark.

*Source:* UNDP-ISD Project Institutional Assessment semi-structured interview

The importance of support given by foreign donors is visible in Shkoder qark as well. The qark project office has a good experience in developing projects. The results presented in the interview with Development and Project Department show that the qark is very active in absorbing EU money. In the framework of IPA – CBC up to now there have been 26 projects prepared in total, and 6 projects (2 per measure) have been approved. Also, good achievements from IPA CBC Adriatic Programme are visible where the qark is a partner.

### 4.3.2. Types of projects

*Q 16. Which of the following territorial type of projects could bring added value at the regional (qark) level (i.e. relevant to the entire qark territory or a good part of it)?*

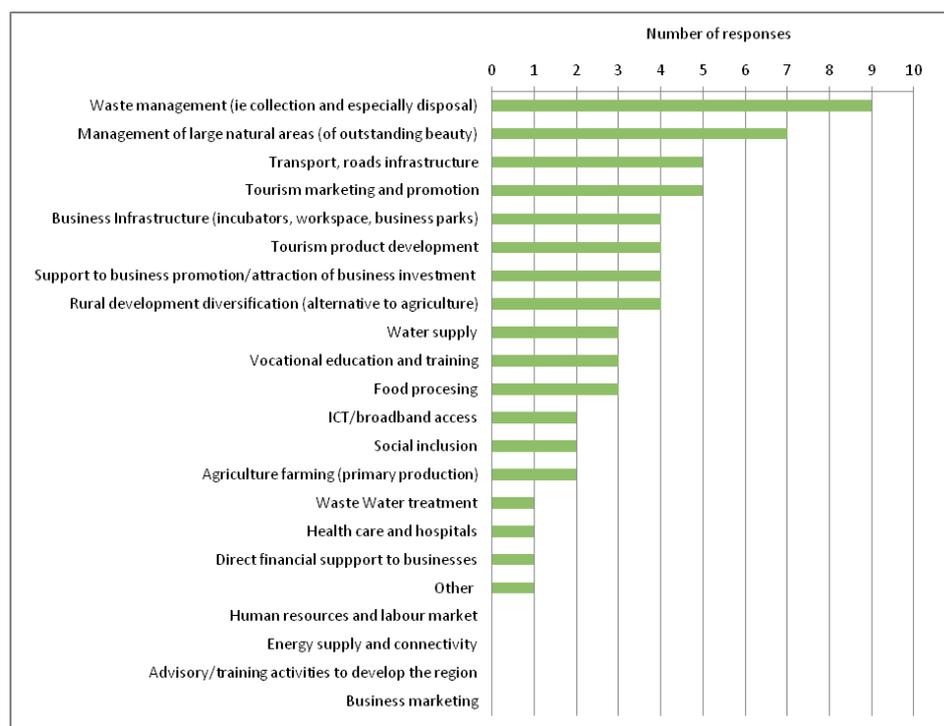
*Q 17. Which of the following thematic type of projects could bring added value at the regional (qark) level (i.e. relevant to the entire qark territory or a good part of it)?*

*Q 19. What kind of projects has the qark mainly implemented in the past three years?*

Strong preference is given to regional (qark-wide) projects. All qarks have developed many projects financed by the Albanian Development Fund for (re)constructing roads. A typical attitude is that all of them prefer to have their own projects for the respective region. Therefore regional projects are considered the most important by 11 qarks. Inter-municipal projects are perceived as bringing higher value added by 1 qark only. Both inter-regional projects and municipal/communal projects are not perceived as bringing high regional value added.

Infrastructure projects are considered highly valuable. Especially projects related to waste management, environmental and communication or tourism related infrastructure are considered important. 'Hard' investments are viewed as key development interventions, while soft measures (including technical assistance and capacity building) seem to be underestimated.

Figure 20: Type of project that would bring added value to regional development



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The answers above are well illustrated by observations made by Kukes qark representatives:

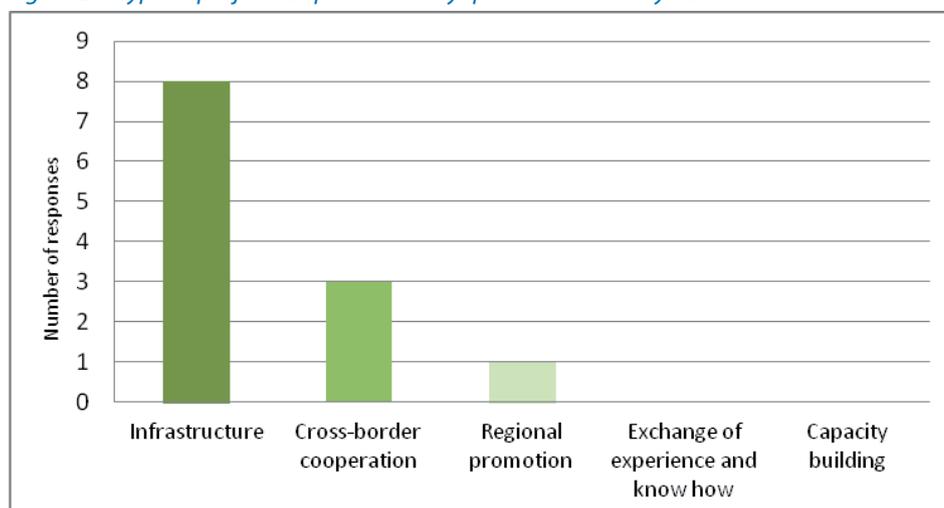
- Improvement of road infrastructure, regional and inter communal for linking communes and villages with main axes. Infrastructure improvement means development for the area.
- Employment, promoting new businesses because qark of Kukes has great resources such as:
  - rich water resouces from rivers for hydropower stations;
  - various mineral sources in the mountains;
  - opportunities for mountain tourism development in beautiful landscapes unused up to now;
  - agricultural products typical for the area - Tropoja chestnut, Shishtaveci potatoes, qualified meat and milk products, well-known honey;
  - medical plants, that need to be supported for their values, their elaboration, and marketing.

**Kukes Example:**  
'successful and useful projects'

Source: UNDP-ISD Project Institutional Assessment structured interviews

Recently implemented projects focus mainly on infrastructure development:

Figure 21: Type of projects implemented by qarks in the last 3 years



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 4.3.3. Main difficulties and needs

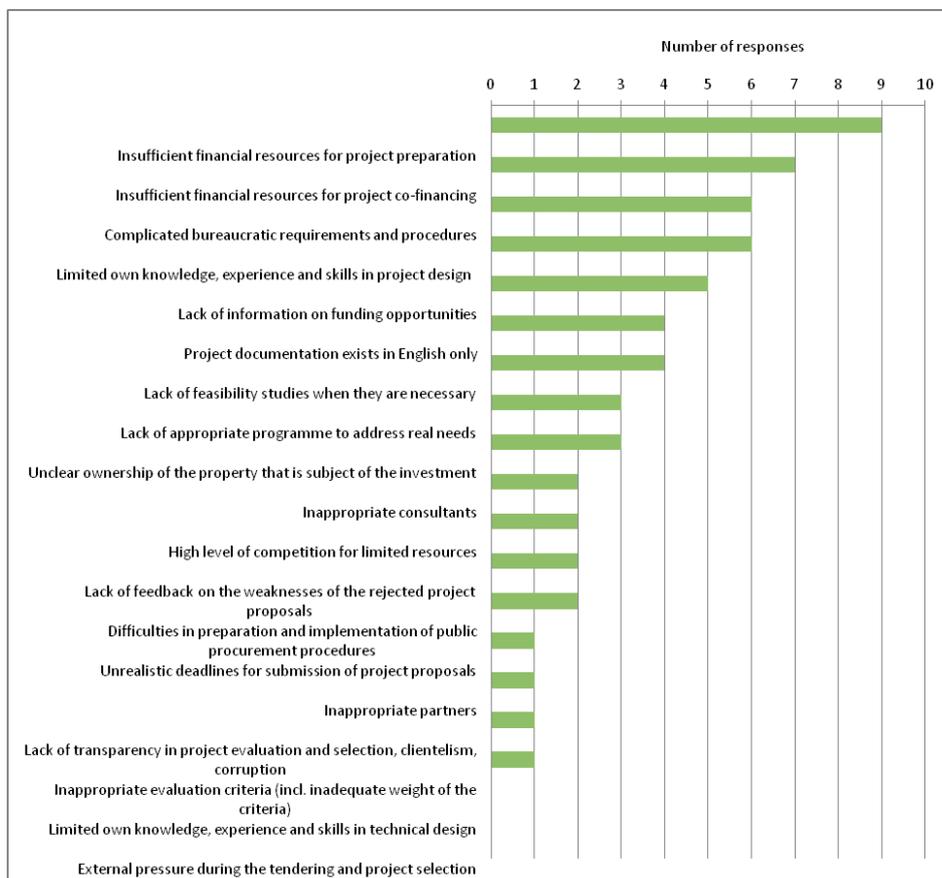
Q 20. Which of the following are the main barriers to project development and implementation of your qark?

Q 21. What does the qark need for the effective and efficient project development and implementation?

The key difficulties are related to insufficient financial resources and gaps in project development capacity. They are grouped according to their perceived importance:

- Lack of resources for project preparation (9 qarks) and co-financing (7 qarks), complicated and bureaucratic requirements and procedures (6 qarks), limited own capacity for project conceptualization and presentation (6)
- Limited information on funding opportunities (5 qarks), project documentation in English only (4), lack of feasibility studies and similar documents when required (4)
- Less pronounced difficulties, expressed by limited number of qarks, e.g.: lack of appropriate programs, unresolved asset ownership status, etc.
- Another perspective on the perceived difficulties in project management shows:
- Financial difficulties are the leading preoccupation for all qarks. Firstly they stress the lack of funds for project design/preparation (9 qarks, 1<sup>st</sup>rank amongst all difficulties mentioned) and also for co-financing implementation (7 qarks, 2<sup>nd</sup>rank).
- Difficulties related to the project application and selection process, especially complicated bureaucratic procedures (6 qarks, 3<sup>rd</sup>rank) and lack of information on funding opportunities (5 qarks, 5<sup>th</sup>rank), but also project documentation provided only in English (4 qarks, 6<sup>th</sup>rank); some other features of the application and selection process are mentioned too, but with significantly lower values – lack of feedback on the weaknesses of the rejected projects (2 qarks), unrealistic deadlines for submitting project proposals (2), non-transparent evaluation (1) or inappropriate evaluation criteria (1)
- Gaps in own project development capacity – limited knowledge, skills and experience in project conceptualization and presentation (6 qarks, 3<sup>rd</sup>rank), lack of feasibility studies and similar documents where required (4 qarks, 6<sup>th</sup>rank). Surprisingly not a single qark indicated as a difficulty provision of technical designs for projects.

Figure 22: Main barriers to project development and implementation



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The main challenges facing qarks in project design, application and implementation have to do with limited financial resources and restrictive requirements or the 'rules' of funding programmes (complex and bureaucratic procedures, tight deadlines, jargon, etc.), as well as insufficient transparency and fairness of project proposal evaluation process.

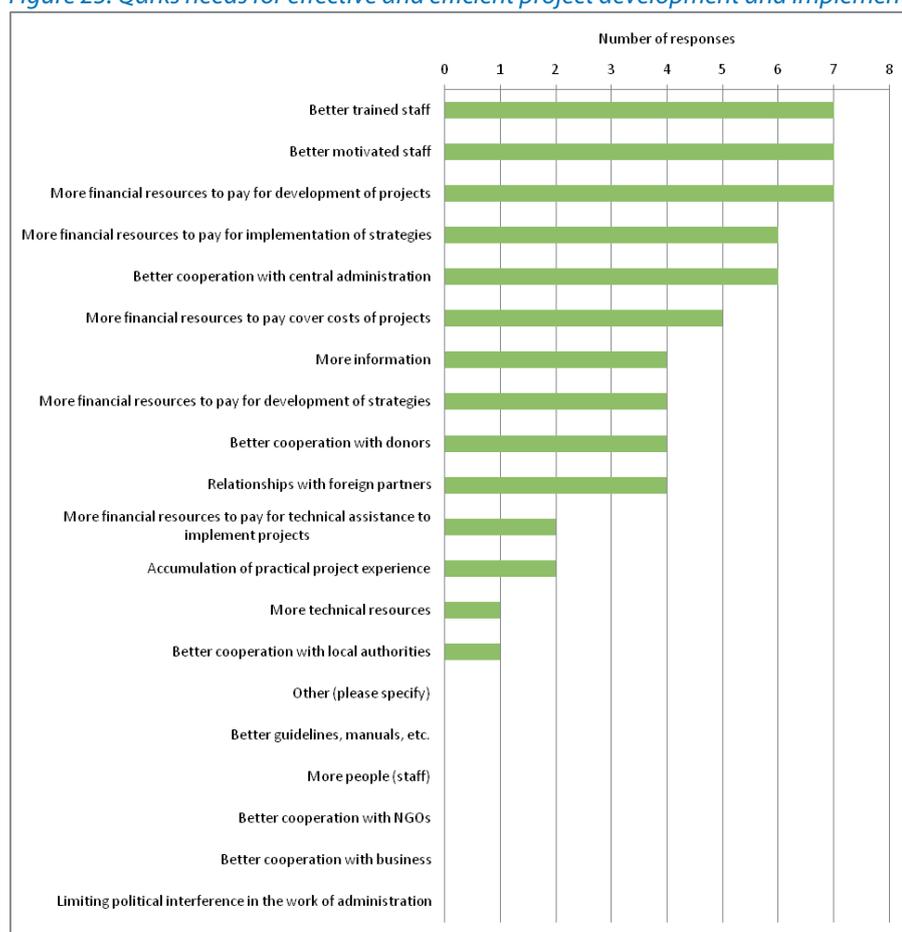
Staff, financial resources, information and co-operation with central authorities and donors are perceived as main areas for improvement to strengthen project development capacity. In general the expressed needs to enhance project development capacity correspond to the main difficulties, although the priority order is slightly different. More than half of qarks underline the need for trained and better motivated employees to effectively design and implement projects (7 qarks). The same number of qarks asks for more financial resources to cover costs of project preparation. It means the lack of qark capacities in writing projects. Half of qarks consider better collaboration with central administration and more financial resources to secure implementation of strategies.

The request for more financial resources for compilation of strategies, more information in general, better collaboration with donors, and with foreign partners, is important for at least 4 qarks. Gathering practical experience in project management, more financial resources for preparation of projects come fifth in the ranking of needs of qarks. Only one qark considers better collaboration with local authorities as a means for more efficient project development.

Qarks seem to see little need to increase staff numbers, receive better guidelines and manuals, to improve collaboration with NGOs, business community or to limit politics in public administration work. The latter is doubtful however, as political interference was often mentioned during interviews.

One important factor deserves special attention here. Qarks wrongly perceive collaboration with other LGUs, NGOs and businesses to be of little importance. In reality it is a critical factor for project generation and successful implementation.

*Figure 23: Qarks needs for effective and efficient project development and implementation*



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

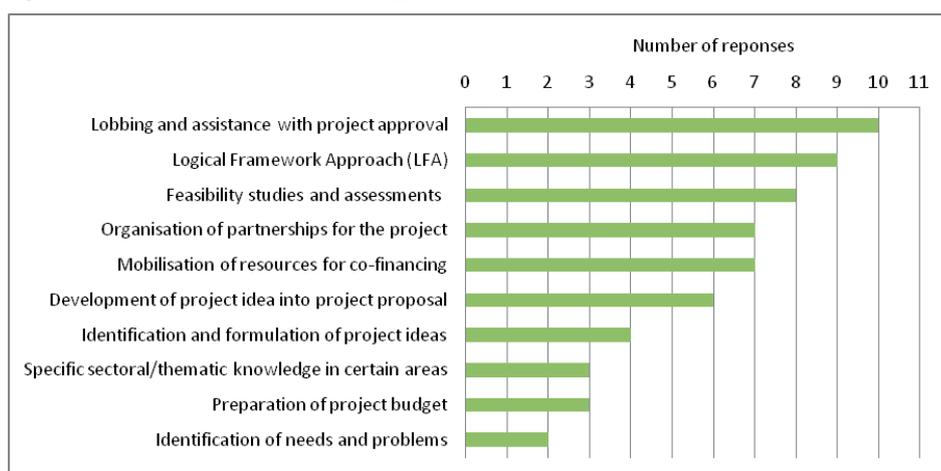
### 4.3.4. Use of external support (Technical Assistance)

Q24. To what extent does the qark administration make use of external support (TA) to prepare and implement projects?

Q25. In which areas related to project development does the qark need external support (TA) mostly?

According to the survey majority of project proposals are prepared with some technical assistance, especially for drafting the proposals (8 qarks). TA was the key point for writing and implementing successful projects in Diber, Kukes, Shkoder. What is surprising, many answers stress the necessity of lobbying for approval of projects (10 qarks). This clearly indicates that politics play an important role in the project arena. Three quarters of qarks consider TA useful to develop the projects Log-Frame and plans and also to organize partnerships for projects and mobilization of resources for co-financing (7 qarks). Technical assistance for development of project ideas into project proposals in conformity with financial institutions' requirements is considered important for half of qarks. Other areas of TA are considered useful less frequently.

Figure 24: Qark needs for external support (TA)



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 4.3.5. Summary findings

The following general observations can be made with respect to project generation and implementation by qarks:

- Qarks are aware of the importance of project management capacity. However a clear gap exists between the perceived capacity and the importance of these activities for addressing development needs. Qarks' abilities in this area remain limited although significant improvement has been noted, especially in donor supported qarks.
- Qarks self-assessment of their project capacity is relatively high, and it is evident that they feel more confident with nationally funded projects both in terms of development and implementation. This is clearly correlated with their project experience. The survey data show that project experience is limited and uneven, especially in internationally funded projects. The risk for emergence of a 'vicious circle' of low project development capacity seems to be high. To some extent the above situation can be explained by the partial donor coverage of the qarks.
- Project development and implementation capacity of the basic level LGUs is considered by qarks' representatives lower compared to the qarks' own capacity. Qarks often play the coordinator's role towards communes, in particular for project design.
- A need exists to specify more precisely the future role of qarks in terms of project development and implementation in order to target more effectively future capacity development support: to what degree they will play the different roles of project promoter and manager (for own projects), of coordinator and facilitator for municipal and communes' projects and that of a provider of technical assistance (e.g. for technical designs).
- There is a strong preference towards infrastructure projects. This reflects both qarks' past experience and extreme needs in this area. There is a risk however that some "soft" measures could be underestimated or neglected.
- The data indicate that despite some differences in the existing project capacity, all qarks will require capacity development support and gaining more experience in project development and implementation, especially for internationally funded projects (including those funded by the EU). Most important capacity development needs, articulated by the respondents include:

- financial support for project preparation and co-financing, as well as staff training.
- Training and capacity development in general will probably need to deal with attitude changes, too. In this respect the articulated need of technical assistance for 'lobbying and support for the project approval' will require special attention as well as the underestimated need of improved cooperation with multiple regional and local actors.
  - The most important needs for technical assistance include: project identification (needs analysis), project conceptualization (including log-frame approach), studies requiring specific expertise (Feasibility Studies, Cost-Benefit Analysis, Environmental Impact Assessment), organization of project partnerships, mobilizing financial resources, preparing project applications that meet the specific funding bodies' requirements. The spectrum of needs practically covers all areas of project development and implementation.
  - A specific issue requiring further analysis is the fact that national funding sources are perceived as 'easier' and not requiring a long-term strategic basis. In addition, the qualitative analyses indicate the existence of differentiated processes for access to national funding, which will become complicated due to greater access and similarity to EU funds in the future. The direct improvement in this area is the gradual alignment of national programs to IPA mechanisms in order to prevent the emergence of parallel systems. The necessary convergence between nationally and EU supported projects will put greater pressure to improve projects development skills.

#### 4.4. Interactions and partnerships

Generally partnership and interaction issues are difficult to be captured by a simple questionnaire. In the EU context, partnership initiatives exist in two layers, at the strategic level among institutions and at the project level among beneficiaries or potential applicants for project funding. Interaction among stakeholders is seen as producing positive effects at the level of strategy drafting, priority analyzing and setting, as well as at the level of project preparation, development and even selection. The aim of this section is to analyze whether such forms of interactions already exist and whether they produce positive effects in the qarks' strategy preparation and projects funding.

##### 4.4.1. Attitude to partnership and cooperation with other organizations

*Q26 Generally, how do you rate cooperation and coordination of the qark with other organizations during the process of strategy and project development?*

*Q8 How do you rate qark participation in national planning process (To what extent are the ideas, proposals and projects of the qark development strategy are reflected in national plans and strategies, including in the RDF)?*

*Q9 How do you rate qark participation in the sub-regional planning process (To what extent the qark development strategy provides the framework for local development plans and projects)?*

Qarks rate their cooperation with most of the main groups of stakeholders as moderate. Cooperation with citizens is not considered crucial. The survey data indicate that qarks have the highest rates of cooperation with donors followed by communes and municipalities. Qarks discuss their projects and strategies first of all with communes and municipalities, followed by NGOs, cross-border and international partners, and also consultants.

*Figure 25: Qark rate of cooperation/coordination during strategy/project development*

| Level of cooperation | Number of responses |      |                |             |                |          |            |        |                      |             |
|----------------------|---------------------|------|----------------|-------------|----------------|----------|------------|--------|----------------------|-------------|
|                      | Citizens            | NGOs | Local business | Other qarks | Municipalities | Communes | Ministries | Donors | CBC/ inter. partners | Consultants |
| High                 | 3                   | 4    | 2              | 1           | 5              | 5        | 2          | 6      | 2                    | 4           |
| Medium               | 4                   | 7    | 7              | 6           | 6              | 7        | 6          | 3      | 8                    | 6           |
| Low                  | 5                   | 1    | 3              | 4           | 1              | 0        | 4          | 1      | 1                    | 0           |
| It does not exist    | 0                   | 0    | 0              | 1           | 0              | 0        | 0          | 2      | 1                    | 2           |

*Source:* UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The moderate level of qarks' interaction with the central administration corresponds to the level of qarks participation in the national planning processes discussed in section 4.2.2. On the other hand, qarks consider partnership initiatives with communes and municipalities mostly as 'medium' and 'high' level, with an indication of slightly better cooperation with communes as compared to municipalities. This seems not to fully correlate with the assessment that qark participation in the sub-regional planning process is at unsatisfactory levels.

Interestingly, qarks rating of their cooperation with donors, international partners, consultants, etc., is above 'medium'. They see this cooperation as a relief to some of their administrative burden. Often donors and international partners have assisted qarks to outsource the necessary capacities to write projects and prepare strategies. Interviews and process mapping have shown that where donors were present, the processes of project and strategy preparation have been much more transparent, consulted with businesses, citizens and NGOs. Such partnership initiatives have led to decisions and solutions which have been crafted and owned locally. A telling example of such partnership exercise is in the qark of Diber.

#### 4.4.2. Level of cooperation and interaction in project and strategy development

*Q 30. Does the qark administration use in strategic planning and project development process any of the following forms of partnership practices?*

*Q 31. To what extent does the qark administration make use of the stakeholders' feedback in the strategy and project development process?*

*Q 32. Whose are mainly the public consultations initiatives in the strategy and project development process?*

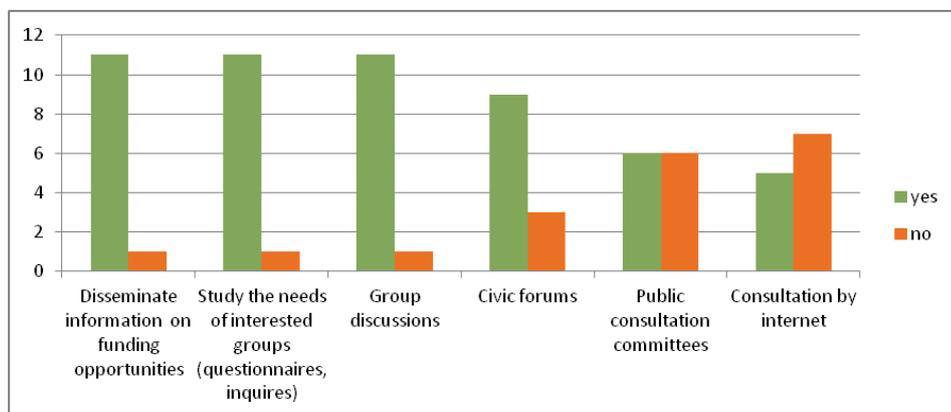
*Q 21. Which, from the following activities related to projects, has the qark done during the last three years?*

*Q 23. What does the qark need for the effective and efficient project development and implementation?*

*Q 10. What would you recommend for improving the qark's investment/development planning process?*

Survey data show that interaction between the qark administration and stakeholders is considered to be quite good. Stakeholders seem to be very active during strategy and project development. Most of their feedback and proposals are taken into account by the qarks (8 qarks), and only in 1/3 of the qarks their proposals are partially taken into account.

Figure 26: Partnership practices used by qark



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Nearly all qarks undertake the initiative to inform stakeholders on possible partnerships in strategy and project development. This is done mainly through dissemination of information, questionnaires, survey usage and discussions (11 qarks) and less through internet and civic forums.

Cooperation activities for projects seem to be widely implemented by qarks, mainly in relation to the provision of premises and other technical resources or participation in joint projects with communes and other organizations in the qark (7 qarks have had such experience more than once and twice in the last 3 years). This feature corresponds to the priority that qarks give to their role as a coordinator and facilitator to the basic local government level and could be supported also by several cases from the interviews, focus group discussions and process mapping (Elbasan, Shkoder - office has been set up within the qark regional council to assist LGUs to prepare technical projects for investments; Diber - a Training Unit in the qark deals with capacity building of LGUs). Half of qarks have never participated in joint projects with other qark administrations and in monitoring or evaluation of projects of other organizations. These figures explain contradictory views expressed during the focus group discussions, for example: since some of the qarks declare that have no relations with other qarks, while such cases already exist among qarks, such as Tirane-Diber, Elbasan-Kukes, Elbasan-Diber cooperation for preparing better projects (trust fund experience, strategies, experience/ know-how transfer).

### 4.4.3. Role and destiny of Regional and Local Development Agencies and NGOs

*Q 27. What is approximately the number of NGOs on the territory of the qark that are capable of participating in the process of strategy and/or project development?*

*Q 28. If there is a Regional Development Agency established on the territory of the qark – which of the following activities does it undertake mostly?*

*Q 29. How many is approximately the number of the Local Development Agencies on the territory of the qark?*

In half of qarks the number of NGOs capable to participate in the process of strategy or development is up to five. Only in 1/3 of the qarks this number varies between 6 and 10 NGOs. The number of NGOs is highest in Tirana. The structured interviews and process mapping have shown that only in limited cases local NGO's have been assigned the tasks to assist qarks' administration to draft their regional strategies or projects applications.

Also, the existence of Regional and Local Development Agencies is rather limited. There are RDAs/LDAs only in 6 qarks. In 4 qarks there is one agency in each, two in Vlore and up to five in Tirana. In those qarks where they exist, they have been set up by donors. The main activity undertaken by existing RDAs is research and identification of development needs, facilitation of consultations with local interest groups and support of SMEs. Interviews with Vlore qark representatives show that RDAs in Vlore focus work at the municipality and commune levels. In Diber this development function is undertaken by the qark's Training Unit, which has been established through 'Strengthening local government in Diber qark' project, supported by the Dutch embassy (2008-2010).

### 4.4.4. Summary findings

Participatory approaches to strategy and project development are still limited:

- With regard to partnership, qarks have made considerable progress in making use of consultation mechanisms in preparation of strategies and projects. However, such mechanisms of consultations seem a practice required by donors and not a practice embedded in the work of qarks. The only form of consultation which exists in all qarks is the participatory approach of qark council members to discuss and approve project financing. Furthermore such consultations seem to be more formal than participatory.
- Qark cooperation with donors, international, partners and constants is more noticeable and the impact of such partnerships on the development of institutional capacity is widely recognized. Know-how transfer from donors, consultants, NGOs has brought about considerable changes in the mentality and work of qark administrations.
- Horizontal partnerships (among qarks) seem to be limited only to individual initiatives of the Heads of Qark Council, leaving the opportunities for discussing and finding joint solutions to problems and barriers to project and strategy development unexploited. This is an important missed opportunity.
- There are limited numbers of NGOs capable to participate in the process of strategy development. Consultations and cooperation between qarks and regional NGOs seem rather sporadic.

## 4.5. Capacity building needs

Human resources are at the heart of every change process. As discussed already the development of a relevant legal framework, organizational development in terms of established structures, procedures and standardization of methodologies do not suffice, if the qark fails to build capacities of individual employees. Building skills and competences of qarks administration employees means a greater chance for know-how transfer among all levels of LGUs.

### 4.5.1. Types of training

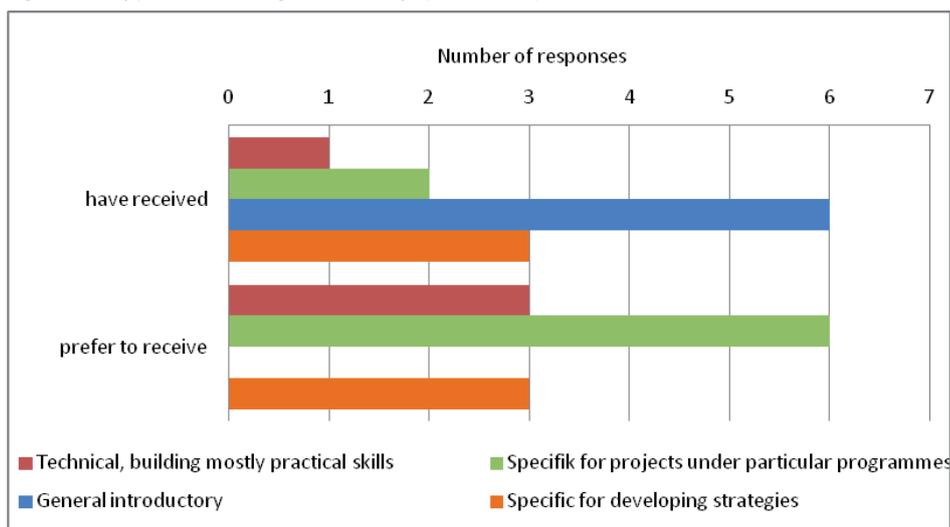
*Q 35. What type of training have the qark representatives received mostly in past 3 years?*

*Q 36. What type of training would the qark representatives like to receive in the future?*

*Q 37. What is the appropriate duration of training that you like to receive in the future?*

As already indicated, about 16% or an average number of 7 employees per qark have already received training in project development and 18% (on average 8 employees) have received training on strategic planning. The survey data show that only in one of the qarks there were no employees trained in strategic planning. However, majority of those trained during the last three years, have received mostly general and introductory training (half of qarks). On limited occasions they have received specific courses on projects and strategy development. The lack of practical training is the main reason why, when asked what type of training they would like to receive in the future, none of qarks considers having general/introductory courses but rather specific training for projects under particular programmes (6 qarks), specific for developing strategies (3) and technical/practical skills(3).

Figure 27: Types of training received by qarks, and preferred for the future



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The survey shows that longer courses are preferred: expectations on training duration are 2-3 days (6 qarks), more than 3 days (2 qarks) and more than 5 days (4 qarks). Practically, qarks are not interested in having one-day or shorter introductory/general training.

### 4.5.2. Training needs

Q 38. For which of the following project development phases does the qark administration have the greatest need for training?

Q 39. For which of the following strategic planning phases does the qark administration have the greatest need for training?

The priorities of qarks in terms of training needs depend very much on their experience with projects and strategy development. Survey data show that the main training needs refer to budget preparation and technical studies and activities planning (8 qarks), followed by drafting of the actual project applications (6 qarks). This means that, the qarks' experience with project preparation influences desired training content on project development. Training topics can be grouped into the following three main groups based on qarks' needs:

Identified by most of the qarks (6 or more): budget preparation and technical studies and activities (8 qarks), developing the idea into a project proposal (6).

Identified by a significant number of qarks: identification and definition of objectives, outputs and results (5 qarks), financing/ co-financing (5), managing the implementation of project (5), planning of activities (4), aligning the project with strategic priorities, rationale, definition of problems (4).

Others, expressed only by limited qarks: partnership initiatives such as, trainings on consultations of the project ideas with citizens, NGOs and business within the qark (2 qarks) or coordination of the project idea with other stakeholders out of the qark (zero) are not regarded as a high priority.

Figure 28: Training needs on project development

| Type of trainings  | Number of responses |
|--|---------------------|
| Preparation of budget  | 8                   |
| Technical studies and activities (feasibility studies, detailed designs, bill of quantities etc) | 8                   |
| Developing the idea into a project proposal (drafting the application form)                      | 6                   |
| Identification and definition of objectives, outputs and results                                 | 5                   |
| Financing/ co-financing the project  | 5                   |
| managing the implementation of projects  | 5                   |
| Planning of activities   | 4                   |

|  |   |
|--|---|
| Aligning of project with strategic priorities, rationale, definition of problems (needs) | 4 |
| Identification and formulation of project idea   | 3 |
| Monitoring and reporting of project implementation                                       | 3 |
| Evaluation of project results  | 3 |
| Coordination of project idea with citizens, NGOs and business within the qark            | 2 |
| Preparation and implementation of tendering  | 2 |
| Implementation of projects   | 1 |
| Managing and monitoring of sub-contractors   | 1 |
| Identification and definition of target groups   | 0 |
| Coordination of project idea with stakeholders out of the qark                           | 0 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The usage of technical assistance has been the case in around 70% of the project proposals. Such high level of TA even though it reflects qarks understanding of the importance to submit good project proposals, can limit the qark employees' related knowledge and skills development process. Qarks' experience in strategy development also conditions their choices for training. The meetings with the qarks have indicated that their strategies have been drafted mainly with donor assistance, resulting in a limited know-how on managing the process. Similarly, by applying the same weighting logic to their strategy development training needs one can notice that:

Immediate/acute trainings needs shared by most of the qarks (6 or more) are: training in resource provision and planning of implementation (10 qarks), aligning of qark strategies with the documents/plans of higher level (9), developing an action plan (8), monitoring and evaluation (8), design of strategy priorities (6) and forming partnerships for strategic priorities (6)

Moderate training needs shared by a significant number of qarks are: partnership principle of coordination of priorities with the citizens, NGOs and business (5)

Overall, the prevailing expectations are that qarks should receive training in resource provision and planning of implementation (10 qarks). The pragmatic expectation to receive trainings on 'forming partnerships for strategic priorities' (6), and 'coordination of priorities with the citizens, NGOs and business (5) is in line with qarks' rating of cooperation with other stakeholders during the strategy development process.

Figure 29: Training needs on strategy development

| Type of training   | Number of answers |
|--|-------------------|
| Resource provision and planning of implementation                    | 10                |
| Aligning of qark strategies with the documents/plans of higher level | 9                 |
| Developing an action plan  | 8                 |
| Monitoring and evaluation  | 8                 |
| Design of strategy priorities  | 6                 |
| Forming partnerships for strategic priorities                        | 6                 |
| Coordination of priorities with the citizens, NGOs and business      | 5                 |
| Analysis (gathering information, identifying needs and problems)     | 3                 |
| Definition of strategy objectives                                    | 3                 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 4.5.3. Technical assistance needs and supporting organizations

Q 40. In your view, should the qark administration pay a part of the training expenses?

Q 41. In your view, who is the most appropriate supplier of technical assistance and training for qarks?

Even though qarks have identified quite an extensive range of training needs, only 1/3 of them find it appropriate and are willing to pay for the co-financing of training. Co-financing is a relatively new concept and the more experienced are the qarks in project implementation the more they are willing to pay for the professional growth of their employees. It is also an indicator of a changing "institutional culture" that encompasses personnel capacity building.

The willingness to contribute financially to training is related to the capacities of the qarks to co-finance projects. Half of qarks which are not capable to allocate resources to co-finance projects are the same ones as those not capable to provide co-financing for the training of their employees.

Qarks feel that the most appropriate supplier of technical assistance and training are consulting companies. One respondent pointed out that the international donors are quite good but hard to access, whereas the local NGOs do not have the necessary capacities to assist them.

Figure 30: Appropriate supplier of TA and training for qarks

| TA and training suppliers              | Number of answers |
|--|-------------------|
| Consulting companies                   | 5                 |
| International donors                   | 3                 |
| Ministries and central agencies        | 2                 |
| Regional or local development agencies | 1                 |
| National NGOs                          | 1                 |
| Universities                           | 0                 |
| Regional or local NGOs                 | 0                 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 4.5.4. Summary findings

The following observations are valid when we consider qarks' capacity building needs:

- So far mainly general and introductory project and strategic management training has been available and qarks clearly see the need for more focused, specific and intensive training in the future.
- Qarks' experience in project and strategy development influences not only the preferred types of training but also the qarks willingness to co-finance trainings. Minority of qarks is ready to covers such costs.
- Training subjects vary considerably but most of the qarks seem to agree on a "list of immediate training needs" for project and strategy development. Trainings on partnership activities which are of great importance to the future project implementation seem of little interest to the qarks' employees and are overrun by the immediate needs on how to prepare project application forms and budgets.
- Qarks reliance on other organizations or external experts to prepare project applications is extensive. Over time qarks' own staff should take more responsibility on project application or strategic documents preparations and/or follow very closely and contribute to the work of experts.

## 4.6. Conclusions

Based on the extensive study of the situation of qarks with respect to strategy and project management, the following 'big picture' develops:

### Main strengths

- All qarks have established structures dealing with development issues and project preparation. They seem to take a pro-active role to develop their regional development capacities, though not without difficulties. They see themselves as a coordinator of local initiatives and promoter of greater, regional development priorities.
- There are considerable numbers of staff dedicated to strategy and project development. Given the size of these administrations as measured by the number of employees qarks have the potential to play the leading role in regional development upon the condition that important institutional, functional and financial obstacles are removed.
- Most qarks have, although limited and uneven, some experience in strategy development and project management. This can be considered a good starting point to the introduction of a more advanced strategy and project management systems and practices and their integration across all levels of governance. Significant improvements have been noted in qarks supported by various donors.
- Progress has been made with respect to participatory mechanisms, although certain asymmetries are visible: there is much more consultative activity with donors, consultants and much less vertical and horizontal partnering among LGUs.
- There is a common recognition that more advanced training and other capacity building actions are needed in order to improve strategy and project management skills among qark administrations.

Qarks seem to be ready to grow their capacity from general understanding of strategy and project management to practical strategy and project generation and implementation.

### Main problems

- Management competences in regional development remain rather limited despite designation of structures and availability of personnel. With this respect qarks represent a huge 'underutilized' pool of public administrators, comparable to a sizeable ministry. The main obstacles here stem from the fact that the qarks role has been only vaguely defined under the existing decentralization framework, and the functional split of competencies has not been properly determined between the central, county and municipal/commune levels. The lack of competences in regional development is also reflected in the low level of awareness on development opportunities and funding as well as limited knowledge on the priorities of potential funding agents (national government, international donors).
- Financial resources of qarks are very limited and do not correspond to their aspirations and perceived roles, especially as project promoters/implementers. This severe limitation of the financial resources which qarks can devote to project development and project co-financing calls for a stable funding framework.
- Experience in strategic planning is rather limited and sporadic. Most strategies so far have been initiated and supported by donors and not followed through with implementation. They constitute isolated attempts rather than standardized approach to development. Multilevel development coordination is mostly absent, with limited qarks' participation in national planning processes and weak cooperation between the regional and first level of local governments. Significant work to improve strategic planning at qark level is required, including a stronger alignment of strategic planning between the national, regional and local levels.
- Project management capacities remain limited and are unevenly distributed with some qarks advancing mainly thanks to donor support. In the future, the lack of capacities for developing donor and EU-funded projects can pose a real challenge to speed up development at the sub-national level. To satisfy the future need to develop high absorption capacity of EU funds (great number of good quality, fundable projects), qarks should become important project owners, equally important as municipalities and communes. Project experience is limited and uneven, especially with internationally funded projects. The risk for emergence of a 'vicious circle' of low project development capacity seems to be high, especially in qarks which did not benefit from donor support.
- There is no clear understanding what types of projects and investments could and should be managed at the regional as opposed to the national and local levels. Thus qarks do not perceive themselves as owners of a real development agenda but rather as coordinators and facilitators, engaging in different projects on an ad-hoc basis. This lack of clarity of functional and investment roles, if perpetuated, will lead to inability to generate sensible larger-scale projects of regional importance and will have negative consequences on absorption of the EU funding.
- The spectrum of unsatisfied needs in the area of project development and implementation is very wide and requires a major coordinated attempt, including national and eventually EU support, if qarks are to become effective project promoters and owners.
- Ideas of wider participation, partnerships and coordination are mostly unexploited and coupled with weak NGO sector they constitute an important missed opportunity. This, in connection to strategy and project management practical and specialist training, constitutes the main technical limitation experienced by qarks in managing regional development.

### Recommendations

The current situation calls for a number of actions to be taken by the qarks themselves and other regional development actors. In order to make these actions feasible, the recommendations are grouped and addressed to different sets of institutions.

#### Recommendations for qarks:

- Take a proactive role in strategic planning for the territory by elaboration and equally importantly, implementation of Regional Development Strategies. The process should ensure high level of practicality (only attainable objectives should be considered), participatory approach (involving basic level LGUs, regional NGOs and business sector), and simple but effective monitoring systems. Although, the first attempts at self-elected, conscious strategy elaboration and implementation will be imperfect, this is the only way to ensure ownership and dedication. In connection, try to establish and agree development and investment functions which could be carried out by qark administrations as complementary to municipal/commune ones, either through a regional consensus building or inter-municipal coordination, or through lobbying for better split of public functions among the levels of governance.
- Review internal functions, structures and personnel in order to improve strategy and project management roles. Most qarks have already identified strategy and project management units as

indispensable and are investing in their capacity development. It is necessary as well to dedicate a portion of funds, even if limited, exclusively for project development and implementation as well as related capacity building. Projects should be professionally developed in advance of funding opportunities, creating pipelines of sensible and fundable interventions, not only in the area of public infrastructures but also wider socio-economic development: employment, entrepreneurship, social inclusion, tourism, etc.

- Develop authentic regional mechanisms for consultations and cooperation in strategic and project management, focusing on synergy and greater impact of local and regional initiatives. Provide development support to lower level LGUs, especially those that find it difficult to act in isolation due to their size and/or financial limitations. Qarks can play the role of a joint executive agency for groups of LGUs with regards to some public services delivery and development interventions. This approach, if carefully considered, can bring efficiency gains to multiple municipalities and communes, where clearly large economies of scale are being lost under fragmented and numerous local administrations.
- Jointly lobby for a national recognition of regional strategic goals and for provision of a system of synchronized strategy development and management at all levels of governance and for increased investment roles for qarks. Increase the profile of the Qark Association. Regional Development Strategies need to be aligned to general national priorities but also to receive support sensitive to their specific requirements.

### **Recommendations for the central government:**

- Establish a system for regional development policy management and a relevant institutional framework. Review and implement a national strategy for regional development, setting the baseline for regional strategies (standardization, relevance and quality review), providing guidance and related financial support, including a reform of the Regional Development Fund. Under the current circumstances of upcoming review of the National Strategy for Development and Integration, the regional development policy framework should first be embedded in this highest strategic document of the country.
- In close consultations with sub-national governments develop a workable system of functional responsibilities and investment competences in various public sectors, ensuring that services are provided and managed at the right level of (de)centralization, and qarks' potential is utilized to the fullest for those functions that are best placed between the central and the local government levels. This also requires a revision of the way qarks' functions are financed, leading to the establishment of stable budgetary revenue sources. Ideally, after a due consultative process, a revised legal definition of qark should be put in place (representation, competences, etc.).

# Chapter V. Municipalities and Communes

The analysis of municipal and communal institutional capacities and their experiences in project and strategy development is complicated because of strongly differentiated characteristics of 65 municipalities and 308 communes of the country. In addition, the municipality of Tirana, as the capital city, has been excluded from this survey as an exception not only in terms of size but also its legal status. The municipalities and communes in Albania are divided in six categories according to the number of population:

- 1<sup>st</sup> category: more than 100 000 inhabitants,
- 2<sup>nd</sup> category: from 50 000 to 100 000 inhabitants,
- 3<sup>rd</sup> category: from 20 000 to 50 000 inhabitants,
- 4<sup>th</sup> category: from 10 000 to 20 000 inhabitants,
- 5<sup>th</sup> category: from 5 000 to 10 000 inhabitants,
- 6<sup>th</sup> category: less than 5 000 inhabitants.

The municipality of Tirane has more than 200 000 inhabitants.

The composition of LGUs is even more complex when we look at their distribution across the regions:

Figure 31: Regional and demographic distribution of LGUs

| Qark         | Total no of LGUs | Number of      |            | Total no of inhabitants | Number of inhabitants in |                  |
|--------------|------------------|----------------|------------|-------------------------|--------------------------|------------------|
|              |                  | municipalities | communes   |                         | municipalities           | communes         |
| Berat        | 25               | 5              | 20         | 231,703                 | 119,955                  | 111,748          |
| Diber        | 35               | 4              | 31         | 180,634                 | 58,236                   | 122,398          |
| Durres       | 16               | 6              | 10         | 411,284                 | 292,973                  | 118,311          |
| Elbasan      | 50               | 7              | 43         | 428,241                 | 174,683                  | 53,558           |
| Fier         | 42               | 6              | 36         | 487,787                 | 204,559                  | 283,228          |
| Gjirokastra  | 32               | 6              | 26         | 156,742                 | 72,260                   | 84,482           |
| Korca        | 48               | 6              | 42         | 353,416                 | 155,758                  | 197,658          |
| Kukes        | 28               | 3              | 25         | 109,808                 | 40,644                   | 69,164           |
| Lezha        | 21               | 5              | 16         | 212,907                 | 81,342                   | 31,565           |
| Shkoder      | 43               | 5              | 39         | 332,588                 | 155,340                  | 177,248          |
| Tirana       | 40               | 5              | 35         | 998,595                 | 770,696                  | 227,899          |
| Vlora        | 26               | 7              | 19         | 374,410                 | 224,849                  | 149,561          |
| <b>Total</b> | <b>373</b>       | <b>65</b>      | <b>308</b> | <b>4,278,115</b>        | <b>2,351,295</b>         | <b>1,926,820</b> |

Source: Ministry of Interior, General Directorate of Civil Registry, own calculations

Note: Population data provided by INSTAT are much lower

The survey was distributed to 65 municipalities and via qark administrations to 3-5 larger communes per qark. The analysis is based upon the responses provided by 41 municipalities and 51 communes. The number of 92 LGUs is considered sufficient to build a good picture of overall institutional capacities in relation to regional development.

## 5.1. Overall presentation

Local and regional self-governments are key players in regional development. In the context of the European integration, it has to be understood that sub-national actors tend to utilize more than half of EU structural funds by submission of projects and mobilization of their own financial resources. In other words their strategic and project management capacity is a critical success factor in enhancing socio-economic development among regions. The current 373 municipalities and communes seem to be too numerous, creating unnecessary fragmentation of development efforts. Also acute disparities exist between large and small LGUs in terms of their ability to manage development.

### 5.1.1. Municipalities' and communes' self-assessment of roles and preparedness to participate in RD activities

*Q 1. How do you rate the preparedness of your M/C to benefit from the following type of funding sources?*

*Q 2. What do you expect to be the importance of the following sources of funding for the M/C development until 2015?*

*Q 3. How familiar is the M/C administration with the following strategic priorities?*

Municipalities and communes perceive the development of their respective communities to be supported mainly by external resources. They have a higher expectation towards the Regional Development Fund and other national funds up to 2015 compared to the EU and other donors and their own resources. LGUs feel better prepared to use the RDF (average rating 3.7, replies 'high' and 'very high' - 63%), followed by other donors funds (average rating 3,3, 'high' and 'very high' – 42%), and with the EU funds (average rating 2.9, 'high' and 'very high' - 25%).

There are not many differences between municipalities and communes in the level of preparedness for benefiting from the RDF: while more than half of municipalities declare a high and very high level of readiness (56%), more communes indicate a high and very high level (69%). Readiness to benefit from the RDF seems to be overestimated in the survey answers since municipality focus group discussions have pointed out that this instrument is rather new to them and not fully familiar. Seemingly clear procedures and criteria applied by national funds (as underlined by LGU's representatives in the focus groups or interviews) make it easier to benefit from these funds. Such perceptions are reflected in the numbers of projects implemented through national funds where 67% of municipalities declare 'more than 6 projects'. This number is much higher compared with number of projects financed by EU and other donors' funds. It is of course related to the funds availability as well.

The level of preparedness for EU funds of both communes and municipalities is more or less equal. Municipalities show 24% of high and very high readiness (based on 10 responses, 25%) and communes - 25% high and very high readiness (based on 13 answers, 26%). A moderate level of preparedness - 44% and 51% is expressed by almost half of communes (45%) and municipalities (50%). These data are not correlated however to the number of projects funded by the EU funds. The above numbers represent a desire rather than the factual readiness of LGUs to use the EU funds.

The situation is not different with respect to other donor funds. Municipalities declare high and very high preparedness at 44% (18 responses) and communes at 41% (22 responses). The medium level of preparedness is shown by 24% of communes and by 42% of municipalities. These answers are not very convincing. They do not reflect the project preparation and implementation financed by such funds in reality. When we look at projects approved and implemented financed by non-EU funds only 10% of respondent LGUs have 3-6 projects approved and only 4% more than 6 projects.

Analyzing separately municipalities and communes we come to the conclusion that the differentiation occurs primarily due to the population number, revenues and investments levels of LGUs. A breakdown by population size and local finance indicators reveals some interesting features:

#### **The Regional Development Fund:**

The perceived preparedness is closely related to the size of LGUs and increases with the number of population. With average rating of 3.7, LGUs above 30000 inhabitants have a rating of 4.2 and LGUs with 10,000-30,000 inhabit. – 3.9; with an average of 63% of high and very high responses for LGUs with > 30,000 inhabit. are 100% and for those with 10,000-30,000 inhabit. – 73%, while for the smallest LGUs down to 50%.

There is no clear correlation with financial indicators, except investment per capita – LGUs with the highest investments feel less prepared (rating of 3.4 compared to 3.7 average and the replies high and very high are 45% compared to 63% average). This could be an indication of higher experience and awareness of challenges related to the absorption of funds among the LGUs with intensive investment programs.

#### **EU funds:**

The correlation with population size is similar but less pronounced – larger LGUs feel better prepared to use the EU funds (rating of 3.3 for LGUs > 30,000 inhabit. and 3.1 for LGUs with 10,000-30,000 inhabit. with average of 2.9; the sum of 'high' and 'very high' replies falls from 33% for the biggest LGUs to 17% for the smallest).

The group with highest own revenues feels less prepared for the EU funds (average rating 2.7 compared to 3.0 for all groups; the share of 'high' and 'very high' replies is only 5% compared to 28-33% for the others). A similar trend is observed for other financial indicators.

#### **Other donor funds:**

A clear correlation with population size is noticed - bigger LGUs feel better prepared to use donor funds (above 30,000 inhabitants – average rating of 4.0 and 'high' and 'very high' levels at 83%; 10,000-30,000 inhabit. – average rating of 3.5 and 'high' and 'very high' replies at 50%)

No clear relation exists with own incomes per capita, but on other financial indicators again the best performing LGUs see themselves less prepared to use donor funds.

A closer look at the replies given by LGUs with population more than 30,000 inhabitants for three types of external funding leads to the conclusion that they are better prepared to absorb donor funds. Those LGUs have higher staff numbers and more competent employees compared to small units. The situation is different in LGUs with higher revenues because although they have high incomes per capita they are not the largest LGUs with qualified staff that provide the opportunity to deal with project development. For example there are some small communes located on the seaside with higher revenues and investments compared to larger LGUs. This factor can explain higher preparedness levels of LGUs with smaller revenues.

The Regional Development Fund is perceived as the most important source for future development both by municipalities and communes (rating 3.9, 'high' and 'very high' replies at 65%). Their own resources (3.1; 34%) and other donor funds (3.1; 36%) are considered less important. Other Albanian public funds and EU funds fall somewhere in between. However the differences between the various sources of funding are not extremely high (the rating varies between 3.1 and 3.9, 'high' and 'very high' replies – between 34% and 65%). Replies 'not sure' are indicative of the level of familiarity with the different funds – they are very low for the own LGUs resources and the RDF (1%) as well as other Albanian funds (3%) but significantly higher for the EU funds (8%) and other donor funds (11%).

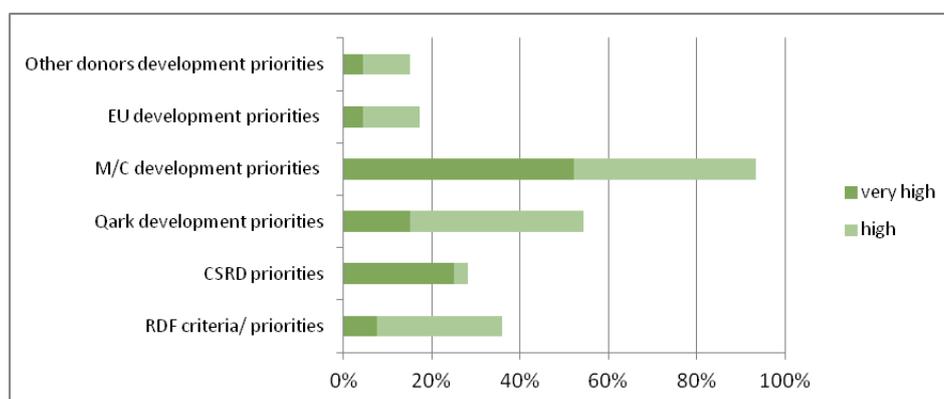
Municipal own resources are perceived as more important by larger LGUs as well as by LGUs with higher own revenues. For municipalities with >30,000 inhabitants this is the most important source (3.8; 67%) and it is above the average also for LGUs with 10,000-30,000 inhabitants (3.5; 55%). For small LGUs the rating of own resources importance is 2.6 and the share of 'high' and 'very high' answers is only 17%. For the LGUs with the highest own incomes, their own resources are rated significantly above the average (3.5; 58%) compared to much below the average (2.8; 33%) for the LGUs with the lowest own revenues (below 25% of the country average). Total revenues, competitive grants and investment do not significantly differentiate the perceived importance of own resources.

The RDF is the most important fund for LGUs with population 10,000-30,000 (4.3; 86%). Compared to other sources, it is also important for smaller LGUs, especially those with <5,000 inhabitants (3.9; 63%) and similarly also for LGUs with highest investments per capita (4.1; 73%). Other Albanian funds are less important for LGUs with the lowest investments (3.3; 32%) compared to the average (3.4; 48%).

The perception of the importance of the EU funds is not significantly differentiated, especially when looking at average ratings, although some interesting differences can be seen from the share of 'high' and 'very high' replies. The EU funds are more important for LGUs with lower own incomes – 25-50% of the average (3.4; 52%) and less than 25% of the average (3.5; 48%); LGUs with the highest competitive grants per capita (3.6; 53%). These funds seem to be less important for LGUs with the highest own incomes (3.2; 21%) and for the largest LGUs with > 30,000 inhabitants (3.0; 17%).

Municipalities and communes are naturally well aware of their own development priorities. The park priorities come as the second well known. Other important strategic directions are less understood. In general it comes from the fact that regional development as such is a relatively young concept in Albania. It is also true that municipalities and communes are looking forward to the EU funding as integration into the EU progresses but preparations are in very early stages.

Figure 32: M/C's familiarity with different strategic priorities



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 5.1.2. Organizational capacity - human resources

*Q 37. Has the M/C assigned specific responsibilities related to national and international funded projects?*

*Q 38. What is the number of the municipality administration staff?*

*Q 39. How many of the staff involved in strategy and project development and management have a working knowledge of English?*

*Q 28. How many people from the M/C administration have been trained in strategic planning in the last three years?*

*Q 29. How many people from the M/C administration have been trained in project development in the past three years?*

The LGU administration includes all employees of a local unit and those employees who work in the dependent public enterprises. The average number of staff in LGUs is 38, however it is strongly differentiated. Most LGUs have staff in the range of 21-50 (49%) or below 20 (35%). There is also a limited number of LGUs with staff of 51-100 (10%) and even above 100 (6%). In some cases the staff number is as high as 240-250 (e.g. Durres and Elbasan).

The staff number is clearly related to the size of the LGUs in terms of population:

- Large municipalities with >30,000 inhabitants have on average 172 employees and all of them are in the group with more than 100 employees;
- LGUs with 10,000-30,000 inhabitants have on average 46 employees; 68% of them are in the group of 21-50 employees, 32% - in the group of 51-100 staff;
- LGUs with 5,000-10,000 inhabitants have on average 28 employees and fall mainly in the groups with 21-50 (62%) and <20 (32%) employees;
- LGUs with less than 5,000 inhabitants have on average 17 employees and fall in the groups with <20 (70%) and 21-50 (30%) employees.

The last 2 groups (the smallest LGUs) are obviously the most problematic, but even for the group 10,000-30,000 the situation seems not ideal.

The proportion of specialists varies according to the level of revenues and investments per capita in LGUs. The staff number of LGUs with own revenues per capita above the average (>4914 ALL) is 72, in LGUs with own revenues of 50-100% of average (2457-4913 ALL), the staff number is 43, in those with own revenues per capita 25-50% of average (1229-2456 ALL) – 22 specialists and in those LGUs with below 25% of average (<1228 ALL) the specialist staff number is 20 persons. The above analyzed tendencies show a clear correlation between the LGU population number and own revenues per capita with the number of staff.

The situation is different when we look at total revenues, competitive grants and investments. For example LGUs with medium level of total revenues per capita, i.e. 75-125% of average (8322-13779 ALL), have 50 employees, compared to LGUs with higher total revenues with 35 employees and LGUs with lower revenues with 25 staff. If we analyze the percentage of staff in the case of LGUs with medium level of total revenues, there are 27% of LGUs with less than 20 employees, 51% with 21-50 employees, 8% with 51-100 employees and 14% with more than 100 employees. It means that not all municipalities with high staff numbers have high total revenues.

The differences are more visible with respect to the competitive grants per capita (the RDF) - the higher the staff number, the lower the grant. LGUs with 50 employees have a low level of competitive grant per capita - below 50% of average (<584 ALL) compared to LGUs with 36 employees that receive the medium level of competitive grant - 50-125% of average (585-1461 ALL) and LGUs with 27 employees have a high level of competitive grant - above 125% of average (>1462 ALL). The reason for this unexpected result can be that the competitive grant goes primarily to medium-sized and smaller rather than larger LGUs. A similar situation exists with investments per capita. LGUs with 29 employees have high rate of investments - above 125% of average (>3561 ALL), LGUs with average 47 employees have a medium level of investments - 75-125% of average (2137-3560 ALL), and LGUs with average 39 employees have low level of investments - below 75% of average (<2136 ALL).

The highest investment per capita groups of LGUs have the lowest number of staff. It should be however taken into account that larger LGUs have larger investments even if per capita values are not the highest. It is worth noting that 83% of LGUs with population more than 30,000 inhabitants have project units and 17% of staff are project specialists. These structures are indispensable for absorbing investment's funds and implementing infrastructure projects, especially when we talk about regional impact investments. Only 23% of LGUs with population 10,001-30,000 inhabitants have project units and the same percentage of them have a specialist for project development. 41% have a specialist responsible for projects and other duties and 14% of them have this responsibility not clearly assigned. For LGUs with 5,000-10,000 inhabitants the share of cases with personnel dealing with projects inter alia is higher

(58%), and of special units – lower (12%). In the smallest LGUs the highest lack of project responsibility assigned is observed (20%) and the most typical solution is to have an employee dealing with projects together with other tasks (63%). The group of LGUs with highest competitive grants per capita has an extremely small number of cases with no responsibility for projects assigned (3% compared to the average of 13%), but 59% combine project management with other tasks; 24% have a specialist for project development and only 15% have project units.

In most cases LGUs have assigned responsibilities for projects. In 17% there is a civil servant dealing only with projects and also in 17% - a special administrative unit. About half of LGUs (52%) there is a specialist dealing with other tasks together with project management and in 13% LGUs project responsibility is not assigned.

Figure 33: Data on M/Cs human resources

| Staff category                         | Average number | Number of staff in all LGUs | Share of total staff |
|--|----------------|-----------------------------|----------------------|
| Total staff number                     | 176            | 3324                        | 100%                 |
| Staff trained in project development   | 4              | 408                         | 12%                  |
| Staff trained in strategic development | 6              | 518                         | 16%                  |
| Staff with English language skills     | 3              | 297                         | 9%                   |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

An important issue for the staff involved in strategy and project development and management is the use of English language. It is estimated that almost 300 employees in 92 respondent LGUs have a working knowledge of English. The average number of English-speaking staff is 3 persons per local unit and counts only for 9% of the total staff. A high percentage of English speaking staff is found in municipalities – e.g. municipalities of Shkoder 35, Kamez 25, Bilisht 15, Kruja and Kukes 10. Some communes like Paskuqan and Cakran have 10 specialists who use English as well. Despite that 19 LGU (6 municipalities and 13 communes) have no specialists who use English. It is an important element for strategy and project development and management. This may limit access to information during specific projects preparation, or to general information about the different kinds of external funds.

### 5.1.3. Information and communication

Q 40. Has M/C access to broadband internet?

Q 44. Which are the main sources of informing M/ communes about project financed with national and international funds?

Q 43. How do you consider the existing information in Albania about national and international regional development funding opportunities?

The importance of information is recognized in the questionnaire answers, interviews with municipalities' representatives and focus groups. Access to internet has raised the availability of information and the possibility to share it. According to questionnaire responses 38% of LGUs have Internet access in each working place and 45% of them in more than one working place. Internet access exists in a single working place in 8% of municipalities/communes and only 10% of LGUs have no internet access. LGUs with higher population (>30,000 inhabitants) have better internet access - almost in each working place and these are rather municipalities than communes. The majority of LGUs in the second group (Internet access in more than one working place) are communes with high total revenues and investments.

There is a clear correlation between better Internet access and LGU population size. The amount of income per capita doesn't influence it, but total local income per capita does. The communes with high total local income have better Internet access. Investments play a significant role with this respect. In general LGUs with higher investments, such as Peshkopi, Klos, Puke, Kelcyre, Prrenjas, Pishaj, Himare, Vore, Preze, Berdice, Shenkoll, Markgegaj, Lunxheri, Lazarat enjoy better Internet access. But there are exceptions, like commune Mesopotam with population of 1419, with the highest own income per capita (12860 ALL), total income (29125 ALL) and investments per capita (5871 ALL) has no Internet access. Municipality of Kruje with high investments (5772 ALL and relatively high total local incomes (13057 ALL) has internet access in one working place only.

The main sources of information about project financing from national and international funds for the municipalities and communes are websites of the Albanian government and ministries (54%), direct relations and correspondence with central administration (43%), and printed or electronic documents, guidelines, etc. (38%), other sources are of lesser importance.

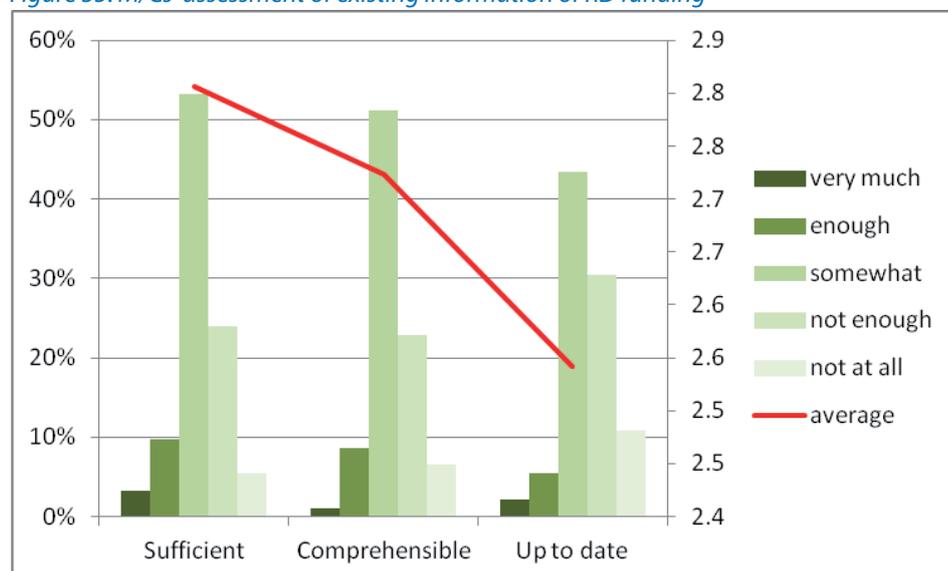
Figure 34: Main sources of information on project funding

| Information source   | Response percentage |
|--|---------------------|
| Internet sites of the Albanian government and ministries                 | 54%                 |
| Direct relations and correspondence with central administration          | 43%                 |
| Official printed or electronic documents, guidelines etc.                | 38%                 |
| TV   | 32%                 |
| Seminars and workshops/training  | 29%                 |
| Internet sites of EU institutions  | 23%                 |
| Internet sites of donor organizations ,Newspaper                         | 15%                 |
| Popular printed materials, papers, brochures, leaflets etc.              | 13%                 |
| Direct relations and correspondence with qark administrations            | 10%                 |
| Direct relations and correspondence with NGOs                            | 8%                  |
| Internet sites of the qarks or other municipalities                      | 4%                  |
| Direct relations and correspondence with other municipal administrations | 4%                  |
| Internet sites of the Albanian NGOs                                      | 4%                  |
| Radio  | 1%                  |
| Other  | 0%                  |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The fact that half of LGUs are using Internet to obtain information on project funds corresponds to a relatively wide access to Internet among LGUs. As LGUs have more projects implemented with national funds their information comes primarily from the national sources. Similarly to qarks, municipalities and communes, consider the existing information as not sufficient enough, outdated, and not easily understandable. The average ratings on these criteria are in the range 2.5 – 2.8 on a 5 grade scale (i.e. close to and below the medium level) with the lowest rating for information being up-to-date.

Figure 35: M/Cs' assessment of existing information of RD funding



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The availability of information is considered insufficient while it is a necessary condition for effective absorption of national or international funds. Information and communication in relation to project funding depends to a large extent on the central government administration. A centrally-driven information flow can be effective, especially in situations of limited local capacity. This issue was stressed in meetings with municipality representatives and in focus groups as well.

### 5.1.4. Financial resources

*Q 41. Is the M/C capable of allocating funds for project preparation?*

*Q 42. Is the M/C capable of allocating funds to co-finance projects?*

On average only 32% of municipalities and communes are ready to provide financial resources for project preparation according to survey responses. This ability is not only 'objective' (i.e. defined by external circumstances), but also a question of perception, understanding, and commitment. It is quite worrying to see that 9% of LGUs indicate that there is no need to invest in project preparation, 16% are not sure if they have to invest or not, and 44% answer 'although necessary the municipality/commune is not capable'.

Although on the surface the ability to invest in project preparation is not related to LGUs population size there are differences in the reasons for the lack of this ability (replies 'yes' vary between 27% and 36%). 33% of larger LGUs, especially >30,000 inhabitants, believe that such investment is not necessary, while this share is only 6% in LGUs with 5,000-10,000 inhabit., and even lower (3%) in the smallest LGUs (< 5,000 inhabit.). In contrast, these later ones consider such investment necessary but they don't have the required funds.

A somewhat different situation is shown by analyzing other indicators. LGUs with less own revenues per capita have higher readiness to finance project preparation: 38% LGUs with revenues below 25% of average (<1228 ALL) answer 'yes', 32% of LGUs with revenues at 25-50% of average (1229-2456 ALL), 30% with revenues at 50-100% of average (2457-4913 ALL), and 26% with above average revenues (>4914 ALL). It seems paradoxical that LGUs with lower competitive grant per capita are ready to finance project preparation (37%) compared to those with higher grants (27%). The correlation of readiness for project financing of LGUs with investments per capita is similar. 39% of LGUs with low investments per capita - below 75% of average (<2136 ALL) express their readiness compared to 30% of LGUs with high investments - above 125% of average (>3561 ALL). These relationships show that LGUs with low revenues recognize the necessity of projects for the development of their communities and express high readiness of financing project preparation. It is obvious that municipalities and communes have a limited financial capacity. This is the major reason they are constrained in project preparation.

LGUs readiness to invest in projects implementation is higher than the readiness to invest in project preparation. More than half of them are ready to co-finance projects (53%) and only 3% indicate that there is no need to co-finance projects. The co-financing capacity varies considerably among the municipalities/communes. There is also a large group of LGUs not clear about their readiness (about 16% both for project preparation and implementation).

The ability to co-finance projects is closely correlated with the population numbers – it decreases from 100% for LGUs > 30,000 inhabitants to 37% for LGUs <5,000 inhabit. The ability to co-finance projects also depends on the own revenues per capita – from 68% for the group with highest own revenues to 43-44% for the groups with lowest own income. They are positively correlated: municipalities and communes with high income have more opportunity to co-finance project implementation compared to those with low income. If we analyze the answer 'not sure', the situation becomes clearer: only 5% of richer LGUs are not sure and 27% of low-revenue LGUs. There is no clear correlation between total revenues and the co-financing of project implementation. 74% of LGUs with medium values of competitive grants per capita - 50-125% of average (585-1461 ALL) have the highest interest to co-finance projects.

A similar situation exists with respect to investments per capita. In this case the highest ability is observed within the LGUs with medium investments (61% say 'yes'). Based on the focus groups discussions on ability to finance project preparation and to co-finance projects implementation some suggestions for improving and increasing the investments at the municipal /communal level are provided:

- The need for a clear definition of the projects in the budgets,
- Aid from the central government for large and important projects,
- Improving the intervention logic of projects,
- Improving job descriptions to identify positions and structures involved in project development in order to train employees.

### 5.1.5. Summary findings

There is a high differentiation in capacities and preparedness of municipalities and communes to contribute to regional and local development. This differentiation comes from the institutional potential related to the size of these LGUs, their financial situation and specific strategy and project management experiences so far. Overall, the following observations are worth noting:

- There is a good deal of interest from the first-level LGUs to benefit from the EU and other donor funds. This desire is not however reflected by the level of their preparedness. They are definitely more ready to apply to national sources, especially the RDF, which comes from their experiences up to date. This readiness is also dramatically different depending on the size and financial standing or external (usually donor) support received by a given municipality and commune.
- Municipalities and communes show generally low level of strategic development priorities and policies apart from their own. This creates a logical vacuum, in which local projects will not necessarily contribute to the attainment of higher-level objectives and local strategies will tend to deviate from the regional, national and supra-national policies. It is yet another argument for improved vertical harmonization of the development agenda.
- Only larger and financially stronger municipalities and communes, due to the size of their administrations and budgets find it relatively easy to establish the necessary strategy and project management units, and have dedicated specialists. As few as 23% of LGUs with population 10,001-30,000 inhabitants have project units and the same percentage of them have a specialist for project development. The smallest LGUs are in a much less comfortable position, and for them it could be natural to revert to external assistance, e.g. by the qark administration to fill in the gaps in strategic and project management. On average only a small percentage (less than 10%) of municipal and commune employees have received strategy or project training. Project capacities in respect of organizational assets are thus largely underdeveloped.
- Internet (official websites) and direct contacts with central administration, media and seminars, seem to be the main sources of information on possibilities of projects funding for municipalities and communes. Yet, they are considered inadequate due to low level of detail, clarity of messages and often being out of date.
- A relatively small share of municipalities and communes indicate that they can allocate resources for the co-financing of project implementation and for the preparation of projects. Limited budgets are the most frequent reason. Paradoxically, this is a reason also given by LGUs with relatively sizable financial resources. The main reason for project co-financing difficulties is the limited financial resources of LGUs. Some LGUs state that apart from a general lack of funds there are also budgetary planning issues which need attention. In general, municipalities and communes with high population numbers and incomes have more opportunity to co-finance projects compared to those with low incomes. It seems also, that part of the problem lies also in perception and commitment to development projects by local administrations.
- Municipalities and communes point out to other problems related to strategy and project management: lack of accommodation for projects in local budgets, lack of national support for large and important projects, and insufficient transparency of funding distribution, particularly with respect to project selection.

## 5.2. Strategy development in municipalities and communes

Since the introduction of the organic law on local government in 2000, LGUs have begun to prepare regional/local development plans or action plans in conformity to their needs and capacities, dependent on the level of incomes and qualified human resources. Many municipalities and communes have been financially and technically supported by different foreign donors in preparation of their priorities and strategies for development.

### 5.2.1. Planning at municipality/commune level; municipal/commune development strategy (quality, feasibility)

*Q 8. What is the status of the M/C development strategy?*

*Q 9. How do you rate the quality and feasibility of the M/C development strategy if they have it.*

*Q 4. How do you rate the quality and feasibility of the qark development strategy where your LGU is located?*

Results of the survey of municipalities and communes show that 57% of them have a development strategy or a similar strategic document. Majority of LGUs are aware they need a strategic plan in order to profit from different kinds of support for developing their territory. Many units (M/Cs) are also preparing such documents (46% communes and 27% municipalities) or they have approved planning documents of a similar nature (58% communes and 34% municipalities).

It is important that M/Cs have strategic plans for development. It is equally important that these documents are of high quality. The self-assessment of M/C development strategies indicates predominantly a moderate level of quality/feasibility (59% municipalities and 52% communes). The percentage of respondents who consider these documents to be of high quality is at 27-28%. There is also some level of more critical views.

Municipalities and communes which have worked on development plans have a better understanding of strategies in general and find it easier to assess the quality and feasibility of the respective qark strategy. 58% of M/Cs consider the qark development strategy to be of medium quality, 22% of high quality and 15% of low or very low quality.

Figure 36: Assessment of quality and feasibility of the qark strategy by M/Cs

| Qark         | Number of answers |          |          |           |           |           |           |
|--------------|-------------------|----------|----------|-----------|-----------|-----------|-----------|
|              | Total             | Not sure | Very low | Low       | Medium    | High      | Very high |
| Berat        | 8                 | -        | -        | 1         | 6         | -         | 1         |
| Diber        | 5                 | -        | -        | -         | 3         | 2         | -         |
| Durres       | 4                 | -        | -        | 1         | 2         | 1         | -         |
| Elbasan      | 19                | -        | 1        | 1         | 13        | 3         | 1         |
| Fier         | 5                 | -        | -        | 1         | 2         | 2         | -         |
| Gjirokaster  | 6                 | -        | 2        | 2         | 2         | -         | -         |
| Korce        | 4                 | -        | 1        | 1         | 0         | 2         | -         |
| Kukes        | 7                 | -        | -        | 1         | 4         | 2         | -         |
| Lezhe        | 6                 | -        | -        | -         | 3         | 3         | -         |
| Shkoder      | 5                 | 1        | -        | 1         | 3         | -         | -         |
| Tirane       | 10                | 1        | -        | -         | 9         | -         | -         |
| Vlore        | 13                | -        | -        | 1         | 6         | 5         | 1         |
| <b>Total</b> | <b>92</b>         | <b>2</b> | <b>4</b> | <b>10</b> | <b>53</b> | <b>20</b> | <b>3</b>  |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The main problems with existing strategic documents both at qark and M/C levels are that there have been practically no evaluations or revisions/updates to these documents. This shows that strategic development management has not been effectively embedded into the functioning of LGUs. The focus group exercise with representatives of municipalities has clearly confirmed that qark strategies are not being implemented. They stay 'dead' documents. Monitoring and implementation needs adequate human and financial resources. The focus group participants also indicated that there is a consistent lack of cooperation among municipalities/communes and qarks on the strategic issues.

## 5.2.2. Attitude to planning at national, regional and municipal/commune levels

Q 5. How do you rate M/C participation in regional planning process (To what extent are the ideas, proposals and projects of the M/C development strategy are reflected in the qark planning process?)

Q 6. How do you agree with below answers for M/C participation in the regional and national planning process?

Q 7. What would you recommend for improving the qark investment/development planning process?

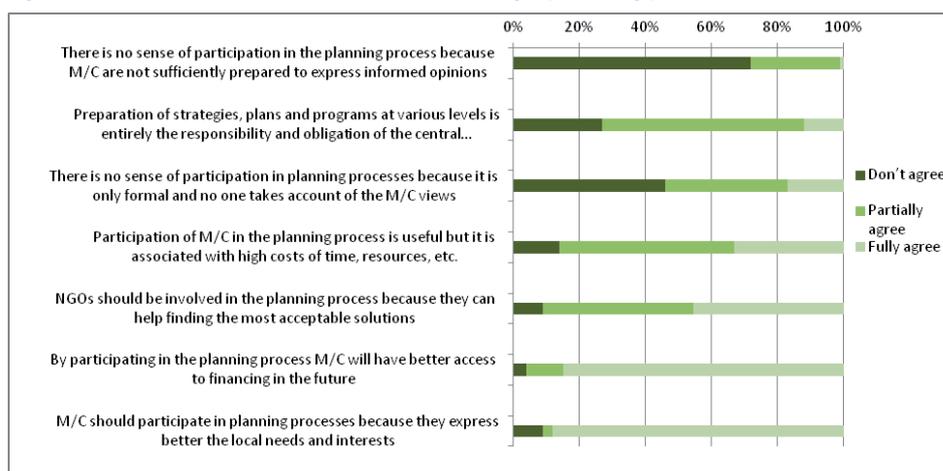
Q 10. What would you recommend for improving planning process of M/C?

Focus group question: How can municipalities better participate in the development strategic planning and implementation processes?

The majority of municipalities and communes have a more positive view regarding their participation in the regional planning process when compared to qarks (see point 4.2.2). 58% of them find that their ideas, proposals and projects are reflected partly in the qark strategies, 21% say that the majority of proposals are taken into account and only 20% of them feel their participation is 'low'. These responses seem to be in line with their perceived role in the planning processes. The feeling that they can express better the local needs and interests is shared by the majority of them (88% of respondents). The argument that they can have better access to financial resources (85% fully agreed) is ranked second. Most municipalities and communes deny the proposition that they are not sufficiently prepared to provide experienced opinions (72% of respondents).

Many municipalities and communes seem to have mixed attitudes regarding arguments such as contributing to finding the most acceptable solutions (46% of them fully agreed and 46% partly agree); participation in planning process is pointless and their opinion is not considered (17% fully agreed and 37% partly agreed); planning at different levels is an obligation of the central government (12% fully agreed and 61% partially agreed). Communes seem to be more passive in the planning process. These differences are more significant with respect to their say and participation in the Regional Council meetings, and the way their opinions are taken into consideration.

Figure 37: Self-assessment of M/Cs' role in strategic planning process



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

All respondents believe that all planning processes at qark, municipality and commune level need improvements. Discussions in focus groups reveal that qark authority position remains unclear and creates confusion, and that M/Cs needs and priorities are not consulted at the local level. They share the opinion that municipalities should be an important part in this process and that national strategies should orientate all the other strategies at different levels. This is why when asked to provide some recommendations to address the strategic gaps at their own level and also at the qark level, municipalities and communes point out the following:

- At the qark level, clear priority is given to 2 types of recommendations shared by 2/3 of respondents: More decentralization of decision making (70%), Allocation of resources for involvement of municipalities and communes in qark strategy preparation (66%);
- Of secondary importance (shared by at least half of municipalities and communes) are: Strengthening capacity of the participants in the planning process, including training (59%), More efficient mechanisms for cooperation and coordination with local authorities (58%);

Communes and municipalities seem more perplexed when it comes to possible improvements to their own strategic planning process. Recommendations shared by at least half of the respondents are:

- Strengthening capacity of the participants in the planning process, including training (65%),
- Improving the interaction with central administration (64%),
- Allocation of resources for preparation of the municipal strategy, including TA (59%),
- Improving the interaction with local partners: business, citizens, NGOs (58%),
- Allocation of resources for implementation of the municipal strategy (55%).

It seems strange but on the one hand municipalities and communes ask for more decentralization in decision making in relation to qarks, and on the other they want to have a better interaction with central government as well. An explanation for that could be the different political affiliations of respondents. Also, the selection and ranking of recommendations for improving M/Cs strategic planning shows growing accountability at the local levels. M/Cs recommend improving interaction with local partners (business, citizens, NGOs), showing they are aware of the importance of these actors in developing their communities.

### 5.2.3. Use and needs of external support (TA)

Q 11. If the M/C has a development strategy - is it prepared with TA?

Q 12. In which areas related to strategy development does the M/C mostly need external support (TA)?

The use of technical assistance for preparation of development strategies is more common in municipalities than in communes, respectively 76% and 42%. Both the level of use and the types of TA are related to the size of M/Cs and their financial situation. LGUs with population above 30,000 more often ask for technical assistance in the area of 'implementation and monitoring' and 'planning and managing investments' (33% as compared to 17% average for all LGUs). TA on 'planning and managing investments' is considered very important for LGUs with population of 5,001-10,000 (41% as compared to 30% average for all LGUs). The second most important need for technical assistance is in 'strategy

development (priorities and objectives) expressed by 27% of respondents. Here smaller LGUs tend to require more assistance. The third important TA need is in the area of 'stakeholder's involvement' – 28% of respondents. Again, LGUs with population less than 5,000 inhabitants and revenues per capita at 25-50% of the average are more interested (37% and 32% respectively).

#### 5.2.4. Summary findings

Some important observations are made with respect to strategic planning at the local level:

- Planning processes have become reality in many municipalities and communes. According to the survey 57% of M/Cs have elaborated development strategies. As indicated by self-assessment questions the quality and feasibility of these strategies (or strategic plans) are however not consistent. Also strategic planning processes show numerous needs for improvement.
- There are several shortcomings with respect to both local and regional development strategies: many of these documents do not go beyond elaboration and approval. Monitoring and evaluation mechanisms and practices are not commonplace. As a result many of these documents require revisions and updates.
- Municipalities and communes seek greater participation in national and regional planning processes because they feel they best express local needs and interests. This requires a better collaboration between all LGUs within the qark and beyond. There is also an observed lack of cooperation among municipalities and communes. Cooperation, consultation and participation needs to be extended to other development actors representing social partners, civil society, business associations, etc.
- Most M/C strategies have been elaborated with technical assistance. It has been more often utilized by LGUs with higher population numbers. Smaller LGUs seem to require more TA but find it difficult to finance. Types of preferred TA seem to be related to the size and revenues of M/Cs.

### 5.3. Project Development

Project development experience has grown substantially over the last few years. Yet, not all municipalities and communes have succeeded with project preparation and implementation. There are many factors determining LGUs' project management ability apart from the main variables such as size and local incomes: continuity of public servants in the same work place and their qualifications, external support for raising capacities, financial support, etc.

#### 5.3.1. Project development and implementation capacity

*Q 13. Generally, how do you rate the M/C capacity to identify and develop projects, under the following sources? (EU funded, Non EU international donors funded, nationally funded)*

*Q 14. Generally, how do you rate the M/C capacity to monitor projects directly or with assistance of Individuals or other external organisms?*

*Q 15. How many projects has the M/C prepared in the past three years? Number of projects of the M/C or projects where the M/C is the main partner*

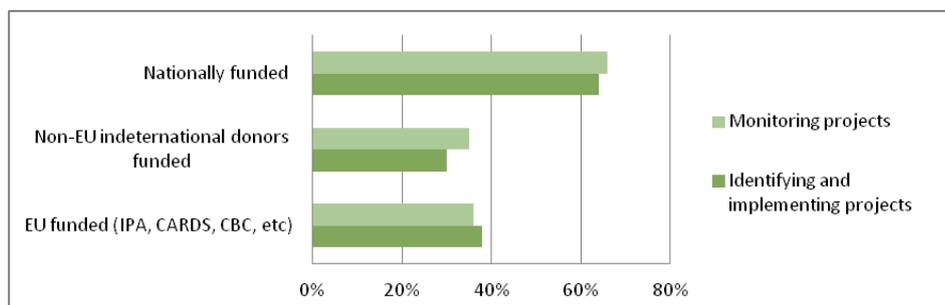
The municipalities' and communes' perceived capacity to manage and implement projects is significantly higher for nationally funded projects (average rating 3.8; 'high' and 'very high' replies 64%) compared to EU-funded projects (3.1; 38%) and other donors projects (3.0; 30%). It is very similar to the situation among qarks (66% for nationally funded projects, 25% for EU funded projects and 33% for internationally funded non-EU projects).

The size of LGUs influences project management capacities. Larger units have departments for development and coordination dealing with projects. Some differences are explained by the sheer size of LGUs: largest LGUs have much higher capacity than average to deal with nationally funded projects (4.0; 83%), the smallest LGUs have much lower capacity than average for EU funded projects (2.8; 27%) and other donors funded projects (2.9; 20%).

The relationship between LGUs' own revenues per capita and project activity is not so obvious. For example in the case of EU funded projects the average rating increases consistently from 2.9 for the LGUs with highest own revenues to 3.2 for LGUs with lowest own revenues (the share of replies 'high' and 'very high' also increases from 16% to 52%). The pattern for nationally funded and non-EU donors' funded projects is similar, but the differences are less pronounced. Part of the explanation is the great desire of small LGUs to obtain external funds for development and thus overly optimistic self-perceptions rather than the factual assessment.

Capacities of municipalities and communes for monitoring projects are almost at the same level as capacities for implementing projects. The figures below are given for summary responses of 'high' and 'very high' preparedness. The percentages are high but they are in contrast with share of projects approved by the respective donor types and thus too not realistic.

Figure 38: Self-assessment by M/Cs of their capacities to identify, implement and monitor projects



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Regarding the project experience, M/Cs report significant numbers of approved and implemented projects for the last 3 years – on average 8 projects. Most of them are nationally funded (5.8 on average), followed by non-EU international (1.4 on average) and by EU projects (0.6 on average). This project experience appears significant, however it is uneven:

- 18% of LGUs have had no single project at all,
- 9% have had only 1-2 projects,
- 30% have had 3-6 projects,
- 42% have had more than 6 projects.

On the latter indicator there is a significant differentiation depending on the funding source:

- 21% of the LGUs had no nationally funded project,
- 66% had no non-EU international donor project,
- 87% had no EU funded projects.

Looking in detail at population numbers, own incomes per capita, total revenues and investments, a significant differentiation among M/Cs is evident. The largest municipalities have significantly higher project experience. On average they have 20 projects implemented from all funding sources (compared to 6-8 for the other M/C groups). For nationally funded projects they have almost twice as many projects as others. The difference is much higher for non-EU donor projects (6.2 compared to 0.4-2) and especially for EU funded projects (4.3 compared to 0.1 – 0.8). There is no single municipality with more than 30,000 inhabitants without any project for the last 3 years compared to 18-20% of M/Cs with smaller populations. On the other hand 66% of the largest LGUs have more than 6 projects compared to 44-45% of the LGUs with population 10,000-30,000 and 5,000-10,000, and with 33% of the smallest LGUs.

There is also a clear differentiation between LGUs depending on their own incomes per capita. The richest LGUs have implemented 1.5 more projects than the poorest ones (9 projects for own income above average, 10 for income at 50-100% of average, compared to around 6 for the poorest groups).

This correlation is more evident for nationally funded projects, while for internationally funded projects the poorest LGUs with own revenues <25% of the average reveal relatively high values (the highest for EU projects and the second highest for other donors projects). Still 38% of the poorest LGUs have had no project approved for the last three years compared to 10-14% for the other M/C groups. This is due mainly to the lack of project experience with national projects (42% in the poorest group compared to 10-18% of the others), while for internationally funded projects the differentiation is not so high. For total M/C revenues, the pattern is similar, with the main division between the richest M/Cs (>125% of the average incomes) and the rest. For competitive grants the differentiation is smaller, e.g. LGUs with lower grants per capita (<50% of the country average) have lower number of nationally funded projects (4.7 compared to 6.3-6.5 for the other groups). The linkages are quite clear with value of investments. The number of projects decreases with the level of own investments per capita – 50% of LGUs with medium and high investments have had more than 6 projects in the last 3 years, while for the LGUs with lowest investments this share is only 23%.

The capacities of municipalities and communes in project preparation measured by project application effectiveness are not satisfactory. According to the survey there are 119 projects approved in total giving the following results: for national funds there are 56 projects in total with the average of 9.3 per M/C, for non-EU funds - 37 projects with 6 per M/C, and for EU funds - 26 projects with 4 per M/C. The total amount of project ideas presented by all studied LGUs in the last three years has been 689 with the average of 7.5 (468 in total ideas with average of 5.1 submitted to national funds, 143 in total with 1.6 average for non-EU funds, and 78 in total with 0.8 average for EU funds).

The most pronounced differentiation among LGUs in presenting project ideas comes from their population size. The average number of project ideas of LGUs with more than 30,000 inhabitants is 23.2, for those with 10,001- 30,000 inhabitants is 5.3, for those with 5,001-10,000 inhabitants - 6.5 and with less than 5,000 inhabitants - 7.1 projects. This can be explained by the fact that LGUs with higher population numbers have more and better qualified staff (in 83% of them there are specialized project units). The total numbers of project ideas are similar for all but the largest LGUs.

Figure 39: Average number of project ideas by population size of M/C

| M/C population<br>(number of inhabitants) | Nationally funded | EU funded | Non-EU international donors funded | Total project ideas |
|---|-------------------|-----------|------------------------------------|---------------------|
|   | Mean              | mean      | mean                               | mean                |
| > 30,000                                  | 8.0               | 6.8       | 8.3                                | 23.2                |
| 10,001-30,000                             | 4.5               | 0.2       | 0.6                                | 5.3                 |
| 5,001-10,000                              | 5.6               | 0.3       | 0.7                                | 6.5                 |
| < 5,000                                   | 4.4               | 0.7       | 1.9                                | 7.1                 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

The ratio between project ideas and approved projects is not different between municipalities and communes with high or low incomes, competitive grants or higher or less investments and numbers of projects ideas prepared.

There is also little differentiation in project application failure rates. In total there have been 644 projects submitted with the average of 7.0 projects per LGU rejected. Revenues, competitive grants and investments per capita do not lead to much variation. The percentage of projects not approved (for more than 6 projects) goes from 10% for LGUs with higher incomes per capita to 8% for those with less, and the ratio is 15% to 10% for total income per capita. For other indicators it is similar: the competitive grants and investments figures are almost the same - 15% to 13% (grants) and 12% to 13% (investments).

Overall, municipalities and communes have a positive, well-grounded attitude towards nationally funded projects. This perception was shared by the majority of participants in the focus group discussions. They feel more confident, especially with the RDF, and consider it as an important regulator for investment. This is mainly due to familiarity with the procedures which they see as simple and user-friendly. However, some of them pointed out to lack of information on the criteria and application procedures, as well as to insufficient transparency in the selection process. On the other hand, participants in the focus group and process mapping discussions underlined the fact that absorbing EU funds (CBC) was very difficult mainly due to complicated procedures, lack of knowledge and insufficient information on this kind of funds, as well as difficulties in finding credible partners from neighboring countries. Some observations are given below:

#### Municipalities experience with CBC projects

- **Municipality of Belsh** - "It is very difficult to find partners in Macedonia to apply for CBC projects; also potential local partners do not respond to our invitations. In addition, support from the national level, mainly the Ministry of Integration, is very limited."
- **Municipality of Shkoder** - "We have many difficulties to find partners for the Albania-Montenegro CBC Programme. there is a low interest on their part since they prefer to work with Italy, or Croatia and Serbia mainly due to language affiliation."
- **Municipality of Elbasan** - "We have applied twice to CBC programme with Macedonia. We have succeeded to find partners (Municipality of Tetova and Commune of Mogilla) but still we have not received any feedback on these applications. We have been waiting for the evaluation process to be completed for more than 12 months, and with such lack of transparency we do not feel eager to respond to the third call for proposals."

Source: UNDP-ISD Project Municipality Focus Group discussions

However, a more positive feeling was shared for other donors' funds procedures which were considered clear, transparent and applicable, and usually publicly consulted. This community of donors has high credibility among LGUs.

### 5.3.2. Types of projects

*Q 16. What kind of projects has the M/C mainly implemented in the past three years?*

*Q 18. Which of the following activities has the M/C carried out during the last three years?*

Similar to qarks, the main type of projects implemented by M/Cs are in infrastructure (97% of projects within last 3 years) while capacity building actions (2%) and exchange of knowledge and experience (1%) are scarce. When asked on their project participation experience with other different regional actors, M/C answers show that such inter-municipal/communal experience is often non-existent (especially with neighboring municipalities - 77%, neighboring communes - 71%, and cross-border projects - 76%). Majority of municipalities (more than 50% of respondents) have had experience in participating in joint projects with NGO-s and businesses (once to twice - 33% and more often - 21%) and in joint projects with respective qark administration (once or twice - 47% and more often - 17%). The need for improving inter-municipal types of projects was shared during the focus group discussions. Participants indicated the possibility for regionalized (inter-municipal) projects in urban waste, sewage systems, sectoral investments (e.g. tourism). The participants in the focus group stressed that these types of projects need coordination, common solutions and increased regional cooperation. LGUs are aware that the collaboration among themselves and with others is indispensable. As shown by the survey results however, such collaboration is far from being developed until now.

### 5.3.3. Main difficulties and needs

*Q 19. Which of the following statements does the M/C's administration find to be a constraint in developing and implementing national and international funded projects?*

*Q 20. What does the M/C need for the effective and efficient project development and implementation?*

The key challenges for M/Cs in preparation and implementation of projects financed by national and international funds are mainly linked to limited financial resources for project preparation and co-financing project implementation (both shared by 67% of respondents). Another main difficulty is related to complex bureaucratic requirements and procedures (58%). The forth is the lack of information on financing access (42%). These findings are valid for all the M/Cs and they are more typical for smaller LGUs with limited revenues.

Other difficulties are expressed by a limited number of M/C (less than one fourth of the respondents). Also, in this category of less pronounced difficulties are found M/C capacity to put together projects. Respondents seem to underrate their weaknesses (limited own knowledge, experience and skills in project design and technical design - are identified by only 25% and 18% of M/C). This tendency to identify external factors and failure to see limitations in their own project capacities places them in a passive position looking towards solutions that are found in the outside environment, rather than trying to enhance in-house capacities. On the other hand, the process mapping exercise pointed out mainly internal technical limitations in developing EU funded projects.

- Lack of information and experience
- Problems with the technical language and terminology
- Insufficient and only reactive interaction between the respective departments for preparing project applications and the legal representatives of CBC structures. The role of the latter, is more like a coordinating rather than a consultative one.
- Non effective training delivered on projects, leading to continued difficulties

#### Problems in developing EU funded projects

*Source:* UNDP-ISD Project Process Mapping discussions in Diber, Berat Qarks and Elbasan, Kukës Municipalities

In order to overcome the abovementioned constraints, the better part of municipalities and communes rank 'more financial resources to pay for development of projects' as their primary need for effective and efficient project development and implementation (82%) followed by 'better trained staff' (53%). However, looking closely to the needs of municipalities and communes for effective and efficient project development and implementation one can notice that they are different:

- The highest rate of needs (66.7%) for LGUs with a population > 30,000 inhabitants is considered 'more financial resources for implementing strategies' followed by the needs that would improve their own project capacities - better motivated staff (50%) and 'accumulation of practical project experience' (50%).
- The needs for more effective project management mostly depend on revenues of municipalities and communes. 58% of LGUs with own revenues per capita above the average (>4,914 ALL) need 'more financial resources to pay for development of projects' compared to 91% of LGUs with own revenues below 25% of average (<1,228 ALL). Similar differences are observed for the LGUs in relation to total revenues per capita.
- The need for more financial resources to develop projects depends on the number of staff available; it goes from 91% for LGUs with less than 20 staff to 33% for LGUs with more than 100 people.

### 5.3.4. Use of external support (Technical Assistance)

*Q 21. To what extent does the municipality administration make use of external support (TA) to prepare and implement projects?*

*Q 22. In which areas related to project development does the municipality need external support (TA) mostly?*

Majority of municipalities and communes seem not to use much technical assistance to help them prepare and implement projects (37% say this need is 'very low' and 34% 'low'). M/C appreciate technical assistance in project design and implementation in various areas: translation of project idea into project proposals in conformity to financial institutions request (59%), lobbying and support in project approval (53%), project log-frame preparation (52%), followed by feasibility study (49%) and mobilization of local resources for co-financing (47%). Other areas for TA are thematic knowledge in particular areas such as tourism, spatial planning, etc. (41%), organization of partnerships for the project (38%), and preparation of project budget and identification of needs and problems taking into account the wider local and regional context (36%). It is understandable that majority of LGUs need support in project preparation according to financial institutions requests because they have received mostly general theoretical training (46%). Technical assistance is useful, because it can help LGUs in for lobbying and support in project approval, as stressed in the focus group discussions. It has been noted that TA is not used only for technical tasks but also for organizing partnerships and mobilizing resources.

### 5.3.5. Summary findings

The following key observations with respect to project generation and implementation experience by municipalities and communes are worth noting:

- M/Cs self-assessment to prepare nationally funded projects is higher than for EU or other foreign donors' projects, mainly due to clearer and simpler procedures. This more or less comparable to the level of capacities declared by qarks. Larger LGUs have higher capacities (more and better qualified staff) and better experience in project management. This proves insufficient currently and even more inadequate with respect to future dominant flows of funds from the EU, associated with much more strict project application and implementation conditions.
- In the last three years M/Cs project experience is 8 projects on average. Project experience is very uneven with 42% of LGUs having had more than 6 projects and 18% of them having no projects at all. Regarding the funding source - most of the projects are nationally funded; again this is a different reality to what will be expected in the future. Complicated procedures and insufficient information on the one hand, and the lack of knowledge and practical skills make EU funds difficult to be absorbed by most LGUs.
- There is a significant differentiation in the effectiveness of project generation and implementation among M/Cs, dependent primarily on the size of LGUs and their financial situation. Apparently, smaller M/Cs prove to be more pro-active in searching for projects as there are more dependent on external financing. Overall ability to generate successfully financed projects is questionable despite the highly optimistic self-assessment.
- Typical kinds of projects implemented by municipalities and communes are infrastructure development related. There is a need for attitude change towards considering other kinds of projects related to broader socio-economic development. The same goes for inter-municipal projects. Collaboration among municipalities and communes in joint inter-municipal/communal project is far from being developed until now, hampering also regional planning initiatives.
- Municipalities and communes consider limited financial resources for project preparation and co-financing project implementation as key challenges for project preparation and implementation. The reality is more complex however, the challenges equally come from M/Cs own project management often inadequate capacities.

- M/Cs seem to be rather passive in trying to overcome difficulties with project development and implementation. They look towards outside solutions, such as more financial resources to pay for project development, rather than putting in place policies that would lead to staff sustainability (accumulation of project experience) and their motivation (better remuneration and training). Of course external assistance needs are related to the size of local administrations.
- Technical Assistance needs are considered moderate to low, with stress put on project application process (formulation of project idea, log-frame preparation, feasibility studies, etc.) and somewhat surprisingly lobbying.

## 5.4. Interaction and partnership

Broader interactions and partnerships are considered key factors defining projects' responsiveness to community needs and their sustainability. Municipalities and communes need to employ these ideas into their project management thinking to improve quality of local interventions.

### 5.4.1. Attitude to partnership and cooperation with other organizations

*Q 23. Generally, how do you rate cooperation and coordination of the municipality/commune with other organizations during the process of strategy and project development?*

*Q 5. How do you rate the municipality/commune participation in the qark planning process (To what extent the ideas, proposals and projects of the municipality are reflected)?*

*Q 6. To what extent do you agree with the following statements relating to the participation of municipalities/communes in the planning processes at qark and national level?*

Municipalities/communes attach high importance to their cooperation with the main groups of stakeholders. Very rarely they feel that partnership initiatives are not necessary in the process of strategy and project development. The average ratings of the importance of these cooperation initiatives are in the range of 3.1-4.2 on a 5-grade scale with the lowest rating for cooperation with municipalities and the highest for cooperation with citizens.

Figure 40: Self-assessment by M/Cs of cooperation during strategy/project development

| Statement           | Citi zens | NGOs | Local business | Qarks | Muni cipalities | Communes | Ministries | Donors | CBC/ inter Partners | Consu ltants |
|---------------------|-----------|------|----------------|-------|-----------------|----------|------------|--------|---------------------|--------------|
| IT IS NOT NECESSARY | 2%        | 3%   | 0%             | 1%    | 8%              | 4%       | 1%         | 3%     | 4%                  | 3%           |
| IT DOES NOT EXIST   | 0%        | 15%  | 8%             | 5%    | 23%             | 18%      | 4%         | 14%    | 29%                 | 20%          |
| LOW                 | 16%       | 28%  | 25%            | 24%   | 30%             | 30%      | 24%        | 23%    | 21%                 | 27%          |
| MEDIUM              | 35%       | 32%  | 37%            | 38%   | 32%             | 38%      | 35%        | 25%    | 26%                 | 16%          |
| HIGH                | 47%       | 22%  | 30%            | 32%   | 8%              | 9%       | 36%        | 35%    | 20%                 | 34%          |
| AVERAGE (1-5)       | 4.2       | 3.5  | 3.9            | 3.9   | 3.1             | 3.3      | 4.0        | 3.7    | 3.3                 | 3.6          |

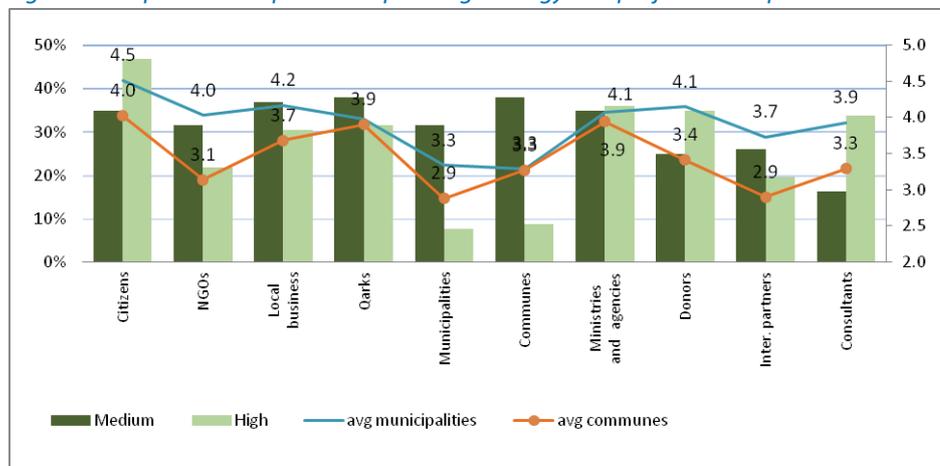
Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

There is not much divergence between the opinion of municipalities and communes on this topic. Both give high rating to cooperation with citizens. Municipalities rank their cooperation with other municipalities the lowest (average 3.1) and communes (average 3.3). On the other hand, both municipalities and communes perceive cooperation with qarks and ministries as somewhat important ('medium' level). This 'medium' level of communes' and municipalities' interaction with the qark administrations corresponds to the consideration that their ideas, proposals and projects are reflected in qark strategies neither well nor poorly (as discussed in section 5.2.2).

Some differences are seen in the importance that communes, when compared to municipalities, attach to partnerships with other organizations. Municipalities rank cooperation with NGOs, local businesses, donors, consultants and cross-border, international partners as somewhat important (3.3-3.7) while communes give it less importance, especially in the case of NGOs, donors, international partners and consultants. This seems not to fully correlate with the assessment that 'NGOs should be involved in the planning process because they can help find the most acceptable solution', discussed in section 5.2.2, where most of the respondents partially (46%) or fully (46%) agreed with this statement. The main reason for such a difference of perception is that NGOs are more active and present at the qark and municipality levels. Therefore, communes seem to lack benefits of cooperation with NGOs. The same seems to be also true for communes' ratings of cooperation with consultants, international partners and donors.

The above observations are supported by the process mapping discussions in Elbasan municipality. The discussions have shown that donors have been quite active and have assisted the municipality to prepare and improve applications for particular projects. Even though often project ideas were initiated by the municipality staff and experts, donors have provided considerable support to improve applications according to formats. Also, partnership initiatives with citizens and NGOs, especially in the implementation of the Elbasan social development plan, were important.

Figure 41: Importance of partnership during strategy and project development



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 5.4.2. Level of cooperation and interaction in project and strategy development

Q 24. How do you assess the interaction of the municipality with other organizations during the process of strategy and project development?

Q 18. Which of the following activities has the municipality carried out during the last three years?

Q 25. To what extent do you share the following statements concerning the possible difficulties and obstacles for cooperation between municipalities in strategy and project development?

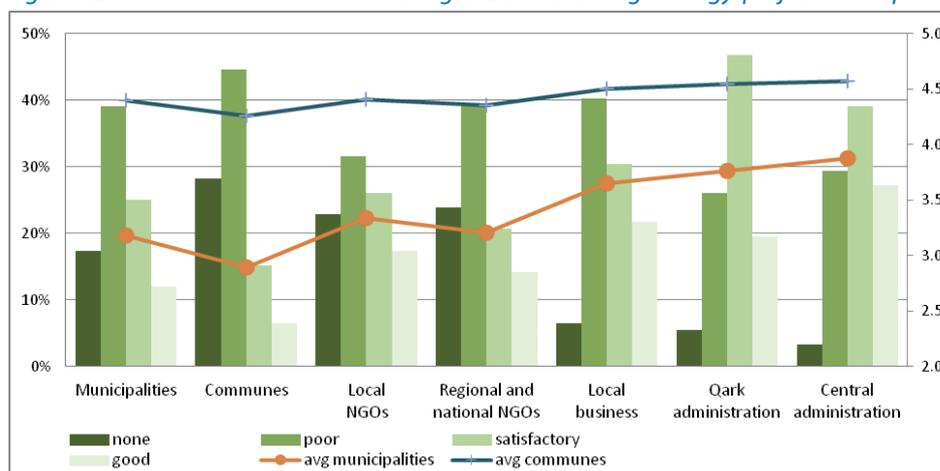
Q 7. What would you recommend for improving the qark's planning process?

Q 10. What would you recommend for improving the municipality's planning process?

The survey data show that the rating of the actual interaction of municipalities and communes with other organizations during strategy and project development is at the same level as the importance that they attach to partnership initiatives with these organizations (discussed in section 5.4.1). Ministries were placed first in order of partnership importance, and municipalities and communes seem to interact more actively with the central administration and qark administrations. The patterns of consultations are similar to the qarks, which also indicates that they discuss their priorities and projects more with communes and municipalities (average rating of 4).

Active interaction with local businesses is also indicated, which is a very positive factor since economic dynamics are closely connected to the development of regions and localities. Interaction with both local and regional and national NGOs is at comparable level, with a slightly higher cooperation with local NGOs.

Figure 42: M/Cs' interaction with other organizations during strategy/project development



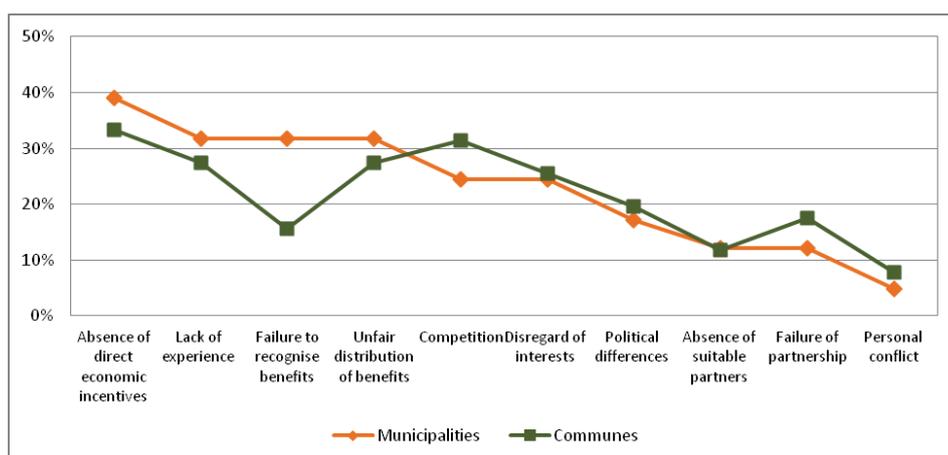
Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

While partnerships at the qark level seem to be quite widespread, interactions among M/Cs are less common, and ranked the lowest. Municipalities list their interactions with other municipalities at the sixth place with only 15% seeing it satisfactory. Communes rank their interaction with other communes the last in order of importance with only 6% seeing it satisfactory.

The above findings are confirmed by the activities performed by municipalities and communes in the last three years. Most of partnership initiatives have grown and have led to joint projects as discussed in section 5.3.1. Joint projects with the qark administrations are considered the most important (47% with one or two joint projects and 17% with more). Also partnerships among the municipalities and communes seem to function quite well with 33% of them having implemented one or two projects in partnership with NGOs and local businesses and 21% of them having implemented more. Unfortunately, this seems not to be the case with project partnerships between municipalities and communes. Cooperation in project implementation at the local level seems not to be a common practice (no project or strategy related partnership among municipalities and communes at 71% to 79%).

M/Cs feel that difficulties in cooperation between municipalities, or between communes are mainly found in the absence of direct economic incentives to pursue such partnerships. This opinion is shared by 39% of municipalities and 33% of communes. Lack of experience, failure to recognize benefits and unfair distribution of benefits (32%), competition and failure to take into account other municipalities' interests (24%) are considered other significant difficulties by municipalities. Further obstacles for communes are: competition for the same resources (31%), followed by lack of experience, unfair distribution of benefits and disrespect for the interests of other LGUs. Other less important issues identified are: different political affiliations of mayors and members of municipal councils, lack of suitable partners, failure of partnerships or cooperation due to personal conflicts.

Figure 43: Difficulties in cooperation between municipalities and between communes



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Interestingly, even though municipalities and communes rate interaction with qarks as important and data show that they have more joint projects with qarks compared to other partners, they feel that allocation of resources for their involvement and more decentralized decision-making would improve regional planning processes.

In order to enhance their own planning processes municipalities and communes consider it necessary to improve the interaction with the central administration as well. Of lesser importance is the improvement of cooperation with other municipalities or communes. This position correlates with the ranking given to partnership initiatives. Although it is true that better relationship with the central administration increases the chances of access to different sources of funding, national or donor funds, it does not bring high value added to the regional development process as a whole.

### 5.4.3. Role and importance of regional and national associations

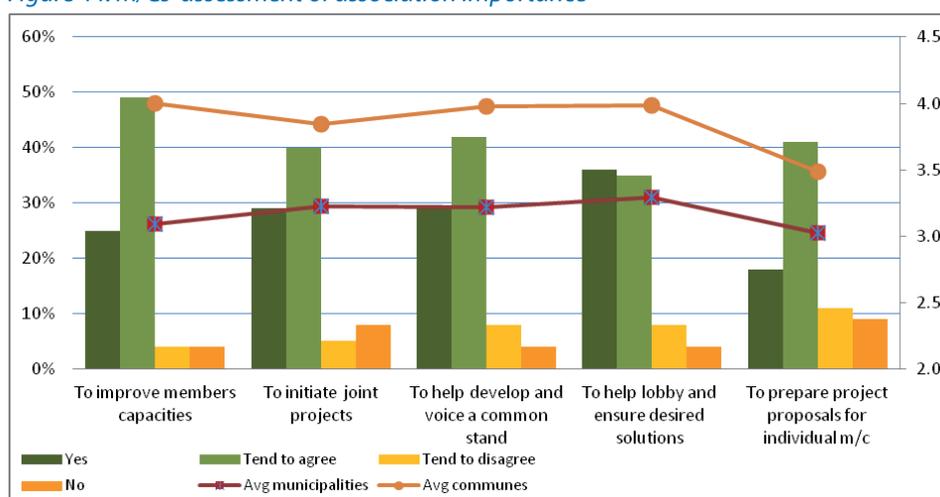
Q 26. Are you a member of any association of municipalities?

Q 27. If there is a regional association of municipalities in your area – to what extent is it useful for the following?

Out of 41 municipalities which answered the questionnaire, 98% are members of at least one association and 8 of them maintain more than one membership. In the case of communes out of 51 respondents,

82% are members of one association of communes, 6 of them fail to have any membership association at all, and 6 of them are members of more than one association.

Figure 44: M/Cs' assessment of association importance



Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Overall, most municipalities and communes tend to agree that membership in LGUs associations is a benefit. Both municipalities and communes count on their respective associations to improve their capacities (25% answered 'yes' and 49% 'tend to agree'), to lobby and ensure the desired solutions, and to develop a common stand, followed by the desire to assist them to initiate joint projects. Municipalities and communes tend to find these associations to be less beneficial in terms of assisting project drafting for individual municipalities or communes (59% of all respondents).

#### 5.4.4. Summary findings

Partnership experience for municipalities and communes is quite limited. The following main observations are made:

- The prevailing model of partnership is a centralized one where consultations happen mainly with the central administration, and the relevant qark administration. The first one being the actor deciding on LGUs project financing and the second one due to its closeness to the first-level LGUs and practical decision-making on regional policies and project interventions.
- Horizontal cooperation among LGUs is very weak and there are low expectations of LGUs about such cooperation. This may prove to be an issue affecting successful regional projects, especially considering the low priority given to such forms of cooperation. Under the current concentration of investment and development agenda between the national government and municipalities and communes, inter-municipal cooperation should be a natural way to cover issues and needs above the very local level.
- Participation in joint projects by communes and municipalities is a very rare practice. More than two-thirds of respondents have never had a joint project with another municipality of commune. These limited horizontal partnership initiatives are considered a risk to successfully absorb available funding, especially by the smaller and less developed municipalities and communes.
- Most of municipalities and communes have more joint projects with qarks compared to other partners, showing that qarks are considered a very important actor and partner in regional development and its functions can and should be strengthened.
- High importance is attached to the relationship with citizens. Such consultation patterns targeting mainly citizens and local business can be attributed to the absence of a well-developed NGO sector. Even though in all of the qarks there are NGOs capable to participate in the process of strategy and project development, they are established in the main urban municipalities, leaving small and remote municipalities and communes without much support.
- Most municipalities and communes appreciate their membership in relevant associations. They benefit from their membership in these organizations mainly in having a single voice to represent their rights. Also, since these organizations function as focal points for donors to launch their projects at the local level. Often they are seen as organizations which could improve LGUs capacities or initiate projects.

## 5.5. Capacity building needs

### 5.5.1. Types of training

*Q 30. What type of training have the municipality/commune representatives received mostly until now?*

*Q 31. What type of training would the municipality representatives like to receive in the future?*

*Q 32. What is the proper duration of training that you like to receive in the future?*

The availability of trained staff is an objective criterion for municipalities' and communes' successful participation in strategy and project development. Earlier data show that LGUs and their staff have been trained on project development at an average of 4.4 employees per LGU, and on strategic development at an average of 5.7 employees. In practice, there are also few municipalities (2) and communes (9) which have not received any type of such training up to now.

However, survey results bring forward questions on the adequacy of the training provided. The representatives of municipalities and communes indicate that the training provided up to date has been dominated by general, introductory contents (39% of municipalities and 45% of communes). Specific types of training on projects under particular programmes or strategies are more frequent for municipalities (47%) than for communes (25%). Practical training, enhancing employees' acquisition of particular knowledge through 'learning by doing' methodology, seem to be infrequent.

*Figure 45: Types of training received by M/Cs, and preferred for the future*

| Training subject                                  | Municipalities |        |            | Communes  |        |            |
|---|----------------|--------|------------|-----------|--------|------------|
|   | Until now      | Future | Difference | Until now | Future | Difference |
| General introductory                              | 39%            | 5%     | -34%       | 45%       | 2,0%   | -43%       |
| Technical, building mostly practical skills       | 7%             | 34%    | 27%        | 12%       | 37%    | 25%        |
| Specific for projects under particular programmes | 24%            | 32%    | 6%         | 14%       | 33%    | 19%        |
| Specific for developing strategies                | 24%            | 29%    | 5%         | 12%       | 28%    | 16%        |

*Source:* UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Future needs concentrate mainly on acquisition of practical skills (34% municipalities and 37% communes). Also specific training needs on strategy and project development are identified as necessary at almost similar levels. The most appropriate duration of the training according to 41% of the interviewed municipal and communal representatives is 2-3 days. It is followed by longer duration training of more than 5 days, indicated by 30% of the respondents, mainly communes' representatives. Practically, municipalities and communes are not interested at all in having very short training courses.

### 5.5.2. Training needs

*Q33. For which of the following project development phases does the qark administration have the greatest need for training?*

*Q34. For which of the following strategic planning phases does the qark administration have the greatest need for training?*

Conditioned by their training received up to date, and their experience in project and strategy development, municipalities and communes express more practical training needs in project management. Municipalities prefer training on technical studies (feasibility studies, detailed designs, bill of quantities etc.) and activities (59%), followed by modalities of financing/co-financing projects (54%), and alignment of project with strategic priorities (51%). Communes have similar needs, but with higher expectation for training on aligning projects with strategic priorities (61%) and lower expectations for training on technical studies and activities (45%). The above training expectations of municipalities and communes, especially training on financing/co-financing is linked to the current stage of their expressed preparedness of most project proposals - all supporting documentation ready but without secured funding (92%).

Figure 46: M/C training needs on project development

| Training needs  | Total | Municipalities | Communes | Ranking |    |
|---|-------|----------------|----------|---------|----|
|   |       |                |          | M       | C  |
| Technical studies and activities  | 51%   | 59%            | 45%      | 1       | 4  |
| Financing/ co-financing   | 54%   | 54%            | 55%      | 2       | 3  |
| Aligning the project with strategic priorities, rationale, definition of problems (needs) | 57%   | 51%            | 61%      | 3       | 1  |
| Budget preparation  | 51%   | 46%            | 55%      | 4       | 2  |
| Identification and formulation of project idea  | 35%   | 42%            | 29%      | 5       | 8  |
| Identification and definition of objectives, outputs and results                          | 38%   | 42%            | 35%      | 6       | 5  |
| Managing the implementation of project  | 35%   | 39%            | 31%      | 7       | 7  |
| Planning of activities  | 26%   | 32%            | 22%      | 8       | 11 |
| Implementation of project   | 26%   | 29%            | 24%      | 9       | 10 |
| Developing the idea into a project proposal (drafting the application form)               | 29%   | 27%            | 31%      | 10      | 6  |
| Coordination of project idea with stakeholders out of the qark                            | 22%   | 22%            | 22%      | 11      | 12 |
| Coordination of project idea with citizens, NGOs and business within the qark             | 21%   | 12%            | 28%      | 12      | 9  |
| Evaluation of project results   | 7%    | 12%            | 2%       | 13      | 17 |
| Preparation and implementation of tendering   | 10%   | 10%            | 10%      | 14      | 14 |
| Monitoring and reporting of project implementation  | 8%    | 7%             | 8%       | 15      | 15 |
| Identification and definition of target groups  | 9%    | 5%             | 12%      | 16      | 13 |
| Managing and monitoring the sub-contractors   | 3%    | 2%             | 4%       | 17      | 16 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Similarly to qarks, according to the ranking of training topics the municipalities' and communes' training needs can be grouped into the following main groups:

- Immediate needs identified by most of the municipalities and communes are (>50%): aligning projects with strategic priorities, rationale, definition of problems (57%), and financing/co-financing (54%), budget preparation and technical studies and activities (51%);
- Moderate needs which affect a significant number of municipalities and communes (30-40%): identification and definition of objectives, outputs and results (38%), managing the implementation of project (35%), identification and formulation of project ideas (35%);
- Particular needs, expressed only by limited municipalities and communes (up to 25%): a wide range of other training topics including partnership initiatives.

Differences in expectations among municipalities and communes concerning training on planning are also present. All municipalities and communes point out that all their training needs on strategic planning are either immediate or moderate. Practically, municipalities and communes find an immediate need for training in developing an action plan for their strategies (70%). Such high significance attached to the first stage of strategy planning, shows that municipalities and communes are well aware of this capacity deficit. This is a positive characteristic that shows that even though there is lack of experiences to develop strategic documents there is a good understanding of such a need. The second high-ranked need is the resource provision and planning of implementation (64%), followed by design of strategy priorities (51%) and definition of strategy objectives (50%). Interestingly, the analytical work to support the whole process (data collection, needs and problems identification) is ranked very low (8th place). This seems to contradict the practical experience of the UNDP-ISD project in four pilot qarks (Berat, Diber, Elbasan and Kukes) where evidence gathering and situation analyses to develop strategic understanding have proven to be challenging.

Figure 47: M/C training needs on strategy development

| Type of training   | Total | Municipalities | Communes | Ranking |   |
|--|-------|----------------|----------|---------|---|
|  |       |                |          | M       | C |
| Developing an action plan  | 70%   | 78%            | 66%      | 1       | 1 |
| Resource provision and planning of implementation                    | 64%   | 75%            | 58%      | 2       | 3 |
| Design of strategy priorities  | 51%   | 43%            | 60%      | 6       | 2 |
| Definition of strategy objectives                                    | 50%   | 55%            | 48%      | 3       | 6 |
| Forming partnerships for strategic priorities                        | 46%   | 48%            | 46%      | 4       | 7 |
| Coordination of priorities with the citizens, NGOs and business      | 45%   | 35%            | 54%      | 9       | 4 |
| Aligning of qark strategies with the documents/plans of higher level | 42%   | 35%            | 50%      | 8       | 5 |
| Analysis (gathering information, identifying needs and problems)     | 41%   | 43%            | 42%      | 6       | 8 |
| Monitoring and evaluation  | 34%   | 40%            | 30%      | 7       | 9 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

### 5.5.3. Technical assistance needs and supporting organizations

Q 35. In your view, should the municipal administration pay a part of the training expenses?

Q 36. In your view, who is the most appropriate supplier of technical assistance and training for municipalities?

When asked whether they should pay some of the training expenses, 72% municipalities and 71% communes are not prepared to co-finance their training.

Survey data show that municipalities believe that universities are not proper organizations to provide training to LGUs, whereas communes believe the same for national NGOs. Also, they differ in selecting the most appropriate supplier for their needs. Thus, municipalities rank international donors as the most appropriate supplier (42%), and communes ranked higher regional and local development agencies (33%). The reason is mainly in the experience that each of this type of LGUs has with different organizations. Overall, local governments see government ministries and agencies as support organizations (33%), and as appropriate and competent institutions that could provide information.

Figure 48: Appropriate supplier of TA and training for M/Cs

| TA and training suppliers              | Total | Municipalities | Communes | Ranking |   |
|--|-------|----------------|----------|---------|---|
|  |       |                |          | M       | C |
| Ministries and central agencies        | 33%   | 34%            | 31%      | 2       | 2 |
| International donors                   | 22%   | 42%            | 6%       | 1       | 5 |
| Regional or local development agencies | 21%   | 5%             | 33%      | 5       | 1 |
| Consulting companies                   | 10%   | 12%            | 8%       | 3       | 4 |
| Regional or local NGOs                 | 4%    | 5%             | 4%       | 4       | 7 |
| Universities                           | 2%    | 0%             | 4%       | 7       | 6 |
| National NGOs                          | 1%    | 2%             | 0%       | 6       | 8 |
| Not sure                               | 8%    | 0%             | 14%      | 8       | 3 |
| Monitoring and evaluation              | 34%   | 40%            | 30%      | 7       | 9 |

Source: UNDP-ISD Project Institutional Assessment questionnaire, own calculations

#### 5.5.4. Summary findings

The following observations can be made when municipalities and communes' capacity building needs are evaluated:

- Training delivered so far to M/Cs have been of general information and introductory type, leading to the current expectations of specific training that would enhance and provide municipalities' and communes' personnel with more practical skills. The most suitable duration of training sessions is two to three days.
- Donors and NGOs (which are the main training providers) tend to be more present at the municipality level, leaving communes without proper support as shown by communes' low rating and indication that NGOs and international donors are not seen as proper organizations to provide training assistance.
- Project development trainings on technical studies and activities, financing/co-financing, aligning the project with strategic priorities, rationale, definition of problems and budget preparation are ranked as immediate training needs. Training on civil participation and partnerships are not considered as important at this stage. LGUs' expectations of training on strategic planning are mainly to learn about developing an action plan and providing resources for strategy implementation.

#### 5.6. Conclusions

Municipalities and communes as important contributors to regional development, show the following aspects of institutional strengths and weaknesses related to strategic and project management:

##### Main strengths

- There is a growing interest among municipalities and communes to improve strategic planning management and to reach out for external development funding. They are steadily developing dedicated structures, staff and other organizational assets to increase related capacities.
- Majority of municipalities and communes have elaborated some sort of strategic documents: local strategies, development plans, etc. Even though these are not consistent in quality and methodology, need numerous improvements and often are far from being implemented, it is important that strategic planning is becoming a common practice.
- Municipalities and communes, as a result of their experience with disconcerted vertical coordination, are aware of the need and propose better alignment of local, regional and national priorities and development policies.
- Basic training needs on strategy and project management have been, at least partially, fulfilled. Most M/Cs look forward to more specific, technical and practical capacity building assistance in this respect. This is a good starting point to develop advanced training and TA programs.
- Most municipalities and communes recognize the benefits of membership in their relevant associations. As long as such associations do not engage in bipartisan politics, they can be a powerful tool to increase capacities of M/Cs both in strategy and project management.

##### Main problems

- A strong disconnection is observed between local and higher-level strategies and objectives, leaving the first-level LGUs without policy and priority setting guidelines. In practice municipalities and communes are 'left alone' to devise their own, often isolated solutions for the future.
- Strategic and project management capacities are naturally developed by the larger and stronger municipalities and communes, leaving majority of local administrations without dedicated structures, limited specialist staff and generally very low preparedness for coordinated and project-based development. This weakness is not counterbalanced by any visible efforts to apply inter-municipal cooperation, joint initiatives or to aid limited capacities of individual M/Cs by developing and using capacities of qark administrations. M/Cs seek greater participation in national and regional planning processes, and this need is fully justified.
- The same differentiation between larger and smaller municipalities and communes is seen with respect to allocation of their own resources to project preparation and project implementation co-financing. Weaker LGUs find it close to impossible to secure funds for that purpose but also those with sizeable financial resources indicate this to be a problem area.
- Municipalities and communes, similarly to qarks, declare relatively good readiness to apply for national development funds, much weaker for EU funds. This is in contrast with rather limited and widely different project experience among them. As many as 1/5 of M/Cs have not realized any projects over the last three years. Also, almost all implemented projects are related to improvements or creation of local infrastructures, with other kinds of projects on education, employment, social inclusion, entrepreneurship, practically non-existent. This poses a real barrier to give strong socio-economic development impulses at the local level.

- Municipalities and communes point out to problems outside of their scope: lack of accommodation for projects in local budgets, lack of national support for large and important projects, and insufficient transparency of funding distribution, particularly with respect to project selection. This indicates some level of passivity rather than purposeful progress, and is reflected by general lack of M/C policies to attract best personnel and motivate them.
- The prevailing models of partnerships at local level are centralized and rather vertically oriented – towards decision-makers from higher levels: the central government and the qark. Horizontal cooperation among M/Cs is extremely weak and mistakenly considered not very useful. One of the reasons for that is the lack of incentives for municipalities and communes to engage in joint initiatives and projects. Also limited cooperation between municipalities and communes negatively affects capacities for regional planning processes and regional types of projects generation and implementation.
- More and wider training programs on strategy and project management are needed. Over the medium-term period, majority of M/Cs should have developed specialized units skillfully dealing with these topics. Project training on technical studies and activities, financing/co-financing, aligning the project with strategic priorities, rationale, definition of problems and budget preparation are ranked as immediate needs. This and practice in project management (through greater access to funding) will be a precondition to establish real absorption capacities at the local level.
- Information sources on projects and funding opportunities are considered only moderately useful and oftentimes just inadequate. This does not motivate M/Cs to apply for external funding and results in rather limited level of awareness of funding opportunities and procedures.

## Recommendations

### Recommendations for municipalities and communes:

- M/Cs should continue and speed up the efforts to develop structures and personnel dedicated to strategy and project management. Future development opportunities will largely depend on the ability to plan and prioritize interventions, and to professionally generate implementable projects in anticipation of funding. Absorption capacity, meaning the existence of rich project pipelines and effective project realization, and the ability to co-finance project preparation and implementation, will be continually tested. It is clear that access to funds will be progressively more difficult due to growing competition among LGUs and growing complexity of conditions put on the assistance funds.
- Strategic processes at the local level should move well beyond planning. Municipalities and communes need to develop simple but workable monitoring and evaluation methods, and incorporate strategic projects into their budgetary and investment planning. Local strategies should place greater attention to regional and national planning documents to make sure they tap into higher-level priorities and external financial resources.
- Especially smaller, financially weaker municipalities and communes should seek ways to develop strategic and project management capacities comparable to those of larger M/Cs. There are two basic ways, which can be followed, even in the absence of major support from the central government. One is to start collective efforts based on common needs and join existing assets. Strategy and project management structures can be shared among neighboring LGUs, exploiting economies of scale and bringing synergies where resources are scarce. Another option is to collectively rely on qark administration and charge it with strategic and project management tasks for a group or all LGUs in any given region. This requires more vision and commitment rather than additional funding, and is particularly suitable for municipalities and communes which have been left out of strategic planning and project management assistance. Horizontal M/C cooperation is not easy but can bring impressive positive changes.
- Some financial effort should be made both to accommodate the need to co-finance project preparation and implementation, and to train and motivate professional staff working on strategy and project management. Although these expenditures are not seen as crucial, they can make a substantial change in strategy and project effectiveness, in turn adding to income sources for those LGUs that are wise enough to 'invest' in these capacities.

### Recommendations for the central government:

- Utilize and support the interest of first-level LGUs in developing capacities for strategic and project management. In the future, together with qarks, they will constitute the base for absorption capacity of EU funds, which will mean either a success or failure, as already proven among Eastern and Central European countries which joined the UE in 2004 and 2007. Failing to develop a strong funds absorption base at the sub-national level, i.e. good number of sensible and implementable infrastructure and non-infrastructure projects, will have severe implications for net gains from the EU integration and future membership. The central government cannot afford this part

of preparations to be weak. Regardless of the depth of decentralization and administrative arrangements, the central government alone will not be able to plan and implement development activities across the country and across all the sectors. Local governments are the key allies for success here.

- The central government should consider a thorough review of public services delivery and development initiatives, including investment competences, in consultations with the sub-national actors, to find the best fit of responsibilities among the central, regional and local levels. This seems to be the core problem with (de)centralization thus far and a real barrier for meaningful regional development activities.
- Ensuring the availability of information and a transparent system of assistance funding, requires the central administration to take particular efforts in improving information flows in relation to national and international sources of funding for regional and local development activities. Additionally, national systems to provide information and training, accompanied with guidelines and manuals, on strategic planning and project development should be put in place. They can be financially supported by the institution building components of IPA funds and by donors still active in the country.
- At a stage, when strategic planning is already widely present but subject to trial and error application by different municipalities and communes, there is a strong call for the central government to step up with a system of strategic coordination across all governance levels. Harmonization of municipal/communal strategies with regional development strategies and national policies and priorities is a must. It should contain all necessary educative and partnership elements: legislative regulations, guidelines, training, consultative and opinionating mechanisms, involving LGUs representative organizations, social partners and the third sector. Gradual development of project funding mechanisms (such as the RDF), their sophistication and increased convergence to EU funding are necessary. The criteria for funds distribution have to be clear and transparent but also demanding, which will stipulate development of adequate capacities by the sub-national actors. Such processes take at least 3 to 5 years, as testing and retesting is required in order to end up with effective and efficient solutions for development grants, loans and other instruments. Co-financing as an expression of additionality and subsidiarity principles should be made obligatory for any regionally and locally developed projects.

# Chapter VI. Non-Governmental Organizations

The non-governmental sector in Albania has emerged and evolved during the last 20 years of transition. More than a thousand NGOs were created in all fields, especially for women and human rights. The strong external donor's support, which marked the early years of formation, has gradually scaled down. During the last decade (2000-2010) the NGO sector succeeded in developing its identity with two main functions: advocacy and service delivery.

The third sector has its strengths and its weaknesses. Its strong points are professional expertise (many well qualified specialists developed and/or attracted by NGOs), considerable experience in projects implementation, a fully developed system of values and good relations with the media. Among weaknesses are the insufficient representation and participation of citizens and communities, external donor dependency, small revenues, concentration in Tirane and large cities. Furthermore, the sector reveals poor internal solidarity, feeble interaction and partnerships, and small numbers of persons involved. Despite considerable work done by NGOs there are still concerns of their responsiveness to community problems.

Governmental institutions recognize the importance of NGOs in representing community needs and providing qualified expertise for development and service delivery to different groups of society. The established Government Agency for Support to Civil Society provides financial assistance for sustainable development of civil society and enables favorable conditions for citizens' initiatives. For the period 2010-2011 the Agency has launched three calls for proposals, supporting a total number of 152 projects for a total amount of 273,878,000 ALL<sup>10</sup>

The findings below are based on questionnaire responses from 15 NGOs (7 in Tirana, 2 in Kukes, 2 in Elbasan, and 1 in each: Peshkopi, Vlore, Fier, Durres), relevant literature review and observations from the UNDP-ISD interactions with several national and regional/local organizations.

## 6.1. Desire for participation in regional development initiatives

### 6.1.1. Desire/attitude to participation in planning and delivery of local and regional development activities

*Q 2. Do you think your NGO has to participate in the planning and delivery of the regional activities?*

Participation in planning and delivery of local and regional development is seen as very important by 10 out of 15 of surveyed organizations while 4 of them think they need to participate somehow. Orientation towards planning is stronger among NGOs involved in developing policies and supporting local government activities and services offered to community. Local organizations, in particular those from small towns, are mostly focused on local-level planning. At the same time they start to show greater interest in regional planning. A possible explanation of this positive attitude is linked to the understanding that participation in planning and delivery of regional activities can ensure better access to resources (projects) in the future, if those projects are included in respective planning and programming documents.

Participation problems encountered by NGOs in the planning process are more related to quality of participation and outcomes rather than to participation attitudes and participation intensity. The fundamental question to be answered here is how participation should be organized to be more effective and take into account more of NGOs' opinions and proposals.

### 6.1.2. Motivation for participation

*Q 3. If you think that your NGO has to participate in the planning and delivery regional and local activities, please specify shortly, why?*

Study of the motives for participation in regional and local development activities shows a variety of reasons. Motives such as interest representation and familiarity with the needs of target groups or a particular region/locality are mentioned by all respondents. It is understood that making a contribution to regional and local development eventually translates into work with regional and local community in projects and programs implementation. Another reason that inspires NGOs' participation is the fact they have capacities and expertise for development activities accumulated through the years of experience.

<sup>10</sup> Agency for the Support of Civil Society

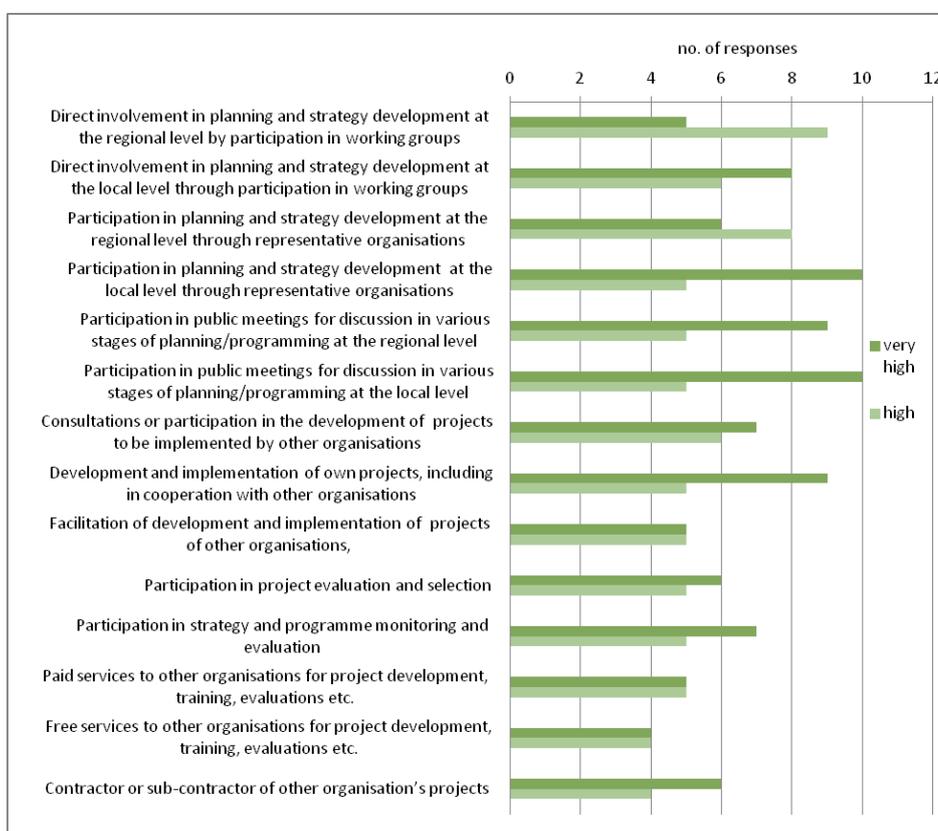
The motives are often complex, ranging from the desire to resolve a specific problem, boost an NGO's capacity and experience, fulfill its mission, expand and improve the NGO's work or to gain access to resources. NGOs from small LGUs give more weight to the 'access to resources' motive. Motivation varies also with the type of NGO.

### 6.1.3. Specific areas and ways of participation

#### Q 4. What is the role of your NGO in planning and delivery of regional and local activities?

NGOs are highly interested to participate in the planning and delivery of regional and local development activities. 'Direct involvement in planning process and strategy development in the municipality/commune level through representative organizations' and 'Participation in the public meetings for discussing and consulting in different stages of municipal/commune planning and programming' are stressed by almost all respondents, followed by majority indicating other directions: 'Participation in the public meetings for discussing and consulting in different steps of regional planning', 'Development and implementation of own projects, including in collaboration with other organizations programming', 'Direct involvement in planning process and strategy development in the regional level through participation in working groups'. This desire of NGOs to be an active part of local and regional development activities is clearly illustrated in the chart below.

Figure 49: Role of NGOs in planning and distributing regional and local activities



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

These organizations want to be part of both working groups for the development strategy of the regional and local level and to be involved in planning development regional/local processes. Also, they have a high desire to participate in the evaluation and selection of projects and monitoring and evaluation of strategy and programs. This could potentially lead to a conflict of interest. This perceived preparedness expresses the capacities of NGOs for dealing with different kinds of development activities.

NGOs are first and foremost part of the 'development community'. Their role is primarily to provide guidance, monitor and use donor's funds. In keeping with the partnership principle, NGOs sometimes stand also among the programming community (for instance as members of working groups for programming or for monitoring, or project selection). Sometimes they have more capacities for using donor's funds and developing projects compared to other actors. Unfortunately, financial resources have been reducing for them and they often depend on the governmental budget support.

Participation through project implementation is the NGOs’ preferred type of involvement. All NGOs perceive participation through projects of their own as very important. 10 NGOs see their role as that of a contractors under other organizations’ projects (1/3 of NGOs from large towns with considerable capacities in the strategy and project development activities answered the questionnaire). There is high interest and willingness to participate in community programmes development with local government as well.

Majority of organizations consider it very important to directly participate in programs monitoring and evaluation. Support to other NGOs is not among the priority areas. The weight given to the three distinct ways identified in the provision of support seem to be practically the same: paid consultations, unpaid support to other organizations (training, project design, analysis and evaluations, etc.) and ‘informal’ participation in discussions and consultations of projects of other organizations. This role is the most characteristic of those NGOs who develop policies, lobby and support other NGOs as well as regional, municipal and commune associations.

### 6.1.4. Summary findings

NGOs declare high motivation to participate in planning development processes at the regional and local levels, stemming from a number of factors:

- NGOs can offer expertise in implementation of projects and in raising capacity or delivering services to different target groups, covering a variety of subject areas such as environment, human and women rights, local development and capacity building, helping children with disabilities, and European integration policies.
- Their varied geographical coverage and capacity building potential can be widely used by regional and local communities, to assist in training, project design, analysis and evaluations.
- The experience of NGOs in lobbying and developing policies is an important reason for them to be involved in the development planning processes and in the regional and local level activities.

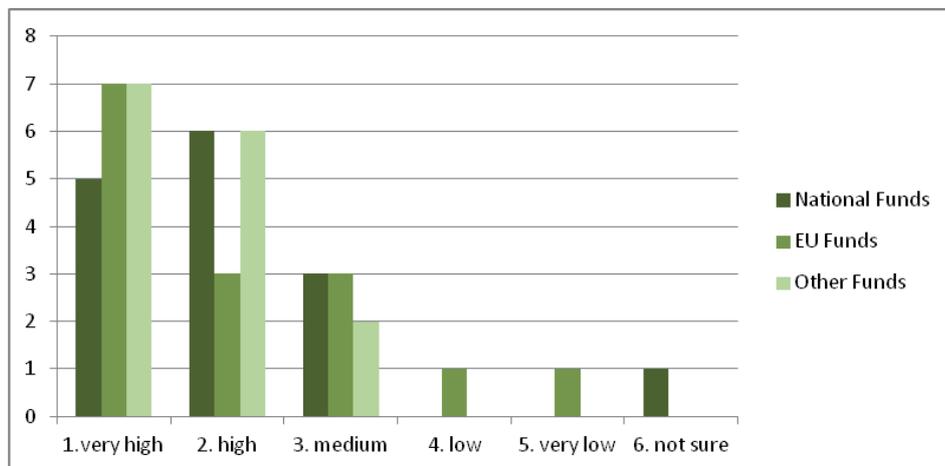
## 6.2. Readiness for participation in regional development

### 6.2.1. Readiness to use development funding

*Q 1. How do you assess your readiness to profit from the RDF, EU funds, and other donor’s funds?*

NGOs, compared to LGUs, declare much higher levels of preparedness to use different kinds of funds. Their perceived ability to use and work with funds of different donors is ‘very high’ or ‘high’ (13 out of 15 respondent NGOs). The NGO sector was created and financially supported mainly by foreign donors who provided the opportunities in project development and so on. Most NGOs are however relatively ready to use the EU funds but less than other donor funds. This calls for a wider dissemination of information and preparations in this respect.

Figure 50: NGO preparedness to profit from National, EU and other funds



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

### 6.2.2. Financial resources

*Q 36. Do you have opportunity to finance project preparation?*

*Q 37. Do you have opportunity to co-finance project preparation?*

NGOs show highly positive self-assessment in their respective fields. Their staff is well qualified and trained in different areas of activities. Having extensive experience in project implementation funded by different donors and being a part of the broader democratization process makes them aware of their roles and importance. On the other hand most NGOs have become donor dependent for their survival. New circumstances when NGOs themselves have to finance or co-finance projects have proven to be difficult. This situation can be better explained by the responses to the question 'Do you have opportunity to finance or co-finance project preparation?' One third of them (5 NGOs) don't consider it necessary to provide funds for project preparation and about half of them (7 NGOs) say although is necessary NGOs cannot provide funds for that. Only 2 NGOs out of 15 consider it necessary to provide funds for projects preparation. The funding shortages are apparent: 9 NGOs out of 15 answers 'although consider it necessary cannot provide funds for project preparation'.

### 6.2.3. Structures and resources

*Q 30. What of the below categories are more suitable to your organization?*

*Q 31. How is your NGO registered?*

*Q 32. How many staff are employed?*

*Q 33. How many staff members are fluent in English language?*

Based on the answers given in the questionnaire, 8 NGOs have national focus, 6 NGOs have regional focus (they act in multiple municipalities or in the whole qark territory), only 1 NGO has local focus. 13 NGOs are organizations for public benefit and 2 NGOs are private benefits.

15 NGOs in total have some 960 members. NGOs that can be considered large are the Association of Communes with 308 members, the Association of Municipalities with 130 members, both of them working at the national level. A big NGO with many members is one regional organization in the region of Kukes for "Protection of the Environment" with 205 members, and another focused to activities with persons with disabilities located in Librazhd (Elbasan qark) with 150 members. The majority of NGOs can be considered small in terms of membership and/or staff. Often they work with part-time experts in implementing various kinds of projects.

All NGOs in total have 126 staff working full time and 166 employees working part time. NGOs located in Tirane have more qualified staff, many of whom speak English, while NGOs located outside of Tirane are weaker on this point. The average number of staff with English is 8.6 per organization. 2 NGOs have only one person who speaks English: the association for "Protection of the Environment" in Kukes and Agritra-Vision in Diber region. Some NGOs indicate that all staff know English and some indicate this indicator to be 40-50%. This influences their access to different kinds of information on project opportunities and funding.

The surveyed NGOs can be thematically identified as: 3 are networks of municipalities or communes, 3 are regional or local development agencies, business centers, 3 work with vulnerable groups, 2 are women's NGOs and 2 youth NGOs, 1 works for environment and 1 is a branch of an NGO located in the capital.

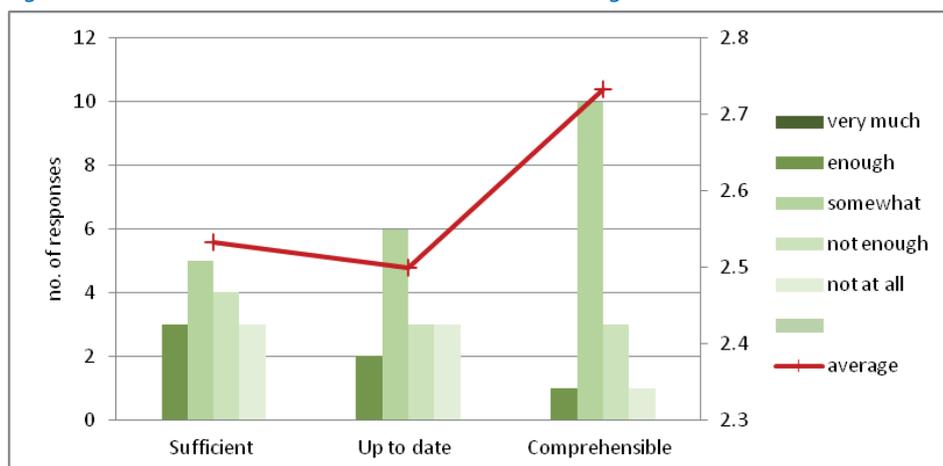
### 6.2.4. Information and communication

*Q 39. How do you consider the actual information in Albania for the opportunities of financial support for regional development with national and international funds?*

*Q 40. What are the main sources of NGO's informing for financing projects with national and international funds?*

NGOs are not very satisfied by the information provided on funding opportunities. The actual information are considered only partially comprehensive by 10 NGOs. 6 NGOs say that such information is updated and 5 consider it sufficient (medium rank). Based on their answers, the information provided to NGOs for financing projects by national and international funds is considered to be moderately suitable.

Figure 51: NGOs assessment of information on RD funding



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

NGOs, similarly to qarks, municipalities and communes, rely for information mainly on the internet. Internet sites of EU institutions (11 responses) and of donor organizations (9 responses) are rated as the main sources of information. This is mainly due to the high number of NGOs' implemented projects with donor money. An interesting point is the identification of correspondence/direct relations with peers as a potential source for funding projects (7 NGOs), showing that partnerships among NGOs in project development and implementation is a known and applied practice. Communication channels with qarks and LGUs and media seem to be the least frequent sources of information (selected only by 1 of the NGOs).

### 6.2.5. Summary findings

Analysis of 15 NGOs that participated in the survey provides a useful picture of the Albanian NGO sector, its focus, needs and capacities. Some of them are national NGOs dealing with local and regional development issues but in general they cover various areas of activity and represent a mixture of sizes, geographical coverage and capacities. The main observations are:

- NGOs have reasonably good capacities, especially well prepared personnel, for absorbing national and international donors' funds although they also find it difficult to co-finance project preparation and implementation. Still majority of NGOs operate on small scale and this fragmentation can be a barrier to future effectiveness in project management.
- NGOs, just like LGUs, are not satisfied with the current available information on project funds offered by governmental institutions and other sponsors. This should be greatly improved as the EU pre-accession funding becomes more common (IPA funds).

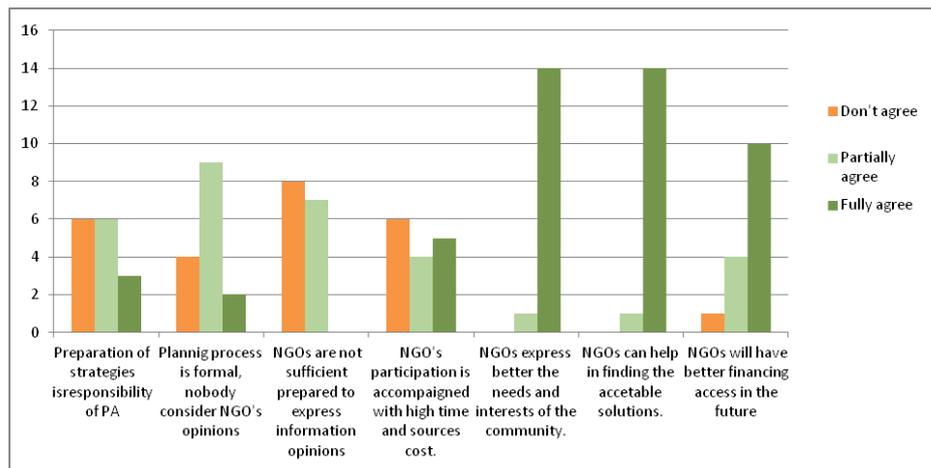
## 6.3. Strategy development

### 6.3.1. Attitude to participation of NGOs in planning regional development activities

*Q 5. How do you agree with the participation of NGOs in planning process?*

NGOs consider their participation in planning processes at the regional and local levels very important. Based on the survey almost all (14 out of 15) confirm that 'NGOs have to participate in the planning process because they express better the needs and real interests of the community and other groups' and 'NGOs have to participate in the planning process because they can help in finding the acceptable solutions'. They show a very high level of readiness for helping local or regional governments in planning process as at the same time they benefit from being a part of this process (mentioned by 10 NGOs): 'Taking part in planning process NGOs will have better financing access in the future'.

Figure 52: NGOs attitude to participation in planning regional development activities



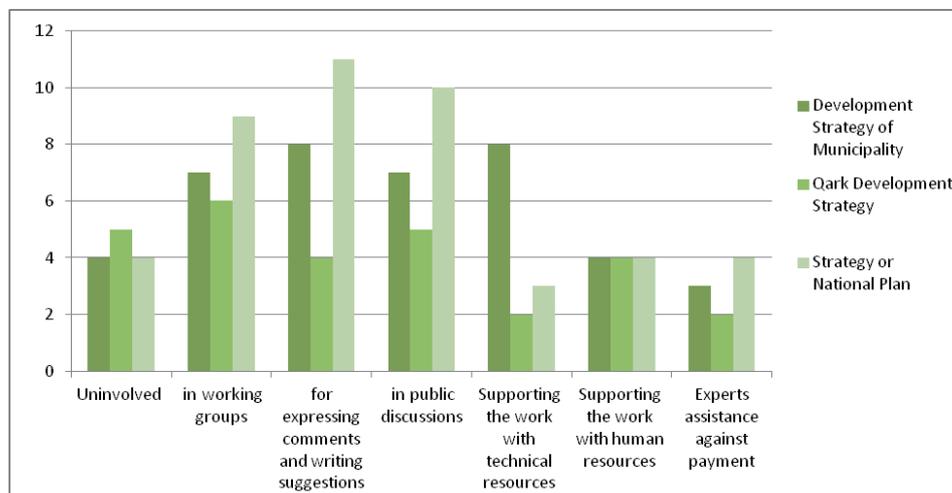
Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

NGOs partially agree with the fact 'There is not feeling of responsibility in planning process because it is formal and nobody considers NGO's opinions'. This is a reflection of everyday relations between local governments and NGOs. Almost half of NGOs (7 out of 15) partially agree with the conclusion that 'There is not participatory feeling in planning process because NGOs are not sufficiently prepared to express informative opinions'. This view is in correlation with the capacities of NGOs described earlier.

### 6.3.2. Intensity and ways of the involvement, territorial scope

Q6. What has been the way of participation if you have been involved in any following planning development process?

Figure 53: NGO's participation in planning development processes



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

The participation of NGOs in planning development processes of local and national governments is mainly focused on expressing comments and suggestions and participation in public discussions according to 11 and 10 NGOs respectively. 9 NGOs have been involved in working groups for strategy preparation. All these high scores refer to national strategies or plans preparation. 4 NGOs have assisted with paid experts in national strategies.

Referring to Development Strategies of Municipalities the participation level is lower: 8 NGOs say they have supported municipalities with technical resources and provided comments and suggestions for strategies or by participation in working groups and in public discussions (7 NGOs).

Participation of NGOs in Qark development strategies is much more limited. 6 NGOs have participated in working groups, 5 have participated in public discussions and 5 others say they haven't been involved. 4 NGOs provided comments and suggestions or supported with technical issues.

Examples of NGOs involvement in strategy preparation

- National Strategy of Anti-trafficking (expertise and working group members)
- Strategy for Persons with Disabilities and relevant Action Plan
- National Strategy for Youth and its Action Plan (2006-2011)
- Roma Strategy

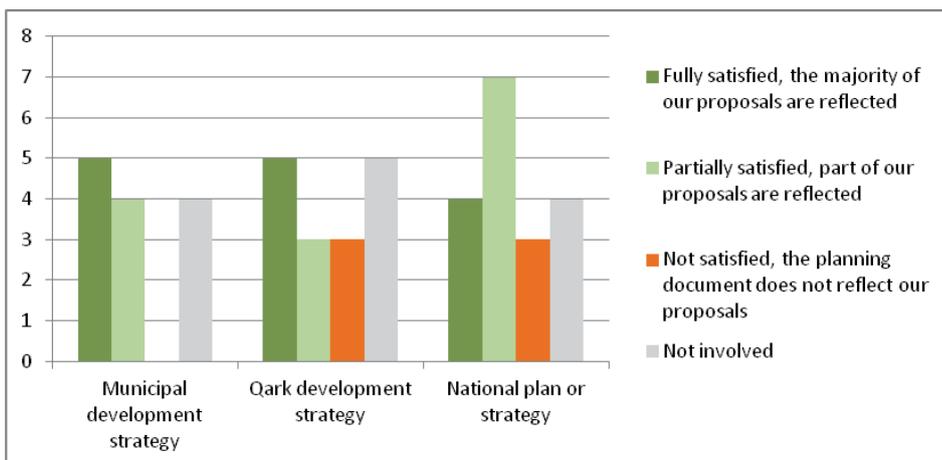
Source: UNDP-ISD Institutional Assessment questionnaire

### 6.3.3. Results (satisfaction)

Q 7. How do you assess the results of your participation in these processes?

NGOs are more involved in national strategies preparation than in the local strategies. According to answers by 7 NGOs they are 'Partially satisfied by the participation in national strategies'. 4 NGOs respond they are 'Fully contended, the majority of our proposals are reflected' referred to national strategies. Also 4 NGOs say that have not been involved and 3 others are not satisfied because their proposals have not been reflected.

Figure 54: NGOs' participation in development planning process



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

Referring to Qark Development Strategy, 4 NGOs indicate that they are not involved while 5 others are fully satisfied with their involvement; yet 3 NGOs are not satisfied because their proposals are not reflected and 3 others have some of their suggestions taken into consideration. The collaboration between NGOs and municipalities is varied: 5 NGOs are 'Fully satisfied, the majority of our proposals are reflected'; 4 NGOs are 'Partially contented by the participation in national strategies' and 4 NGOs are not involved. This confirms mixed levels of participation of NGOs in the planning of development process. There is a rather small differentiation between collaboration of NGOs with local, regional and national levels of government.

### 6.3.4. Summary findings

The participation of NGOs in development planning activities has recently become increasingly important:

- Most NGOs consider their participation in planning processes at the regional and local levels very important, especially that they consider themselves as capable to best capture and express the needs and interests of communities and target groups. There is still a lot of criticism among them however, how their contributions are taken by regional and local authorities.

- There are different ways in which NGOs get involved in planning development, mostly by providing comments and participated in public discussions, but also by taking part in working groups and supplying expertise. This involvement is the weakest at regional level, partially due to the fact, that regional development planning is the least advanced.
- NGOs are moderately satisfied with their participation in development planning at all levels of governance, showing great scope for improvements with respect to partnership practices.

## 6.4. Project development

An important factor for NGOs project development is their familiarity with donors' funds. NGOs in general have rich project experience in this respect. Their willingness to participate in absorption of foreign funds is very considerable compared to national funds. According to the findings of the survey however, there is only limited project development experience by NGOs, although they consider themselves well prepared.

### 6.4.1. Project development experience

*Q 8. How many projects has developed your NGO in last three years?*

*Q 34. Have your NGO appointed specific responsibility for attending the national and international funds?*

NGOs express a high level of readiness for using different kinds of donor funds but based on the questionnaire answers there are few project ideas prepared and submitted and many of them do not get approved. There seems to be a clear division among NGOs with many and fewer projects approved. There are 3 NGOs that have prepared 4 project ideas for national funds, 1 NGO with 5 project ideas for EU funds, and 1 NGO with 4 project ideas for other donors and 3 NGOs with 5 project ideas. As far as projects are submitted the situation is: 2 NGO have submitted 4 projects to national funds, 1 NGO – 5 projects to EU funds and another one has 5 projects to other donor funds. 2 NGOs have submitted 6 projects to other donor funds.

*Figure 55: NGOs' project experience in the last 3 years (average number of projects by funding source)*

| Status of projects                                     | Nationally funded | EU (IPA, C ARDS, CBC) funded | International donors, non-EU funded | Total |
|--|-------------------|------------------------------|-------------------------------------|-------|
| Project ideas (incl. submitted and approved projects)  | 74                | 87                           | 204                                 | 365   |
| Submitted projects (incl. approved)                    | 34                | 45                           | 142                                 | 221   |
| Approved projects                                      | 10                | 16                           | 86                                  | 112   |
| Submitted projects, % of project ideas                 | 46%               | 52%                          | 70%                                 | 61%   |
| Approved projects, % of submitted projects             | 29%               | 36%                          | 61%                                 | 51%   |
| Approved projects, % of project ideas                  | 14%               | 18%                          | 42%                                 | 31%   |
| Shares of all approved projects per funding source (%) | 9%                | 14%                          | 77%                                 | 100%  |

*Source:* UNDP-ISD Project Institutional Assessment questionnaire, own calculations

Data show high interest of NGOs for project preparation and implementation. However, the numbers of projects approved and implemented are much smaller. There is no NGO with more than 6 projects approved and implemented, funded by national and EU funds in the last three years. 4 NGOs have more than 6 projects approved and implemented funded by other donor's funds.

It is not typical for Albanian NGOs to implement projects financed by national funds. During two decades, Albanian NGOs have been mostly working with donors' funds and have developed capacities to use them but not with EU and national funds.

Albanian NGOs are aware of the importance of learning to use the EU funds and some of them have begun to train their employees. According to the survey 1/3 of NGOs have more than one person dealing with project development, 1/5 have one person for that purpose and 1/3 of NGOs have one employee sharing that task with other duties, and only 2 NGOs do not have that task covered.

### 6.4.2. Types of projects

*Q 9. Which kinds of projects has your NGO implemented in last three years?*

Majority of NGOs have implemented projects for capacity building: 11 NGOs for regional promotion, 3 NGOs for knowledge and experience exchange. The NGOs that participated in the survey have high capacities in their respective fields which give them the opportunity to implement projects in capacity building for other organizations. 1/5 of these NGOs have a practical experience in regional promotion and project development.

A wider view on types of projects is provided by responses from 6 NGOs:

- Awareness activities, offering community and residential services;
- The education of children with disabilities aiming at the establishment of all inclusive schools;
- Knowledge and experiences exchange between NGOs, municipalities and communes relating to good governance, transparency, fight against corruption, participatory of citizens in governance and offering qualified services to community;
- Some other projects for monitoring of public institutions for their quality of service and responsiveness to the citizens, youth employment, empowerment of public institutions, NGOs, etc.;
- Women involvement in politics and raising their role and youth as well in decision making;
- Experience exchange and cross border collaboration;
- Awareness and participation of the community in the development and protection of the environment and for monitoring of funds of the environment;
- Projects on environment and local development and institutional empowerment.

### 6.4.3. Main difficulties and needs

*Q 10. What are the obstacles in project preparation and implementation according to your NGO opinion?*

*Q 11. What is necessary for the NGO for an effective and efficient implementation of projects?*

*Q 20. Do you agree with below opinions relating on difficulties and obstacles for the collaboration of NGOs in strategy and project development? How?*

The main obstacles when NGOs are designing, proposing or implementing projects stressed by 4/5 of them are: 'the lack of transparency in project evaluation and selection, 'clientelism', corruption,' followed by 'demanding and complicated bureaucratic procedures' with 8 answers and 'the lack of feedback for the weakness of project proposals' with 7 responses. Other difficulties which NGOs identify as major ones (6 answers) are: 'lack of right programs that address real needs', 'high competition level for limited sources', 'insufficient financial sources for project preparation', 'insufficient financing sources for co-financing projects'.

*Figure 56: Obstacles in project preparation and implementation in NGOs' opinions*

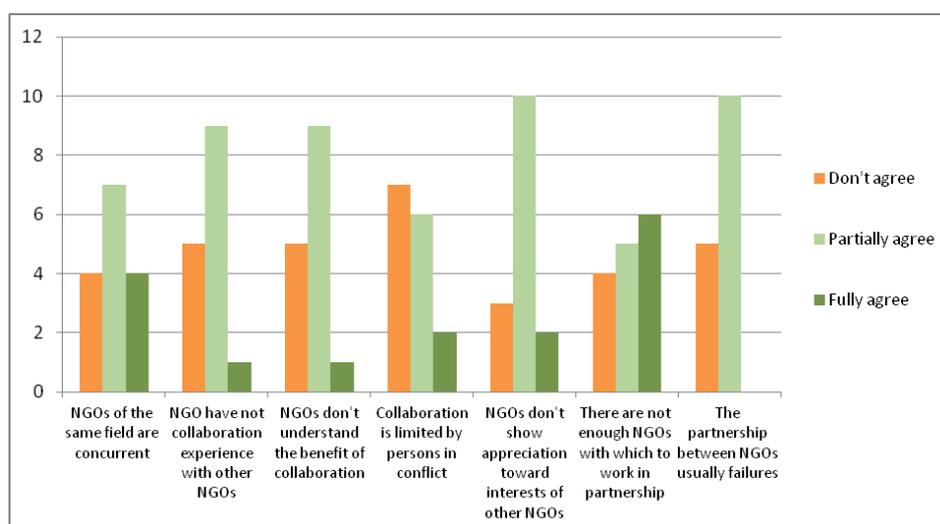
| No. | Main perceived obstacles in project preparation and implementation                | Number of responses |
|-----|---|---------------------|
| 1   | Lack of transparency in project evaluation and selection, clientelism, corruption | 12                  |
| 2   | Request and complicate bureaucratic procedures                                    | 8                   |
| 3   | Lack of feedback for the weakness of accepted project proposals                   | 7                   |
| 4   | Lack of right programs that address the real needs                                | 6                   |
| 5   | High competition level for limited sources  | 6                   |
| 6   | Insufficient financing sources for project preparation                            | 6                   |
| 7   | Insufficient financing sources for co-financing projects                          | 6                   |
| 8   | The lack of information for the financing opportunities.                          | 4                   |
| 9   | Not relevant evaluation criteria  | 3                   |
| 10  | Project Documentation is only in English language                                 | 3                   |
| 11  | Limited knowledge, experience and capacities in project designation               | 3                   |
| 12  | External Pressure during tendering process and project selection                  | 2                   |
| 13  | Lack of feasibility studies in the necessary cases                                | 1                   |
| 14  | Tight deadline for submission project proposals                                   | 0                   |

|    |   |   |
|----|---|---|
| 15 | Difficulties in preparing and implementing the procedures of public procurement | 0 |
| 16 | Limited knowledge, experience and capacities in technical design                | 0 |
| 17 | Not appropriated Partners   | 0 |
| 18 | Not appropriated consultants  | 0 |
| 19 | Non clear ownership that is the subject of investment                           | 0 |

Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

Questionnaire responses clearly show weak collaboration among NGOs. During the 1990-ies a forum of NGOs existed in Albania that coordinated the areas of cooperation between NGOs. As the survey indicates there is a step back in this respect. Most of NGOs partially agree that 'the partnership between NGOs usually fails' and 'NGOs don't show appreciation toward interests of other NGOs' (10) and 'NGO collaboration' (9). Only 6 NGOs fully agree that 'there are not enough NGOs for working in partnership' and 4 of them openly state that 'NGOs of the same field are competitive'. The figure below shows the predominance of the answer 'partially agree'.

Figure 57: NGOs assessment on difficulties/obstacles in strategy and project development



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

Difficulties faced by NGOs in the development of projects do not provide a clear picture. The NGOs' opinion 'more financial resources are necessary for effective project preparation and better cooperation with the central administration' does not match with observations about the high readiness of NGOs in project design. These responses of NGOs are not correlated to their self-assessment presented earlier either. Also NGOs don't consider it necessary to request 'more technical resources' (0 replies) on implementation of projects which means that they are sufficiently equipped. 'Better trained employees' are also not a priority concern. It is surprising that many NGOs consider cooperation with the central administration on the effective and efficient implementation of projects very important. How the central administration will help the NGOs? By being more cooperative in the implementation of projects or by funding them? Responses listed in order of importance are given below.

Figure 58: NGOs needs for effective project implementation

| No. | What is necessary for the NGO for an effective and efficient implementation of projects? | Number of responses |
|-----|--|---------------------|
| 1   | More financial sources for paying the project preparation                                | 8                   |
| 2   | Better collaboration with central administration   | 8                   |
| 3   | More information   | 7                   |
| 4   | More staff   | 6                   |
| 5   | Better collaboration with businesses   | 5                   |
| 6   | Relations with foreign partners  | 5                   |
| 7   | More financial sources for paying the added costs of projects                            | 4                   |
| 8   | Better collaboration with NGOs   | 4                   |
| 9   | Better collaboration with donors   | 4                   |
| 10  | Better guidelines, manuals, etc.   | 3                   |
| 11  | More financial sources for financing the technical assistance for implementing projects  | 3                   |

|    |   |   |
|----|---|---|
| 12 | Better collaboration with local authorities                   | 3 |
| 13 | Limitation of political interventions in administrative work  | 3 |
| 14 | Gathering practical experience for projects                   | 2 |
| 15 | Better motivated employee                                     | 2 |
| 16 | More financial sources for financing strategy implementation  | 2 |
| 17 | Better trained employee                                       | 1 |
| 18 | More financial sources for financing for strategy compilation | 1 |
| 19 | More technical resources                                      | 0 |

Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

#### 6.4.4. Consultancy support use and/or provision

*Q 12. What is the NGO level of using Technical Assistance for preparing and implementing projects?*

*Q 13. NGO provides to other organizations paid consultancy for project development?*

*Q 14. If the NGO provides paid consultancy to other organizations, to whom mainly?*

The use of external technical assistance is limited to almost half of NGOs (7) while 4 of them say that technical assistance is used 'to some extent' for project proposals. Only 4 NGOs indicate that the use of technical assistance in majority of project proposals is important. At the same time none of the NGOs has been working completely without TA. Technical assistance provided to NGOs has created the opportunity for raising capacities and eventually made it possible to offer consultancy to other organizations. This latter effect is limited however as minority of NGOs offer consultancy (5 out of 15). Based on other questions we learn that: 7 NGO-s have capacities for offering consultancy to other NGO-s, 7 NGO-s are able to offer consultancy to communes and municipalities and 1 NGO - to companies. This leaves the question about the ability of NGOs to deliver consultancy open.

#### 6.4.5. Summary findings

The analysis of NGOs' experience in project development expresses their attitude to projects in general and their capacities to use different funds. There is much variation in both areas stemming from different levels of operations and length of NGOs' experience:

- Albanian NGOs are aware of the importance of learning to use EU funds and some of them have proactively begun to train their employees.
- The main types of projects implemented so far are: capacity building, promotion of regional and local development and knowledge exchanges.
- The lack of collaboration between NGOs is an important gap for which one can mostly blame competition for limited financial opportunities.

### 6.5. Interactions and partnerships

During the last 20 years the NGO's sector has become a real actor for democratization of the society. Cooperation and interaction among NGOs and with other actors of the Albanian society makes it possible to implement different policies. Increasingly the public administration invites NGO's representatives to working groups for policy development and to some extent to services delivery.

#### 6.5.1. Interaction and partnership with public authorities

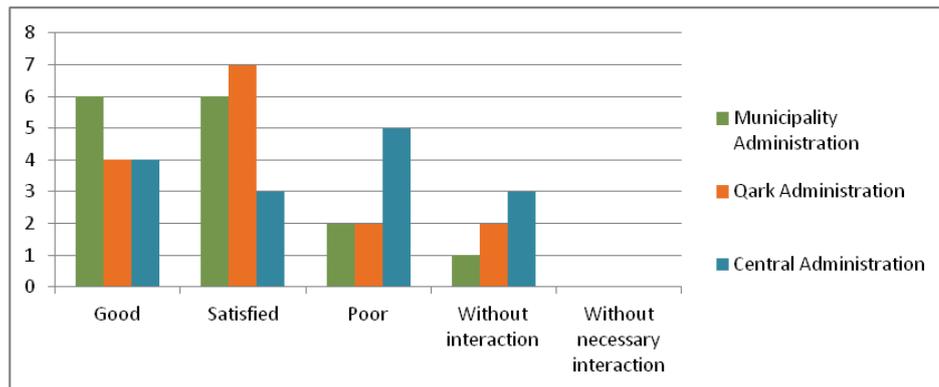
*Q 16. How do you assess the relationship of your NGO with public administration relating to strategy and project development?*

*Q 17. What of following forms of interaction with NGOs are used by public administration during the process of strategy and project designation?*

*Q 18. Do you agree with following reasons referring to difficulties and possible obstacles for collaboration between NGOs and public administration in strategy and project development?*

The interaction between NGOs and public administration seems better today than previously. According to responses given by 7 NGOs they are satisfied with the relationship with qarks. 6 NGOs say the interaction with municipalities is good and 6 are satisfied from interactions with municipalities. 4 NGOs consider the interaction with qarks and central administration good and 3 NGOs are satisfied. Still 5 NGOs consider contacts with central administration poor and 3 say there are not any. 2 NGOs indicate that the interaction with municipalities and qarks is poor or nonexistent.

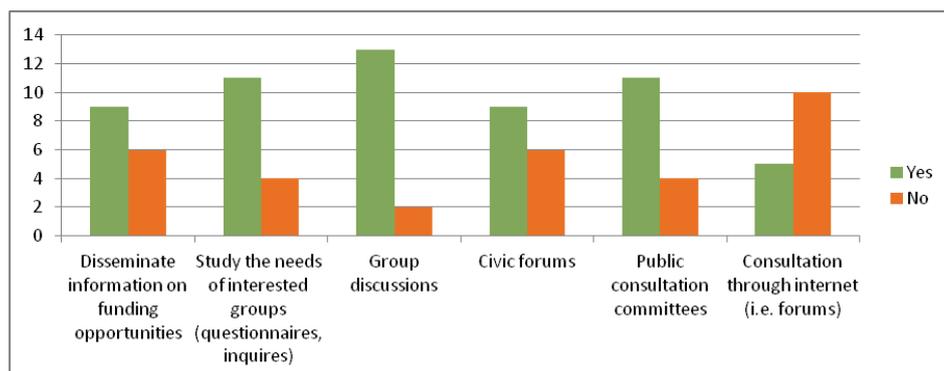
Figure 59: The level of NGOs' relationship of with public administration



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

The interactions and partnerships between NGOs and local and central government presented in the chart below are similarly assessed. 7 NGOs consider a moderate level of collaboration between them and municipalities, 6 NGOs with communes and the central government, and 5 with qarks. 7 NGOs consider low level of collaboration with qarks and 5 with the central government. It's clear that the collaboration between NGOs and local governments is more satisfactory than with the central government. There are some most common forms of interactions between NGOs and public administration: 'group discussions' (13 NGOs), 'needs assessment of interested groups' (11) and 'consultation committees with the public' (11). 8 NGOs have mentioned two other forms of interaction: 'delivery of information for the way of financing' and 'citizen forums'. Less important is 'consulting through Internet'.

Figure 60: Forms of interaction with NGOs used by public administration

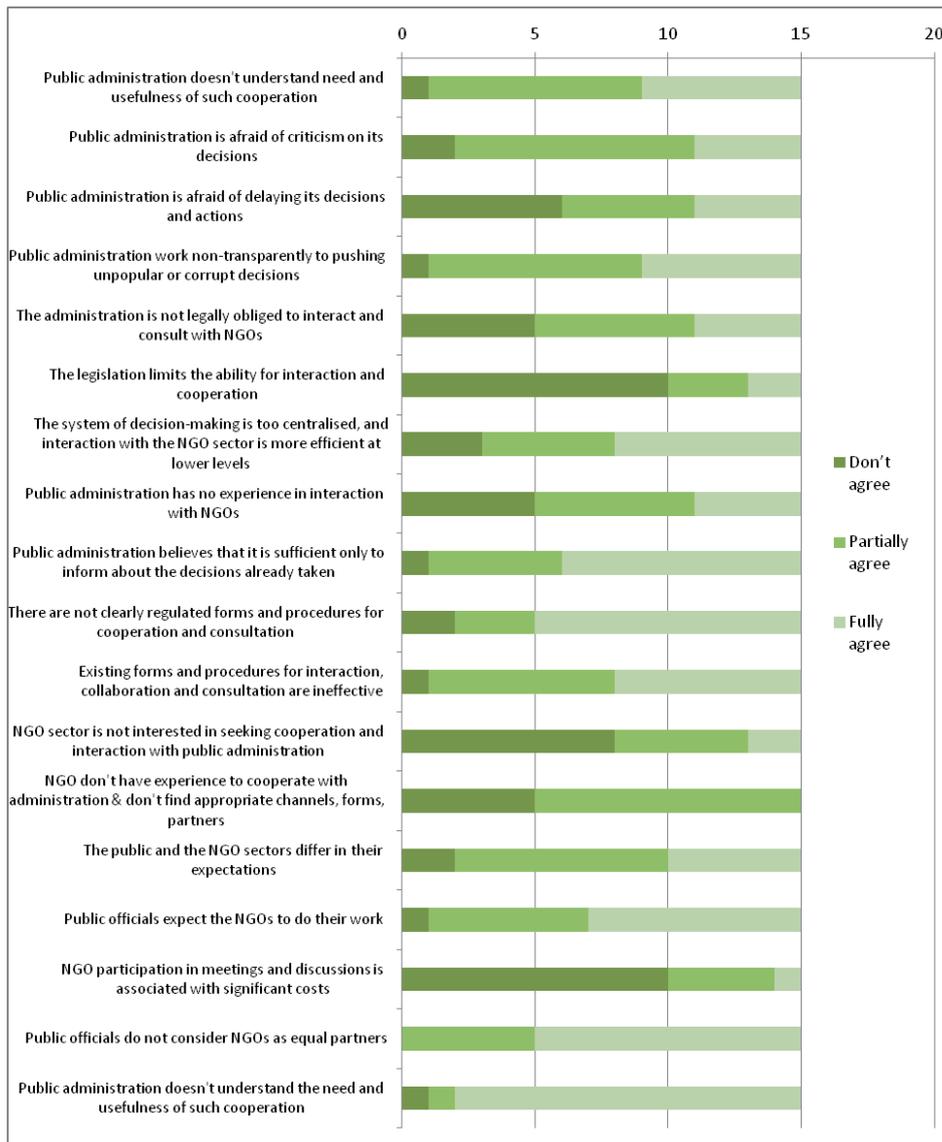


Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

The opinion 'Public administration doesn't understand the need and the availability of such collaboration', expressed by 13 NGOs, shows a real barrier to joint strategy and project preparations. Other important concerns are: 'Public officials don't consider NGOs the equal partners', 'Forms and procedures for collaboration and consultations are not clear', 'Public administration believes that it is sufficient to inform only for decisions taken', 'Public officials want NGOs to do their job'. More than 8 NGOs partially agree with the following statements: 'The opinion of Public administration toward NGO sector is as follow: NGO sector has not enough experience to interact and collaborate with administration and doesn't find always the channels, forms and right partners'; 'Public administration is not sure of decisions taken'; 'Public administration doesn't understand the necessity of such cooperation'; 'Public administration doesn't work in a transparent way'; 'Public and NGO sectors are different in their expectations'. The less important difficulties faced by NGOs are legislative restrictions and costs associated with their participation in the consultation processes.

It is important to stress that the difficulties identified by NGOs are primarily related to procedures and the practice of interaction, not with the existing legislation. The work methods of public administration are another barrier expressed by NGOs.

Figure 61: Obstacles and difficulties for collaboration between NGOs and Public Administration



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

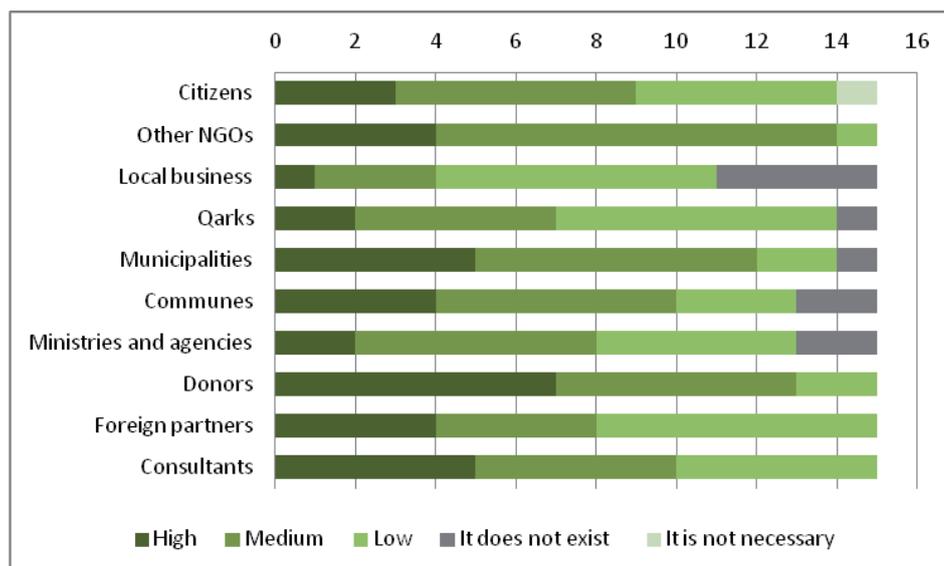
### 6.5.2. Interaction and partnership with business

Q.15 How do you assess the interaction and partnership of NGO with other organizations during the process of strategy and project designation?

Q 19. How do you assess the interaction and partnership of NGO with other organizations and business during the process of strategy and project designation?

The collaboration of NGOs with business community is considered weak by 7 NGOs, for 4 of them this kind of partnership doesn't exist, and 3 others consider it to be moderate. Only 1 NGO considers it to be at high level. NGOs seem to have better interaction with other actors of the society. The most valued interactions and partnerships are with donors, then with consultants. The collaboration with citizens is considered moderately intensive by 6 NGOs, low by 5 others. Only 3 NGOs consider the collaboration with citizens' to be intensive. The interactions with foreign partners are considered minimal for about half NGOs (7) and moderate or high for another half.

Figure 62: NGOs cooperation of with other actors for project and strategy designs



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

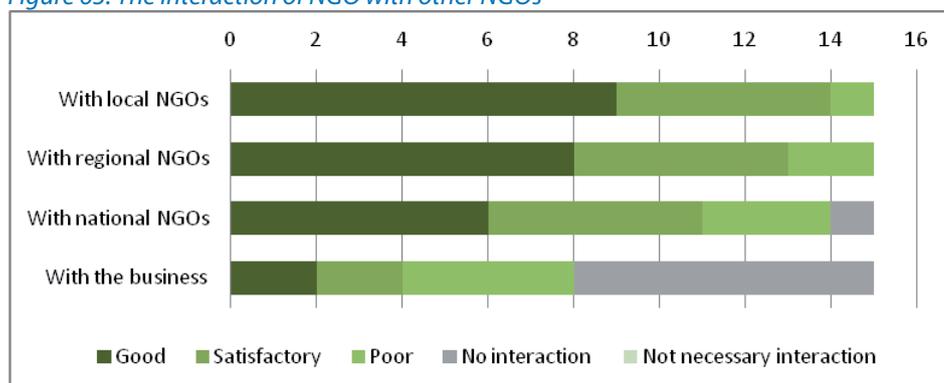
### 6.5.3. Interactions and partnerships with other NGOs, incl. RDAs/LDAs

Q.15 How do you assess the interaction and partnership of NGO with other organizations during the process of strategy and project designation?

Q. 19 How do you assess the interaction and partnership of NGO with other organizations and business during the process of strategy and project designation?

The NGO sector is not solidified. There are few networks working together. The most efficient actually is the network of associations dealing on people with disabilities. The others, on human rights and women, youth and children issues are well known and active for many years, yet more fragmented. The reasons for this situation as expressed by the survey are: the general lack of funds and difficulties in applying to EU funds and/or finding foreign partners for project development. As indicated by 7 NGOs the interaction with foreign partners is poor and should be improved. NGOs see 'moderate' (10 NGOs) and 'high' (4 NGOs) levels of collaboration within their networks. Only 1 NGO considers it low. Most respondent NGOs (9) say they have good interaction with local NGOs, 5 say this collaboration is satisfactory and only 1 considers it poor. Similar assessment is given on the cooperation with regional NGOs. Partnerships and interactions with national NGOs are considered 'good' by 6 NGOs, 'satisfactory' by 5 NGOs and 'poor' by 3 NGOs. 1 NGO indicates no such interaction.

Figure 63: The interaction of NGO with other NGOs



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

### 6.5.4. Summary findings

NGOs' interactions and partnerships with public administrations and other actors in strategy and project development are as follows:

- The partnerships between NGOs and public administrations at lower levels are stronger than at the central level. This stems from the fact that NGOs activities are conducted primarily on the local level. The most common forms of interactions between NGOs and public administration are group discussions, needs assessment and consultation committees.
- Still, a good number of barriers on the part of public administration is experienced by the NGO sector in the area of strategy and project management. Partnership and consultative approaches are still weak and insufficient. Similarly, cooperation with business communities calls for improvements. What is especially discouraging, is the lack of collaboration among NGOs themselves, which poses threat to joint project initiatives and advocating for development.

## 6.6. Capacity building needs

### 6.6.1. Types of training

Q 22. What type of training have the NGO representatives received mostly until now?

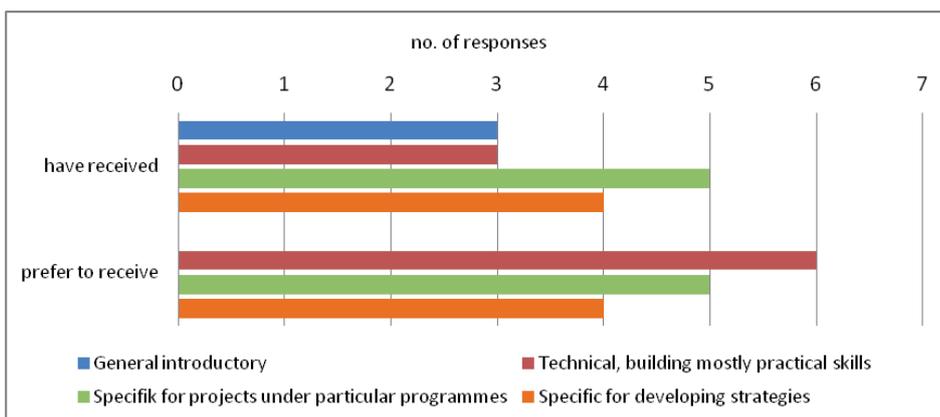
Q 23. What type of training would the NGO representatives would like to receive in the future?

Q 24. What is the proper duration of training that the NGO representatives would like to receive in the future?

The main types of training that most of Albanian NGO sector representatives have received are specific to projects under particular programs (5 NGOs). Training areas are related of course to the activity focus of these organizations. NGOs which have been active in certain types of projects, have opted for achieving particular skills. Others, which have a more focused scope of work on regional development have mainly received training on strategy development skills. Nevertheless, NGOs seem to have received different and combined types of training as compared to those offered to qarks, municipalities and communes.

NGO representatives, being oriented towards practical and applied training topics, prefer to have technical courses that build their practical skills (6 NGOs), projects preparation skills under particular programs (5) as well as training for developing strategies. Interestingly, all respondents look forward to receive training that adds to their current expertise. Thus, those NGOs which have already received training on strategy development prefer to learn on projects under particular programs and vice versa.

Figure 64: NGO predominant type of training up to now and preferred type for the future



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

With regards to the duration of training modules, the main preference is for the length of 2-3 days (9 NGOs) or longer (5 NGOs). These preferences are similar to those of qarks, municipalities and communes. Capacity development programmes at the regional and local level should take it into account.

### 6.6.2. Training needs

Q 25. For which of the following project development phases do the NGO representatives have the greatest need for training?

Q 26. For which of the following strategic planning phases do the NGO representatives have the greatest need for training?

Differently from LGUs which have implemented mainly infrastructure projects, NGOs' experience is mainly with 'soft' types of projects such as capacity building, knowledge and experience exchange, etc. However, they seem to face more or less similar difficulties as their public counterparts at the regional level: qarks, municipalities and communes. These problems condition also their trainings needs. Survey data show that representatives of NGOs, communes and municipalities share similar trainings needs, even though they give them different weight. Acute training needs shared by the majority of respondents refer mainly to the preparation of technical studies and activities (8 NGOs), financing/co-financing projects (8) and to harmonization of projects with strategic priorities (6). Fewer NGOs (3 or less) indicate the necessity for particular training types covering mainly specific project development phases.

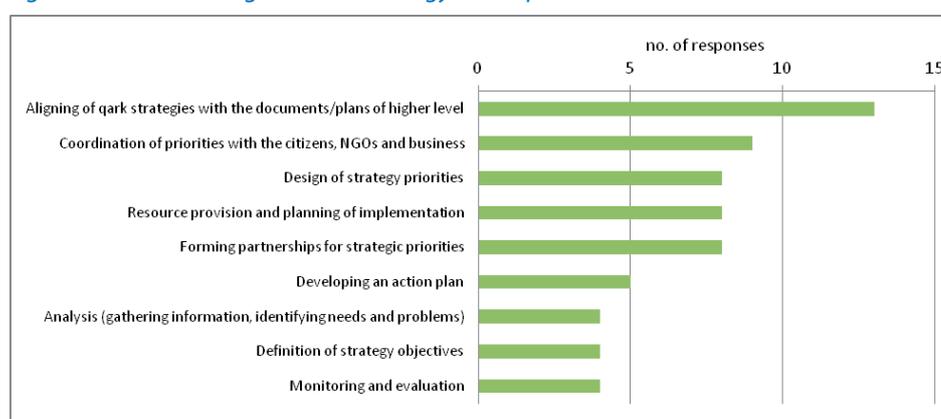
Figure 65: NGO training needs on project development

| Types of training  | No. of answers |
|--|----------------|
| Technical studies and activities (feasibility studies, detailed designs, bill of quantities etc) | 8              |
| Financing/ co-financing the project  | 8              |
| Aligning of project with strategic priorities, rationale, definition of problems (needs)         | 6              |
| Coordination of project idea with citizens, NGOs and business within the qark                    | 5              |
| Evaluation of project results  | 5              |
| Identification and definition of objectives, outputs and results                                 | 5              |
| Coordination of project idea with stakeholders out of the qark                                   | 4              |
| Developing the idea into a project proposal (drafting the application form)                      | 4              |
| Managing and monitoring of sub-contractors   | 3              |
| Identification and formulation of project idea   | 3              |
| Preparation and implementation of tendering  | 3              |
| Planning of activities   | 2              |
| Preparation of budget  | 2              |
| Implementation of projects   | 1              |
| Managing the implementation of projects  | 1              |
| Monitoring and reporting of project implementation   | 0              |
| Identification and definition of target groups   | 0              |

Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

Immediate training needs of NGOs representatives on strategy development refer mainly to actions that would increase the efficiency and effectiveness of strategy development and implementation. Harmonization of priority actions at national and regional level (13 responses) combined with partnership activities (9) are the main areas where training is needed. Probably, these needs reflect also the experience with little alignment and poor implementation of regional and local strategies. It is encouraging however that there is thinking how to solve problems of cooperation, such as forming partnerships (8 responses) and coordination of priorities with different stakeholders (9). Interestingly, training on particular steps of strategy development and implementation seem not to be a high priority anymore.

Figure 66: NGO training needs on strategy development



Source: UNDP-ISD Institutional Assessment questionnaire, own calculations

### 6.6.3. Technical assistance needs and supporting organizations

*Q 27. In your view, should the NGO representatives pay a part from the training expenses?*

*Q 28. In your view, who is the most appropriate supplier of technical assistance and training for your NGO?*

Out of 15, 7 NGO find it unrealistic to pay part of their staff training expenses. Only 6 respondents consider to pay up to 25% of costs and 2 – up to 50%. The latter position is relevant to NGOs which are quite active and which have been benefiting from multiple training opportunities. The NGO sector has been offered training mainly by external donors. In consequence NGOs identify donors as the most suitable providers of support, information and training (7 NGOs). Consulting companies are considered equally important (7 NGOs). Other actors in regional development: ministries, universities, regional NGOs, are not identified as preferred training providers.

### 6.6.4. Summary findings

NGOs capacity building needs are somewhat different to those expressed by parcs, municipalities and communes:

- Training provided to NGO sector is quite widespread and advanced. In most of the cases these organizations have received practical and tailored training. Today, some of the stronger NGOs are even prepared to co-finance training programs for their members and staff. Most are interested in further capacity development activities.
- Training needs in project management shared by the majority of NGOs refer mainly to the preparation of technical studies and activities, financing/co-financing projects and to harmonization of projects with strategic priorities. Training needs in strategy management relate mainly to harmonization of priority actions at national and regional level combined with organizing effective partnerships.

## 6.7. Conclusions

The analysis of NGO's involvement in the strategy and project development at the local and regional levels leads to the following observations:

### Main strengths

- The NGO sector, however still developing, is an important asset in terms of organizational capacities which can and should be employed in regional and local development. NGOs are naturally inclined to be involved in planning and managing development processes together with public authorities and other actors. Some of them are capable to assist with well-developed expertise. Their level of expertise and capacities are generally considered higher than that of LGUs, especially considering non-infrastructure interventions, and thus complementary to the regional and local governments' strengths.
- NGOs are capable to capture and express the needs and interests of communities and target groups. Their involvement in development planning and development actions allows to better fit interventions to real situations. Additionally, NGOs' lobbying skills and policy work make them valuable partners for strategy compilation and implementation.
- The third sector, experienced with external assistance, is keen to be ready for future EU funding and is proactive in these preparations. Indeed, similarly to other countries, NGOs are the leaders in many respects of promoting the development agenda. In terms of practical preparations and skills, NGOs seem to be the most developed regional and local actors, which have received most advanced training support. This should be fully utilized in regional development.

### Main problems

- NGOs contributions to regional development are not capitalized due to limited ability of public administration to engage with the third sector and to build effective and wide partnerships. Greatest improvements seem to be needed at higher levels of governance: central and regional.
- The sector is far from consolidation and shows low levels of collaboration. Although NGOs compete for largely the same funds, they should be better prepared and more interested in joint projects and initiatives, not excluding strategic alliances.
- Due to NGOs fragmentation, many training and other capacity building needs will not be developed by these organizations themselves, so continued support from external sources (donors and the government) seem necessary.
- Although NGOs demonstrate willingness to participate in regional development activities through different roles – as training providers, project applicants, consultants, as well as projects evaluators and organizations involved in LGUs' project/strategy monitoring and evaluation, they and public bodies should be careful of potential conflict of such multiple roles.

## Recommendations

### Recommendations for NGOs:

- There is a good argument for intensive preparations by NGOs of further capacities in relation to growing importance of EU funding. Although resources today are limited, such preparations will definitely pay off. The same argument is valid for increasing presence of these organizations vis a vis local, regional and the central government, for whom NGOs will become one of key development partners. In this respect especially smaller organizations should seek to consolidate efforts and activities, building sector alliances, thematic formal and informal networks, etc.
- Improved collaboration and partnering among NGOs is necessary not only to build stronger positions towards public authorities but also to be more effective in funds appropriation and strategy/project development and implementation. Collaborative practices have to be improved not only among NGOs but also with governmental, business and donor partners, including those from other countries.

### Recommendations for the central government:

- Partnerships inclusive of third sector should become a norm for any policy and strategy development activities at all levels of governance just as much as vertical strategic coordination should be. The government should widely apply the EU standards in this respect.
- The NGO sector, with some stimulus from the central government, can be a valuable provider of assistance and capacity building ally for regional and local governments. Mechanisms allowing closer cooperation between public administrations and the third sector not-for-profits can be established. Even further, good governance calls for opening many public services and social inclusion activities to management by not-for-profits which most of the time operate more efficiently than governmental bodies.
- The weaker and smaller organizations should be supported financially when their scope of work is of high public benefit, while consolidation and collaboration among NGOs should be promoted.

# Annex 1

## Annex 1 List of documents consulted

| No. | Title   | Prepared/published by  | Year                     |
|-----|---|--|--------------------------|
| 1.  | Albania Needs Assessment Report   | Technical Assistance to Civil Society Organizations in the IPA countries (TASCO) | 29.01.2010               |
| 2.  | Multi-annual Indicative Programme 2011-2013   | European Commission  | Draft<br>January<br>2011 |
| 3.  | The 2008 NGO Sustainability Index for Central and Eastern Europe and Eurasia  | USAID 12th Edition Report  | June 2009                |
| 4.  | Commission Opinion on Albania's application for membership of the European Union, COM (2010) 680  | European Commission  | 9.11.2010                |
| 5.  | Enlargement Strategy and Main Challenges 2010-2011, COM (2010) 680  | European Commission  | 9.11.2010                |
| 6.  | Enlargement Strategy and Main Challenges 2011-2012, COM(2011) 666   | European Commission  | 12.10.2011               |
| 7.  | Strengthening Civil Society and Democratic Structures in Albania - Lessons Learnt   | GTZ  | 2010                     |
| 8.  | Third Sector Development in Albania: Challenges and Opportunities   | Human Development Promotion Centre (HDPC)  | 2009                     |
| 9.  | SNV Baseline Survey and Analysis on Local Capacity Development Service Environment and the Local Governance/ Public Administration Competencies       | Co-Plan  | November<br>2009         |
| 10. | Albanian regional development opportunities and challenges  | UNDP   | 2005                     |
| 11. | Decentralisation and analysis of Government functions: national, regional and local. Draft report   | R. Toto  | 20.10.2009               |
| 12. | Bulgaria National Human Development Report 2006. Are we prepared for European Union funds? Challenges and opportunities for local development actors. | UNDP   | December<br>2006         |
| 13. | Best practices of local government 2009   | USAID Local Government Programme in Albania                                      | September<br>2009        |
| 12. | Regional Disparities in Albania   | UNDP-ISD Project   | November<br>2010         |
| 13. | Promoting local development through MDGs – Diber Region   | UNDP (HDPC).   | 2005                     |
| 14. | Civil society index for Albania – in search of citizens and impact  | Institute for Democracy and Mediation (IDM)                                      | 2010                     |

## Annex 2

### *Annex 2 List of key persons interviewed in qarks*

| No. | Name Surname      | Institution                  | Position                               | Date       |
|-----|-------------------|------------------------------|--|------------|
| 1.  | Hirjana Bebeci    | Gjirokastra Regional Council | Director of Development Development    | 2.07.2010  |
| 2.  | Theodhora Muka    | Gjirokastra Regional Council | Specialist in Development Department   | 2.07.2010  |
| 3.  | Mustafa Bilbili   | Gjirokastra Regional Council | Specialist in Development Department   | 2.07.2010  |
| 4.  | Ilia Mino         | Korca Regional Council       | Chairperson                            | 5.07.2010  |
| 5.  | Genta Shukullari  | Korca Regional Council       | Head of Legal - Human Resource Dept.   | 5.07.2010  |
| 6.  | Vangjush Dishnica | Korca Regional Council       | Director of Community Projects         | 5.07.2010  |
| 7.  | Shahin Hereni     | Kukes Regional Council       | Director of Development Dept.          | 7.07.2010  |
| 8.  | Anila Diber       | Durres Regional Council      | Director of Development Policies       | 8.07.2010  |
| 9.  | Jovan Likja       | Durres Regional Council      | Head of Unit                           | 8.07.2010  |
| 10. | Shkelzen Qoku     | Diber Regional Council       | Head of Training Unit                  | 9.07.2010  |
| 11. | Zejnulla Mehmeti  | Diber Regional Council       | Specialist in the Training Unit        | 9.07.2010  |
| 12. | Hasan Drazhi      | Elbasan Regional Council     | Director of Strategy Development Dept. | 12.07.2010 |
| 13. | Anila Grykshi     | Elbasan Regional Council     | Tourism and project writing specialist | 12.07.2010 |
| 14. | Leonora Pacili    | Elbasan Regional Council     | Specialist                             | 12.07.2010 |
| 15. | Agim Koxhaj       | Berat Regional Council       | Programing Director                    | 13.07.2010 |
| 16. | Vladimir Mydini   | Berat Regional Council       | Urban Planning Director                | 13.07.2010 |
| 17. | Linda Maçi        | Lezha Regional Council       | Director of Regional Development Dept. | 14.07.2010 |
| 18. | Tahsim Mema       | Tirane Regional Council      | Chairperson                            | 15.07.2010 |
| 19. | Lorena Totoni     | Tirane Regional Council      | Director of Strategy Development Dept. | 15.07.2010 |
| 20. | Ledina Merkaj     | Vlore Regional Council       | Specialist in Development Dept.        | 16.07.2010 |
| 21. | Astrit Hysi       | Fier Regional Council        | Director of the Social Service Dept.   | 27.07.2010 |
| 22. | Etleva Papekaj    | Shkoder Regional Council     | Director of Project Dept.              | 29.07.2010 |
| 23. | Merita Kazazi     | Shkoder Regional Council     | Director of Regional Development Dept. | 29.07.2010 |

# Annex 3

## Annex 3 List of participants in focus groups

| No. | Name Surname     | Institution                  | Position                                       |
|-----|------------------|------------------------------|--|
|     | Hirjana Bebeci   | Gjirokastra Regional Council | Director of Development Development            |
| 2.  | Shahin Hereni    | Kukes Regional Council       | Director of Development Dept.                  |
| 3.  | Anila Diber      | Durres Regional Council      | Director of Development Policies               |
| 4.  | Zejnulla Mehmeti | Diber Regional Council       | Specialist in the Training Unit                |
| 5.  | Bajram Kalia     | Diber Regional Council       | Head of Legal Unit                             |
| 6.  | Hasan Drazhi     | Elbasan Regional Council     | Director of Strategy Development Dept.         |
| 7.  | Anila Grykshi    | Elbasan Regional Council     | Tourism and project writing specialist         |
| 8.  | Agim Koxhaj      | Berat Regional Council       | Programing Director                            |
| 9.  | Vladimir Mydini  | Berat Regional Council       | Urban Planning Director                        |
| 10. | Lorena Totoni    | Tirane Regional Council      | Director of Strategy Development Dept.         |
| 11. | Isuf Salla       | Belsh Municipality           | Engineer                                       |
| 12. | Veli Dashi       | Librazhd Municipality        | Urban Specialist                               |
| 13. | Llazar Thanasi   | Permet Municipality          | Deputy Major                                   |
| 14. | Vasilika Tuni    | Kucove Municipality          | Coordination and Development Dept.             |
| 15. | Xhoana Zeqo      | Vora Municipality            | Specialist in Public property Sector           |
| 16. | Gjergji Çerra    | Berat Municipality           | Architect in Programming and Development Dept. |
| 17. | Qemal Çejku      | Kamez Municipality           | Head of Cabinet                                |
| 18. | Ramadan Smajlaj  | Koplik Municipality          | Development Office                             |
| 19. | Gentian Mema     | Shkoder Municipality         | Development and Promotion Sector               |
| 20. | Vjollca Haklaj   | Bajram Curri Municipality    | Finance Sector                                 |

### Questions/Topics discussed in Focus Groups

| <b>Focus Group: QARKS</b>  |
|--|
| 1. When applying for projects which procedures do you consider clear, transparent and user-friendly? RDF / other national / donors / EU. Why?  |
| 2. Do you agree that existing qark development strategies should be soon revised, updated and/or new ones should be elaborated of a consistent standard and quality?   |
| 3. What changes could effectively improve regional development strategic planning and implementation processes? <ul style="list-style-type: none"> <li>• Specific legislation for regional strategy formulation and monitoring</li> <li>• Greater competencies given to qarks</li> <li>• Different basis for composition of qark councils</li> <li>• Other.....</li> </ul> |
| 4. What types of investments (infrastructure and other) do you consider best fitted to be coordinated and/or implemented at the regional level (above municipal/commune and below national)? Why?  |
| 5. Taking into account, that according to the survey the main barrier for project preparation and implementation seem to be financing, what would be the best modality to finance qark functions and investments?  |

| <b>Focus Group: MUNICIPALITIES</b> |  |
|------------------------------------|--|
| 6.                                 | When applying for projects which procedures do you consider clear, transparent and user-friendly? RDF / other national / donors / EU. Why?   |
| 7.                                 | Do you agree that existing qark development strategies should be soon revised, updated and/or new ones should be elaborated of a consistent standard and quality?  |
| 8.                                 | How should municipalities be better involved in regional development strategic planning and implementation processes? <ul style="list-style-type: none"> <li>• They should be formally consulted on qark strategies</li> <li>• Qark strategies should be based/reflect municipal strategies</li> <li>• Better representation of municipalities in qark councils</li> <li>• Other.....</li> </ul> |
| 9.                                 | What types of investments (infrastructure and other) do you consider best fitted to be coordinated and/or implemented at the regional level (above municipal/commune and below national)? Why?   |
| 10.                                | Taking into account, that according to the survey there are multiple barriers for joint project preparation and implementation, what would be the best way to encourage inter-municipal cooperation?   |
| 11.                                | What is the optimal role for qarks from municipal perspective? Why?  |

# Annex 4

## *Annex 4 List of participants in process mapping*

| No. | Name Surname       | Institution            | Position                            | Date       |
|-----|--------------------|------------------------|-------------------------------------|------------|
| 1.  | Vjollca Hoxha      | Berat Regional Council | General Secretary                   | 14.10.2010 |
| 2.  | Agim Koxhaj        | Berat Regional Council | Programing Director                 | 14.10.2010 |
| 3.  | Vladimir Mydini    | Berat Regional Council | Urban Planning Director             | 14.10.2010 |
| 4.  | Sezai Kurti        | Berat Regional Council | Statistician                        | 14.10.2010 |
| 5.  | Luan Abedini       | Berat Regional Council | Director of Regional Services       | 14.10.2010 |
| 6.  | Valentina Polovina | Berat Regional Council | Engineer in Development Dept.       | 14.10.2010 |
| 7.  | Zejnulla Mehmeti   | Diber Regional Council | Head of Training Unit               | 18.10.2010 |
| 8.  | Bajram Kalia       | Diber Regional Council | Head of Legal Unit                  | 18.10.2010 |
| 9.  | Elisava Methasani  | Diber Regional Council | Inspector                           | 18.10.2010 |
| 10. | Alketa Cenaj       | Kukes Municipality     | Vice Mayor                          | 21.10.2010 |
| 11. | Ramadan Muja       | Kukes Municipality     | Director in Urban Planning Dept.    | 21.10.2010 |
| 12. | Përparim Elezi     | Kukes Municipality     | Specialist in Development Dept.     | 21.10.2010 |
| 13. | Kristina Tavanxhi  | Elbasan Municipality   | Head of Coordination Unit           | 22.10.2010 |
| 14. | Ervin Bebeti       | Elbasan Municipality   | Specialist for Project Development  | 22.10.2010 |
| 15. | Bledar Alterziu    | Elbasan Municipality   | Specialist for Statistics           | 22.10.2010 |
| 16. | Ornela Grabocka    | Elbasan Municipality   | Specialist in the Coordination Unit | 22.10.2010 |
| 17. | Meda Poloska       | Elbasan Municipality   | Specialist in the Coordination Unit | 22.10.2010 |

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