



**STARIII Progress Report No.1**

*April – August 2020*

*and*

*September 2020 – May 2021*

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***Sustaining and Advancing Local Governance Reform***

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# 1 Acronyms

AAC	Albanian Association of Communes	IP SIS	Integrated Planning System Information System
AAM	Albanian Association of Municipalities	LGAP	Law on General Administrative Procedures
AFMIS	Albania Financial Management Information System	ISDA	ISDA Support project - Innovation Against Corruption: Building a Citizen Centric Service Delivery Model in Albania
ALA	Association of Local Autonomy	MoFE	Ministry of Finance and Economy
MTBP	Medium Term Budget Programme	MSLI	Minister of State for Local Issues
ASPA	Albanian School of Public Administration	NIM	National Implementation Modality
AU	Administrative Unit	NPD	National Project Director
CB	Capacity Building	NSDI	National Strategy for Integration and Development
CDR	Combined Delivery Report	NCSDLG	National Cross-Cutting Strategy of Decentralization and Local Governance
CSDA	Citizen Centric Public Service Delivery Consolidation in Albania	OSS	One Stop Shop
CoE	Council of Europe	OSSIS	One Stop Shop Information System
COFOG	Classification of the Functions of Government	PAC	Project Appraisal Committee
CS	Civil Society	PAR	Public Administration Reform
CSL	Civil Service Law	PEFA	Public Expenditure and Financial Accountability
CSO	Civil Society Organization	PFM	Public Finance Management
DCM	Decision of the Council of Ministers	PFP	Project Field Presence
DLAP	Directorate of Local Affairs and Prefectures	PLGP	Planning and Local Governance Project
Dldp	Decentralization and local development program	PM	Project Manager
DLG	Decentralization and Local Governance	PMT	Project Management Team
FIL	Freedom on Information Law	PPR	Project Progress Report
GDA	General Directorate of Archives	PSC	Project Steering Committee
GDT	General Directorate of Taxes	RDF	Regional Development Fund
GLTP	General Local Territorial Plan	SBAA	Standard Basic Assistance Agreement
GGD	Good Governance Department at PMO	SC	Steering Committee
GM	Gender Marker	SDG	Sustainable Development Goal
HR	Human Resources	SOP	Standard Operating Procedures
HRM	Human Resources Management	TA	Technical Assistance
HRMU	Human Resources Management Unit	TAR	Territorial and Administrative Reform
IPMG	Integrated Policy Management Group	TNA	Training Needs Assessment

## 2 Executive summary

This report covers two distinct and adjacent periods:

- STAR3 Preparation Phase, which ran from April to August 2020 and was funded by the Government of Albania, and
- STAR3, from September 2020 until the end of May 2021.

The predecessor, STAR2, ended in March 2020, and well before its end, it was in receipt of all financial contributions except the Government cost-sharing which arrived at the last minute. In a consensual agreement with the Government and the project partners, the GoA contribution enabled the immediate follow up of a Preparatory Phase, from April to August 2020, and focused on increasing the number of OSS municipalities.

In the meantime, efforts intensified to reach consensus and finalize STAR3 project, which was officially signed by the Government on 21 August 2020 with an implementation date as of 1<sup>st</sup> September 2020.

Foreseeing limitations in resource mobilization, STAR3 project was built in 3 modules, with a priority focus on activities clustered in module 1 and potentially expanding into further modules if funding would allow. The project document noted that: *“In consideration of the different timelines for receiving pledged contributions in the pool fund and the likely overall resource gap, based on current partners’ commitments, the project implementation plan is forced to follow a modular approach. Modules are built by prioritizing interventions, which cost is matched with upfront available resources, while keeping future overall project scope and objectives in mind. The adoption of a modular approach will minimize technical diversity, but more importantly, define a scalable architecture that allows for adaptations from one module to the other, depending on affordability, partners’ consent, and the evolving context. Altogether, each of the modules will contribute to develop and implement the products and capacities that the larger project commits to deliver.”*

In line with this rationale, the summarized content of each of the modules included the following interventions:

Module 1	Module 2	Module 3
<ol style="list-style-type: none"> <li>1. Participatory governance approaches are developed and adopted by 5 municipalities and the experience disseminated</li> <li>2. Municipal integrity planning is replicated to up to 15 additional municipalities</li> <li>3. OSSIS is basically functional in all administrative units and hardware maintenance for 2 years is secured               <ul style="list-style-type: none"> <li>- An OSSIS-linked mobile application for service delivery is developed</li> <li>- OSSIS is upgraded with protocol and document correspondence modules</li> </ul> </li> <li>4. An integrated local government data hub is established and supports various performance assessment exercises</li> <li>5. ASPA has developed its first comprehensive and standard curricula for municipal staff</li> </ol>	<ol style="list-style-type: none"> <li>1. Participatory governance approaches are adopted in 5 additional municipalities</li> <li>2. A third round of Local Governance Mapping could be possible toward the third implementation year.</li> <li>3. Municipal integrity planning is expanded to 10 additional municipalities</li> <li>4. OSSIS server is upgraded and protected for business continuity in case of disaster               <ul style="list-style-type: none"> <li>- OSSIS integration with third part modules is developed</li> <li>- All IT hardware provided by the project has the maintenance extended to 3 years</li> </ul> </li> <li>5. Municipal reporting in accordance with performance indicators is piloted with selected municipalities</li> <li>6. Government counterpart is assisted in developing the new NCSDLG</li> <li>7. ASPA is supported to develop an e-learning architecture</li> </ol>	<ol style="list-style-type: none"> <li>1. Municipal integrity planning is expanded to 5 additional municipalities</li> <li>2. Standard for selected local public services piloted</li> <li>3. A comprehensive process of local assets management, transfer, inventory, and registration, piloted</li> <li>4. The legal harmonization of sectoral and local government regulatory frameworks is supported</li> <li>5. Further support to ASPA to expand on curricula development and e-learning modules</li> <li>6. Support municipalities to make full use of “administrata.al” platform for HRM</li> </ol>

Nevertheless, the project had to review priorities and match them with the final contribution pledges, some of which were made known after the project signature. As a result, the present STAR3 has the following narrow focus, mirroring practically and almost module 1:

STAR3	
1.	Participatory governance approaches are developed and adopted by 6 municipalities and the experience disseminated
2.	Municipal integrity planning is replicated to up to 14 additional municipalities
3.	OSSIS is basically functional in all administrative units and hardware maintenance for 2 years is secured
	– An OSSIS-linked mobile application for service delivery is developed
	– OSSIS is upgraded with protocol and document correspondence modules and protected for business continuity in case of disaster
	– OSSIS integration with third part modules is developed
4.	An integrated local government data hub is established and supports various performance assessment exercises
5.	Government counterpart capacities for monitoring the implementation of the NCSDLG and its Action Plan are developed

The Financing Agreements with Sida and SDC were concluded in November 2020. The agreement with the EU Delegation, and therefore the trigger for the EU financing, has taken more time and will likely be concluded in June 2021. Likewise, the GoA contribution is yet to be received. At present, the bilateral agreement with GoA is being reviewed and approved by the line ministries prior to be submitted to the Council of Ministers for final approval and subsequently for enabling the release of funds.

In financial terms, STAR3 project will operate within a financial envelope of \$4,561,758<sup>1</sup>, out of which, over 85% are still to be received, pending the conditionality of government cost-sharing release and the conclusion of the financial agreement in the case of the EU.

The period in review fully coincides with the Covid-19 pandemic restrictions, which started with the full lockdown imposed in mid-March 2020 and then gradually relaxed, yet under strict conditions, from June 2020 onwards. This situation, as for almost all other socio-economic and development activities, had and still continues to have an impact on the extent of interactions with stakeholders centrally, and most importantly, in the field.

In spite of the top leadership change in the Ministry of Interior in December 2020, the project institutional set up has not been affected, with the Deputy Minister of Interior continuing to be the main institutional counterpart. On the other hand, both the Agency for Support to Local Self Government (ASLG) and the Directorate of Local Affairs at the Ministry of Interior are affected by some structural changes, aiming at strengthening and improving the operability of both structures. New Directors are appointed for both structures, and the Director of ASLG is the National Project Director for STAR3.

The general elections of 25 April 2021 also impacted the pace of interactions and reduced the availability and the attention of local counterparts for some time, especially in the couple of months before the elections' date.

The situation, overall, and the financial one in particular, were not favorable to properly plan or issue full working contracts for third-party service providers; however, the forthcoming conclusion of the agreement with the EU Delegation and the expected positive outcome of the Government cost-sharing will remove the financial obstacle and allow for work full speed.

In consideration of the above, and in summary, the current progress and results, as well as key challenges relevant to mention for the period in review, include the following:

- By end August 2020, eight additional municipalities went live on OSS
- During November 2020 – January 2021, a thorough assessment of OSS functionality was carried out by the project staff visiting all 48 OSS municipalities and the main problem patterns identified are feeding the Terms of Reference for OSS expansion
- The essential expert project staff has been retained and some staff gaps created during the interim phase are filled in - between January – March 2021, ten regional coordinators have been brought on board
- Terms of Reference for expanding the Integrity Plans to new municipalities are completed; IDM has been assessed in February 2021 as per UNDP rules and procedures and is ready to be subcontracted, once full funding is made available

<sup>1</sup> As per UN Rate of Exchange of May 2021

- Between February-April 2021, an IT needs assessment for OSS expansion in the administrative units has been carried out by the project staff, identifying approximate needs; MoUs with respective mayors will be signed during June 2021 to secure their commitment.
- By end March 2021, all municipal OSS maintenance and support agreements (SLAs) continuing from STAR2 expired and will need to be renewed under STAR3 once adequate funding to the project is made available.
- Terms of Reference for Public Consultation and Participation at local level are completed and ready to tender
- Requirements for addressing the challenges and the impact of expiration of OSS Service Level Agreements (ensuring OSS maintenance and helpdesk) in all target municipalities are developed
- Draft Terms of Reference for OSS expansion is completed, a final tweak is necessary to make them ready for tendering
- Consultations with the PM Office, Good Governance Department are ongoing to assess options of integrating IPSIS at local level

### 3 STAR3 Project

STAR3 Overall Objective is to strengthen local government effectiveness and efficiency through enhancing the supporting framework, consolidating systems, standards, and organizational capacities in place, expanding, and sustaining service delivery innovation and best practices, and institutionalizing local government accountability to women and men for enhanced participatory governance.

The overall objective will be supported by the following specific objectives:

1. Local government participatory governance practices are in place and functional and encourage civic engagement.

The focus of this specific objective will be on introducing and strengthening the supply of opportunities for participation and civic engagement as well as the promotion of a stronger culture of accountability and integrity for local governments. The Project will develop and/or promote a stronger local democracy and civic engagement in local decision-making, coupled with increased transparency, accountability and integrity of the public authorities and their operations. Several instruments developed earlier will be utilized, along with the development of innovative approaches, to introduce and support adoption of new local practices for interaction with the public and disseminate these potential collaborative systems to all municipalities.

2. Municipal systems and standards are enhanced, expanded, and consolidated for improved service delivery and overall municipal performance.

The consolidation, expansion, and further tweaking of the already built network of municipal one-stop-shop offices will be the main area pursued under this specific objective. The support for the consolidation and expansion of the OSSIS will target both central municipalities and their administrative units, along with advancing the practice of integrated offices in partnership with the Agency for the Delivery of Integrated Services in Albania (ADISA).

The Project, in partnership with other actors, will invest efforts to contribute to the establishment of a municipal performance system, by pursuing opportunities of developing a common platform of local data taking into consideration the applicability of the IPSIS system at the local level, as tools that would allow the strategic and operational monitoring of local government and will benefit both the central and local governments.

3. Government institutions, responsible for decentralization and local government, are capacitated to effectively drive policy development, coordination, and monitoring.

This specific objective will focus on building in-house central government capacities for the monitoring the progress of implementation of the NCSDLG Action Plan.

STAR3 will work in partnership and close collaboration with several public offices and agencies. The Ministry of Interior will be the highest-level partnership and project counterpart, as this institution has the overall mandate and oversight role on the strategic, operational, and monitoring frameworks where local governments operate.

Albanian local governments will be the main beneficiaries of the Project. Their willingness, absorption capacities and real commitment of resources for collaboration are critical for the successful implementation of the activities as well as for the sustainability of the interventions envisaged by the Project.

## 4 Project Factsheet

<b>Project Title</b>	STAR3 – Sustaining and Advancing Local Governance Reform		
<b>UNDP Project ID</b>	00118883		
<b>Official Start Date</b>	01 September 2020	31 December 2022	
<b>Total duration (months)</b>	28 months		
<b>Contributions</b>	Original Currency	USD Equivalent <sup>2</sup>	Received
<b>EU Delegation</b>	EUR 2,500,000	3,026,634	
<b>SIDA</b>	kr 5,000,000	585,078	346,101
<b>SDC</b>	USD 575,000	575,000	200,000
<b>UNDP</b>	USD 100,621	100,621	100,621
<b>GoA</b>	ALL 27,662,000	274,425	
<b>Total Contributions:</b>		<b>4,561,758</b>	<b>646,722</b>
<b>Expenses (as of May 2021)</b>	288,633		
<b>Commitments:</b>	404,871		
<b>Target groups</b>	Albanian Municipalities and the Ministry of Interior as the central institution responsible for decentralization and local government policy and reform		
<b>Final Beneficiaries</b>	The Project will contribute to the modernization and strengthening the effectiveness and efficiency of municipal operations and their service delivery. Citizens and local communities, as service receivers and participants in decision making, through inclusive and transparent decision-making processes, are the final beneficiaries of the project support.		
<b>Implementing Agency</b>	United Nations Development Programme in Albania (UNDP)		
<b>Partners</b>	<ul style="list-style-type: none"> <li>– Albanian Municipalities Association for Local Autonomy &amp; Association of Albanian Municipalities</li> <li>– Other regional and local development stakeholders</li> <li>– Central Government institutions and agencies such as: the PM Office, relevant line ministries such as Finance, Justice, etc., ADISA, Agency for Support of Local Self-Government (ASLG), National Agency for Information Society, INSTAT, the Commissioner for the Right to Information and Protection of Personal Data, Ministry of Justice, various Civil Society Organizations, etc.</li> </ul>		
<b>Objectives</b>	<p>The Overall Objective is to strengthen local government effectiveness and efficiency through enhancing the supporting framework, consolidating systems, standards and organizational capacities in place, expanding and sustaining service delivery innovation and best practices, and institutionalizing local government accountability to women and men for enhanced participatory governance.</p> <p>Specifically, the Project will aim to ensure that:</p> <ol style="list-style-type: none"> <li>1. Local government participatory governance practices are in place and functional and encourage civic engagement</li> <li>2. Municipal systems and standards are enhanced, expanded, and consolidated for improved service delivery and overall municipal performance</li> <li>3. Government institutions, responsible for decentralization and local government, are capacitated to effectively drive policy development, coordination, and monitoring</li> </ol>		
<b>Expected results</b>	<ol style="list-style-type: none"> <li>4. Methodology for public consultation and participation adopted and implemented in six municipalities and endorsed as a municipal standard</li> <li>5. 1/3 of Albanian municipalities supported to adopt integrity planning as a tool for the management of corruption risks</li> <li>6. The one stop shop system functionality is improved overall and extended to up to 240 municipal administrative units</li> <li>7. A local government data hub, inclusive of local level IPSIS module requirements is in place</li> <li>8. Central level government structures in charge of Decentralization and Local Government are capacitated to monitor the implementation of the NCSDLG and its Action Plan</li> </ol>		

<sup>2</sup> The total amount of contributions varies every month, depending on the used rate of exchange. As such, the total will vary until all contributions are received. For this report, the latest UN rate of exchange of May 2021 has been used



## 5 Implementation progress

### 5.1 Period in review: Apr – Aug 2020 - Preparation phase implementation

Two weeks after the entry in force of Covid-19 lockdown regime throughout the country, at the end of March 2020, STAR2 completed its implementation life cycle, STAR3 proposal was still under review, and the Government cost-sharing contribution to STAR2 was finally disbursed to UNDP's account.

With the aim to i) ensure a smooth transition from STAR2 to the forthcoming STAR3, ii) maintaining a project continuity of relationships with local governments, and (iii) retain the existing essential project expertise, UNDP proposed to the government counterpart and the project partners to use the Government cost sharing as a bridge from the old to the new project for the period April-August 2020, which was a match between the amount of Government cost-sharing and the cost estimates of the activities to be undertaken during this period.

This proposal was accepted and gave life to a STAR3 preparatory phase, which focus was mainly to: i) making further progress in OSSIS expansion, finalizing the STAR3 review and proposal, and anticipating approaches and developing specific terms of reference for key STAR3 activities.

On the OSS expansion - The project team undertook a quick re-assessment of the situation in the 10 municipalities which could not be reached or were unable to respond to the OSSIS assistance within STAR2 lifespan. The exercise came to conclusions that with little external support, eight municipalities of Himare, Finiq, Peqin, Diber, Mirdite, Puke, Roskovec, and Fushe-Arrez could join the OSS.

Detailed technical specifications for municipalities in need of the minimum necessary infrastructure were developed and such IT infrastructure procured, dispatched, and installed in each municipality.

IkubInfo was subcontracted for the OSS deployment, during July-August 2020, and provided assistance in: i) updating LG organigrammes, ii) configuration of service workflows, iii) supporting user configuration and VPN installation for each participating LG, iv) re-training LG staff, v) on-site support during the Go-Live process, and vi) ensuring one-month support after Go-Live.

By the conclusion of the Preparatory Phase, the number of municipalities where OSSIS has gone live reached 48 municipalities.

In parallel, draft Terms of Reference for municipal IT infrastructure assessment and for consolidating OSSIS and expanding it to administrative units were also prepared with the support of an international expert, anticipating STAR3 preparatory work.

On participatory governance – The project team has drafted the respective Terms of Reference, following a review of STAR2 products and instruments related to effective participatory local governance and a refining of the approach and key elements of participatory cycles including planning, implementation, and reporting, while integrating into the implementation of consultation processes innovative tools identified previously.

On municipal integrity planning - Based on the recent practice in place and the officially approved Integrity Risk Assessment (IRA) Methodology, draft Terms of Reference for the rollout of Integrity Planning process in 30 additional municipalities were developed.

On municipal performance - The consultation and coordination processes related to an integrated system of local data and indicators continued with more intensity during this phase. A series of meetings and technical exchanges with the Strong Municipalities, Municipalities for Europe, and SECO projects took place during April-June 2020, with the aim to ensure synergy, complementarity, and coordination of the efforts among the key projects contributing to

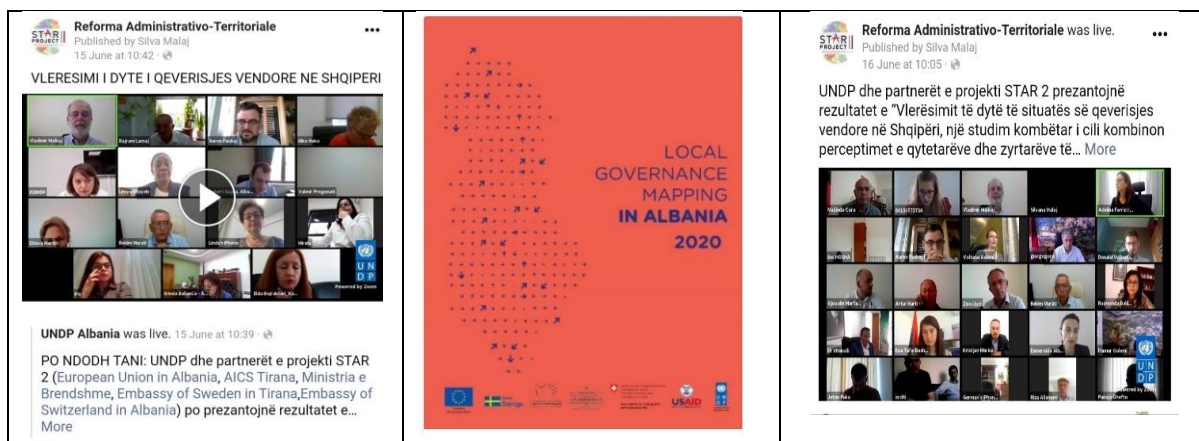
local data and indicators. Additional technical contributions included the unification of data passport structure and unification of methodology for data generation/quality assurance.

Nevertheless, the recommendation from the Good Governance Department at the Council of Ministers, for considering a further alignment of the approach with the long-term objectives of the Central Government to expand the Integrated Planning System (IPSIS) at the local level, opened up a new perspective as well as indicated the need for renewed consultations about this option. This issue continues to be a topic for discussion between the GGD and the Ministry of Interior as well as between GGD and STAR3, seeking to understand the feasibility and compatibility of required efforts with the project timing and resources needed to be further validated and agreed with government stakeholders and project partners.

Support to ASPA - The project, in close cooperation with ASPA, examined possible priority actions, aiming at enabling ASPA to build and deliver structured training for municipal staff. Supporting ASPA to design and deliver an induction curriculum for local government officials was reconfirmed as an entry point for collaborating with the school. Such support would cover: a) The programming process of induction training, based on current ASPA standard (themes definition, objectives, formal program documentation), b) Curricula design, c) Organization and delivery of training of trainers for induction training, d) Training impact evaluation (methodology, knowledge and skills evaluation to measure impact). Nevertheless, this activity was later removed from the scope of STAR3 and has not been followed.

Launching of the 2nd Local Governance Mapping Results: Due to COVID 19 immediate lockdown, the results of 2nd LG Mapping were not possible to be disseminated during the STAR2 project lifespan. The launch of the LGM results was carried out through two online events, respectively on 15 June and 16 June 2020, to ensure the necessary space for discussions and comments: 1st launch workshop with the participation of national institutions, CSOs, international organizations, and project partners (in English Language); and 2nd launch workshop with the participation of Mayors and LG representatives and other local actors (in Albanian language). The publication of the National Report on Local Governance Mapping 2020 and its promotion through social media was a follow up action of the project for ensuring a broader outreach.

Finalization of STAR3 Project Document - STAR3 final project document was a key product of the Preparatory Phase, reflecting inputs from the past and reviews from different stakeholders. UNDP, under the leadership of the main beneficiary and in consultation with the partners and key government institutions, refined and fine-tuned the proposal, reaching a final document endorsed by the Government on 21<sup>st</sup> August 2020.



## 5.2 Period in review: Sep 2020 – May 2021 – STAR3 implementation

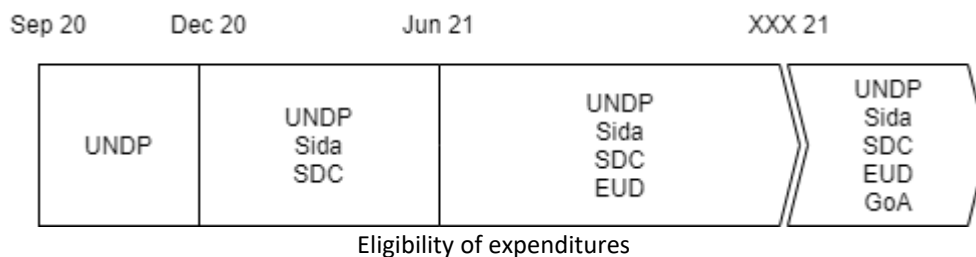
Project setup – staffing, premises, operations – for the initial months were financed by UNDP’s contribution.

The Financing Agreements with Sida and SDC were concluded in late November 2020, both with a schedule of payments of two tranches, the second ones under the conditionality of the actual disbursement of Government cost-sharing to STAR3.

Government of Albania officially committed to a cost-sharing contribution similar to that of STAR2. Since, a draft bilateral MoU has been duly cleared by both legal offices of the Ministry of Interior and UNDP’s HQs and currently is being circulated for review by the relevant line ministries as per GoA procedures. At the conclusion of this step, the full package will be submitted for approval to the CoM, allowing for the release of payments.

The Financing Agreement with the EU is close to conclusion and will enter into force as of 1<sup>st</sup> June 2021, which also represents the cutoff date for the eligibility of expenditures.

These financial intricacies and arrangements, some of which unpredictably taking more time, have impacted a proper project planning, and held back the full start of the first project activities.



As the project has actually received, as of end May 2021, only 15% of its budget, the largest chunk of the funds is tied up to staff and rental services costs until end 2021. However, as the EU agreement is being concluded and ensures expenditure eligibility from 1<sup>st</sup> June 2021, the project is ready to jump start several activities within this month, as per details stated below in this report.

In terms of preparation, adaptation, and activity implementation under the period in review, the project has made some progress as follows:

### Review of project scope

During September – October 2020, as all partners’ commitments were clearly stated, an exercise of revising the scope of the project document – basically Module 1 - by prioritizing the areas of interventions and matching costs with the overall available funds has been conducted. This exercise was the basis for concluding the Financing Agreements with Sida and SDC later on.

The revised scope of the project Module 1 vs the official/signed one contains the following main elements:

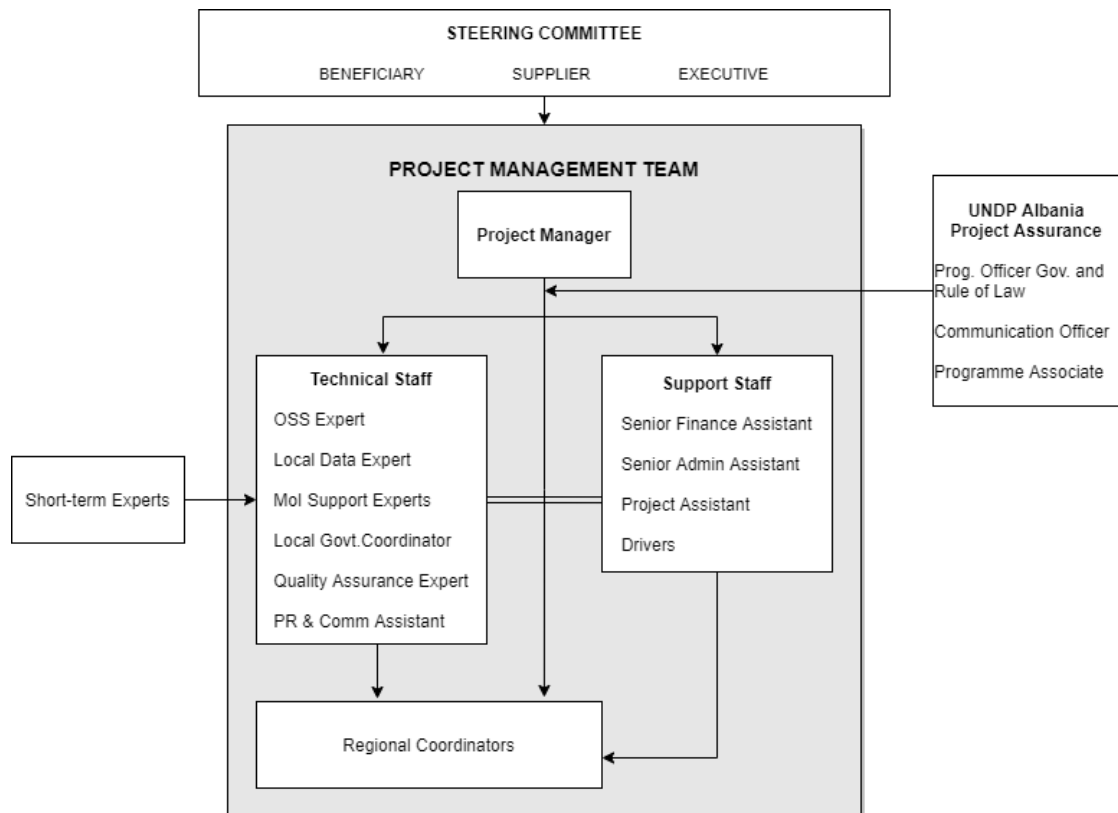
- Number of municipalities benefiting from direct Public Consultation and Participatory Governance assistance is increased from 5 to 6.
- Number of municipalities benefiting from direct Integrity Planning assistance is reduced from 15 to 14.
- OSSIS upgrade and expansion to administrative units is basically retained with all its elements plus adding the necessary elements of OSSIS server upgraded and protection for business continuity and integration with third part modules.

- The proposed assistance for the establishment of an integrated local government data hub is retained, but also being reviewed in the light of the latest Government request to consider compliance or harmonization with the Government built Integrated Planning System approach and structure.
- The proposed assistance to the central Government in developing the new NCSDLG, has been modified into in-house capacity building for monitoring the NCSDLG Action Plan implementation.
- The assistance to ASPA for developing standard curricula for municipal staff has been omitted.
- Lastly, given the delays in the start of project activities and based on financial figures, the review considers it possible and proposes the extension of the project implementation period until the end of 2022, in contrast to the 24-month period of set for Module 1. This extension is necessary to give more time to the implementation of activities, which could not start before June 2021.

### Project staffing

The essential expert project staff has been retained from the Preparatory Phase and moved to the STAR3 project. Nevertheless, during the Preparatory Phase, the project replaced the OSS expert, as the former one left, while the PR and Communication and the Administrative Assistant did also leave and were not replaced. Between January – March 2021, the project re-hired ten regional coordinators and since April 2021 a new Admin Assistant is on board. The PR and Communication Assistant is still to be hired.

A full Project Management Team will comprise a National Project Manager, 6 expert staff, 5 support staff and 12 part-time regional coordinators, each responsible for one qark. The PMT structure and its relationships within the overall project management arrangements are given visually below:



#### **ACTIVITY: Public consultation and participation practices at municipal level**

Terms of Reference for Public Consultation and Participation at local level are ready. This activity is kept on hold until full funding for commitment is made available.

The Activity consists in testing in practice the instruments developed by STAR2 in combination with local level experience and best practices and in consultation with central policy makers, with the aim to shape operational standards, replicable and applicable for all municipalities.

The Terms of Reference pay attention to the following elements along the process:

##### ***Criteria for selection and engagement of Municipalities.***

Criteria for selection will consider diversity in terms of:

- size,
- geography,
- municipal readiness,
- practices in place, etc.
- quality of involvement in developing consultation instruments during STAR2 (Kukes, Fushe-Arrez, Vore, Tirana, Korca, Devoll, Kuçova, Roskovec and Selenica).

##### ***Development of the working context in each selected municipality***

The preparatory work will include the re-introduction of the theoretical tools and guidelines developed by STAR2, fed also by an assessment of recent municipal practices on participation and consultation processes, as well as the introduction of innovative public consultation approaches that would be part of the technical proposal for the implementation of this activity.

##### ***Implementation of public consultation instruments***

Support will be provided for a joint development of an Annual Plan on public engagement in decision-making and its publication, containing: areas of decision-making subject to consultation during the year, necessary resources, timelines and actions to be undertaken, stakeholders and engagement mechanisms to ensure the targeted outreach as well as communication in different steps foreseen and mutual exchange of information. Important attention during this process will be dedicated to gender barriers towards meaningful participation. Monitoring tools developed at this stage will be implemented to monitor and evaluate real life consultation processes vis-à-vis standards defined by law.

Real life consultations will be supported through hands-on support and coaching to each municipality in handling concrete consultation processes through a standard consultation cycle. Assistance will come as a follow up of the Annual Plan and will focus in detailing the organization plan of consultations from identification of conditions and issues to be addressed, options to consider for consultation and receiving feedback and reporting.

The experience will be disseminated to all Albanian municipalities along with a capacity building package for municipal managerial levels and the Coordinators on Public Consultations in particular.

The Activity will dedicate a particular emphasis to the endorsement of the practice and methodology by government authorities at local and central level as annual practice for public engagement and consultation.

## **ACTIVITY: Consolidation and expansion of the practice of Integrity Planning**

Terms of Reference for expansion of Integrity Planning pilot experience are developed.

As per UNDP rules, IDM, as the identified Responsible Partner for this activity, has been subjected to a Harmonized Approach to Cash Transfer (HACT) audit, which IDM passed successfully last February 2021.

In addition, in late April 2021, UNDP has engaged a short-term consultancy for the development of various alternatives of an Integrity Index, a quantification measure of the municipal integrity performance that the Project envisages to introduce.

In response to the Terms of Reference for the full expansion, IDM has submitted its proposal, which is reviewed and approved by UNDP. The contract for services with IDM is being concluded and will start implementation in early June 2021.

The Activity is about consolidation and expansion of the integrity this instrument to at least an additional 14 municipalities, that is making integrity planning a standard and integral part of the overall management of the local administrations in a total of 20 municipalities, or about 1/3 of all Albanian Municipalities. The practice will also be disseminated to other municipalities and the objective is to trigger a positive reaction from additional municipalities by the end of the project.

The Terms of Reference pay attention to the following elements along the process:

### ***Assessment of Integrity Plans implementation in pilot municipalities***

A quick assessment of the state of affairs in the implementation of the Integrity Plans in six pilot municipalities will take place, with the aim of informing the decision-making for potential adjustments and refining of the Methodology, with special emphasis on the process of identification of risks and measures to tackle those risks. The identified elements will be considered through the roll out phase of Integrity Plans.

### ***Selection of new Municipalities***

During the pilot phase, the six municipalities were selected on a voluntary basis. This principle will be again applied together with additional criteria to be elaborated in collaboration with the Ministries of Justice and Interior, taking also into consideration the municipal geography, size and rating in the Local Governance Mapping 2020, among key criteria.

### ***Integrity Plans in the new selected municipalities***

A standard approach for each municipality will start with the establishment of an internal Integrity Working Group, through an internal order of the respective Mayor. The integrity risk assessment process will adhere to the following order:

- Preparation, and communication with the members of municipal Integrity Working Group
- Identification of Integrity Risks
- Assessment, analysis, and the way to address them
- Formulation of the Action Plan for the management of integrity risk and the related register
- Definition of the monitoring and reporting instruments.

### ***Integrity Index***

This is a novel product that STAR3 commits to deliver, based on the critical mass of municipal integrity plans to be developed. The integrity plans of the selected municipalities will be examined, seeking for converging measures, frequency of information, and data generation. The development of the Index will go through a participatory approach, including consultation with beneficiaries and key stakeholders at the central and local levels. Such consultation will aim to

identify (i) the principal areas of the anti-corruption agenda to be monitored, (ii) linking monitoring areas with the assessment instrument, (iii) fine-tuning assessment indicators, and finally (iv) identify the practical protocols of measuring and reporting on the assessment indicators.

***Dissemination of the experience***

All municipalities not directly benefiting from the expansion will be invited to participate in the capacity building exercises accompanying the development of the 14 Integrity Plans. A dedicated dissemination campaign will be launched and implemented, and all municipalities will be invited to adopt and report along the Integrity Index.

**ACTIVITY: Improving and expanding the OSS system at sub-municipal level**

While draft Terms of Reference for OSS functionality assessment, OSS IT gaps and OSS expansion in the administrative units have been prepared since September 2020, with the intention to contract these services out to specialized service providers, because of lack of adequate resources, this approach was not followed.

Instead, during November 2020 – January 2021, a thorough assessment of OSS functionality was carried out by the project staff, visiting all 48 OSS municipalities and the main problem patterns identified will feed the revised Terms of Reference for OSS expansion.

Subsequently, between February-April 2021, an IT needs assessment for OSS expansion in the administrative units has been carried out by the project staff, identifying approximate needs in consultation with respective Mayors or municipal managerial staff. This exercise will be followed up by accurate specifications and formalization of the commitment of each municipality through the signing of MoUs with the respective Mayors during June.

***OSS functionality assessment***

Taking into consideration that the municipal one-stop office system established by STAR2 is a relatively new approach for most municipalities (over 15 municipalities adopted the system only during Jan-Aug 2021) and functionality problems will inevitably appear during the practical use of the system, undertaking an assessment of how the system operates today and what problems are frequently, or particularly, encountered, were necessary inputs for preparing the municipalities for the next step of expanding this system to the administrative units.

With this understanding, OSS-related questionnaires were sent out to all 48 municipalities to understand the experience they have with the OSS and the challenges and issues they have encountered during the operations. To ensure and verify the feedback received, almost all municipalities have been physically visited, and management and technical discussions have taken place with local officials.



**ADISA Co-location in Kukes**



**Meeting Mayor of Vlora**



**Meeting Deputy Mayor of Has**



The basic categories of questions and the respective answers collected are the following:

Category	Question	Answer
Central municipality OSS	How many municipalities are having issues with OSS?	19
	How many municipalities find manual methods better than OSS?	9
	How many municipalities think refresher training is necessary?	21
	How many municipalities make use of OSS data?	10
	How many municipalities have issued an internal order for OSS utilization?	16
	How many municipalities require change of workflows?	8
Administrative Units' OSS	Total number of administrative units for OSS confirmed by the respective mayors	214
	Readiness of municipalities to provide IT equipment for the administrative units.	30%
	Number of administrative units ready to receive the OSS. (no IT support)	47
Integration/new module	Digital archive (module)	5
	Tax management (module)	7
	<a href="https://www.shqiperiaqeduam.al/">https://www.shqiperiaqeduam.al/</a> (integration of central government complaints system)	2
	Digital signature for online services (NAIS)	4

The exercise identified key issues, some of them common to non-performing municipalities and often a combination of the following factors:

- Change of personnel in municipalities and as consequence lack of relevant system usage competence
- Poor managerial or logistics capabilities in certain municipalities
- Ongoing changes in municipalities procedures and workflows
- Resistance of end users to depart from the old traditional paper-based work
- The leadership of mayors is definitely a game-changer in most cases to overcome issues Expired OSSIS maintenance was a limiting factor for the implementation of the required changes (the last maintenance contract for the municipality of Tirana expired in March 2021).

A tendency has been noted in larger municipalities to accept and adopt the system in order to increase their performance and service delivery quality. Small and medium municipalities have been more resistant to change, believing that they could serve better and faster to citizens without the system due to their size and service procedures they have followed by years. Differences also vary from one individual to another due to the mentality, experience, and ability to use new technologies.

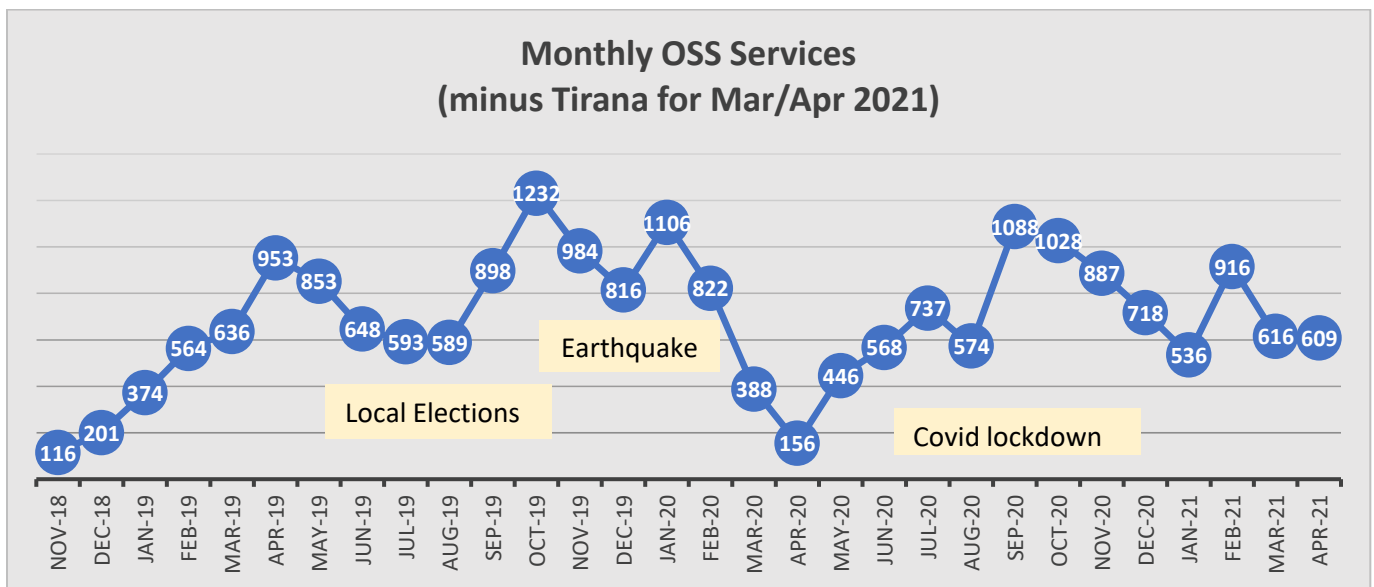
Another challenge faced is the frequent organizational structure changes in many municipalities, which implied frequent changes of the workflows, responsible structures, and staff. These



frequent changes affect the efficiency of service delivery and the sustainability of OSS system. Once the responsible structures are adapted and trained with certain services and certain tasks in the system according to their job position, the reorganization of the structure means that these structures need to be re-trained to be familiar with new services and tasks in the system.

An overall picture of the OSS functionality has shown that the system is sensitive and affected by the external environment, and the latter has had mixed effects: in some municipalities the pace of OSS operations slowed down and in some even halted; on the other hand, some of the unpromising municipalities, with the change of leadership, made themselves ready and started to operate the system starting from early 2020.

The OSS built-in BI reporting module shows that the monthly usage of OSS per number of applications for the period November 2018 up to April 2021 has been influenced by three major events:



\*) Adding Tirana municipality for March and April 2021 will distort the picture as OSS services applications for these months are respectively 1,513 and 1,780.

Despite the difficulties, as of end April 2020, the progress in OSSIS usage has reached significant figures: overall the system counts over 24,000 recorded applications.

In order to undertake a quick fix of the situation and preparing the municipalities for the OSS larger expansion, within the limits of the available resources, the project has developed the necessary tasks for addressing some of the above gaps and has sub-contracted IkubInfo to:

- Restore OSSIS maintenance and support services for 48 municipalities until end 2021
- Update OSSIS configuration to the actual state of organizational structures and service provision arrangements, when and if needed, in OSS municipalities
- Ensure, whenever necessary, refresher trainings and online support.
- Improve the BI dashboard and reporting modules as well as its accessibility to both municipal and central levels
- Provide specific support to Tirana municipality as the latter is gradually and steadily expanding the OSSIS usage

This contract starts implementation in June 2021

In the meantime, based on the above developments, the next steps in implementing this activity include:

***Public awareness on OSSIS:***

A national public awareness on the importance, features, and benefits of using and making available an OSS system for delivering administrative services will be launched and include best practices, testimonials, OSS features and data. The Public awareness will facilitate reception of the forthcoming OSSIS rollout phase and strengthen municipal collaboration and support.

Terms of Reference for this task are under development and will be finalized within June for launch in July 2021

***Support municipal needs for IT equipment***

This exercise has already started with a principle agreement reached with several mayors for revisiting the situation and seeking possibilities of jointly covering the costs. This matter will be institutionalized through committing both parties through a Memorandum of Understanding, signed with each municipality during June 2021, for ensuring the necessary IT hardware.

The Project will secure the minimum IT hardware for the successful rollout and expansion of OSSIS in the AUs. This activity will be informed by the IT equipment agreements above. The procurement process is scheduled to start in July with the aim of ensuring the hardware is delivered and installed within September 2021

***Rollout OSSIS in administrative units:***

Terms of Reference for full OSSIS rollout to AUs will be finalized within Jun - Jul 2021. The rollout will start around Sep – Oct 2021. This contract will also include: i) the development of the OSS Mobile *Web* Application, OSSIS upgrade and OSSIS extended maintenance and support.

***Integrated OSS offices in partnership with ADISA***

This sub-activity will further expand the collaboration with ADISA geographically for increasing the number of collocated and integrated service delivery offices for both central and local level services. To date, the number of integrated offices amounts to 11 and as per a joint calendar and close collaboration with ADISA, the annual increment is about 3-5 new municipalities. Tepelena municipality is the next one opening an integrated office and will be inaugurated on 22<sup>nd</sup> June 2021 as per current planning.

**ACTIVITY: Integrated platform for municipal performance / IPSIS**

The original STAR3 proposed intervention in this area consisted in the development of a publicly or semi-publicly accessible integrated platform for local data and indicators, including data and indicators developed by the SDC's Strong Municipalities, EUD's Municipalities for Europe and SECO's Strengthening Subnational Public Financial Management projects and adding and adding a complementary set of the same from STAR2 work along the six dimensions of: (i) Long term orientation of development, (ii) Local competences and capacities, (iii) Local public services provision, (iv) Integration of information technology (v) Sound financial management, and (vi) Transparency, accountability, and citizen participation. The integration of such information into a single platform would give a fuller picture of municipal performance and represents an important direction of support to LGs.

On the other hand, the central Government Integrated Planning System, a central and broad planning and monitoring instrument, ensuring government's core policy and financial processes, has recently progressed with a systematic and comprehensive approach to the extension and application of the IPSIS system, which is formalized in many legal actions (DCM 290, 11.04.2020, DCMs on PAR and PFM Strategy). Based on these developments, for the central Government, the extension of IPSIS at local level is considered a priority for measuring performance of policies and monitoring results, while maximizing efficiency and transparency in strategic planning processes.

The intersection of these two streams in late 2020 triggered ongoing discussions between STAR3, the Ministry of Interior and the Prime Minister's Office, with regard to the content of the integrated municipal performance instrument to be developed.

A first approach in handling both the integrated local data platform and the development and piloting of IPSIS at the local level has been drafted, however, discussions are still ongoing internally about the final orientation of the focus and the central Government request to making local IPSIS a central focus as a potential future and coherent institutional approach.

This approach will entail, indicatively, as discussions are still ongoing, the following main sub-activities to be carried out in three selected municipalities and include the following milestones:

1. Local strategic framework assessment: stocktaking and identification of all strategies, national and local, relevant to the three selected pilot municipalities.
2. Identification and validation of municipalities' operational and reporting processes on strategic documents vis-à-vis IPSIS requirements.
3. Identify complementarities and similarities of local strategies and their relevance with national policies, especially with the Strategy on Decentralization and Local Governance and NSDI.
4. Review the existing LGDP framework for potential integration and/or contribution to expansion of IPSIS at local level.
5. Preparation of an outline on the key steps and milestones to achieve the extension of IPSIS at the local level (to include desired outcome, completion of the strategic framework and accompanying measures, major milestones and deadlines), funding and financing support and engagement with stakeholders).

The assessment will be developed in close collaboration with the Ministry of Interior and the Good Governance Department at the PM Office. The output of this step will validate the feasibility and potential development of IPSIS at the local level and in the positive case, the development of the roadmap for localizing the IPSIS system, considering the central government demand and local level capacities and baseline.

Should the Steering Committee endorse this orientation, the Project will prepare to embark on this path, estimating a preparatory period of a few months and start of developing local IPSIS from October 2021. On the contrary, the project will continue along its original approach towards the development of an integrated data platform, including: i) development of the platform outline, ii) finalization and testing of data passports, iii) development of an integrated LGDP module, iv) piloting the LGDP module in a municipal environment, and v) support institutionalization and rollout of the LGDP module.

#### **ACTIVITY: Central level monitoring and reporting capacity building**

The Ministry of Interior has recently embarked on a restructuring of the Local Affairs Directorate at the Ministry of Interior and ASLG and at the same time has put more emphasis on the need for in-house capacities for monitoring and reporting processes linked to the Action Plan 2020-2022.

In parallel to the consolidation of the above structures, Mol has committed to submit the monitoring report of the current Action Plan for the year 2020 by June 2021.

In consideration of the ongoing restructuring at the Mol and the unconsolidated capacities, STAR3, through its internal staff expertise, is engaged in providing ad hoc support, to the Directorate of Local Affairs and ASLG, to carry out the first monitoring exercise of the Action Plan. Such support consists in guiding the monitoring and reporting process for the year 2020, by elaborating tools to gauge the level of implementation of activities and outputs.

In parallel, STAR3 support to Mol includes in elaborating a detailed approach to establishing a long-term monitoring system of the Action Plan. In addition, STAR3 experts are supporting Mol's reporting obligation on the monitoring framework as per the Integrated Planning System. In that respect, STAR3 assisted the Mol to produce the monitoring formats, in accordance with the Guidance of the Prime Ministers' Office under the Integrated Planning System.

Next steps in this area will consist in a more structured support to carry out the following (the full and detailed approach is still under development):

***Strategic assessment***

The NCSDLG and the Action Plan will be reviewed to identify areas and indicators to be assessed, the type of data to be collected and their sources, as well as the periodicity and requirements for ensuring such data timely.

***Institutional capacity assessment***

Assessing capacities internal to the Mol and its organizational setting for such responsibility, the data and information requirements. This assessment will focus on the capacities and roles attributed to both the ASLG and the Mol's Directorate for Local Government Affairs. The assessment will seek to also understand the future complementarities these two entities will assume as part of the current internal reorganization of those structures in the Mol. The assessment will also provide clarity on areas for support and an outline of how to structure such support.

***Development of a monitoring system***

With inputs from the above two exercises, and built on the immediate assistance provided to Mol, the project will develop the monitoring system for the Action Plan of NCSDLG. Part of the approach is the exercise of disaggregating activities of the Action Plan in more specific sub-actions and setting interim milestones, which would allow more proactive role of Mol in fostering implementation of the planned actions. This exercise will serve as bases for the buildup of an automated or semi-automated system for data input, with clear data and information capturing and data collection procedures, processing, and analytical and reporting outputs.

***In-house capacity building***

This support will aim to build in-house capacities for internalizing this task and move away from the practice of relying on ad-hoc external experts and assistance for carrying out the exercise annually. It is aimed that such capacities are put in place for reporting on progress from the second year of project implementation.

## 6 Provisional financial reports

### 6.1 STAR3 Preparation Phase Financial Report (Apr - Aug 2020)

<b>STAR3 Preparation Phase Budget</b>	<b>Total Budget Apr - Aug 20</b>	<b>Expenditures Apr - Aug 20</b>	<b>Balance</b>
<b>Project Management and Running Costs</b>			
Human Resources	143,250	133,233	10,017
Travel	3,500	561	2,939
Office running costs	16,067	15,303	763
Other costs (visibility, audit, evaluation, translation, etc.)	13,269	15,216	(1,948)
<b>Total project management and running costs</b>	<b>176,085</b>	<b>164,314</b>	<b>11,771</b>
<b>Project Activities</b>			
Municipal CB on Participation and Consultation	1,000	-	1,000
<b>Sub-total Participation and Consultation</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>
Municipal IT Procurement & Installation			
OSSIS Rollout (incl. IT procurement)	56,509	60,668	(4,159)
<b>Sub-total improvement and expansion of OSS</b>	<b>56,509</b>	<b>60,668</b>	<b>(4,159)</b>
<b>Total Project Activities</b>	<b>57,509</b>	<b>60,668</b>	<b>(3,159)</b>
<b>Sub-total PROJECT BUDGET</b>	<b>233,594</b>	<b>224,983</b>	<b>8,612</b>
UNDP Management Fee	11,680	11,539	141
<b>TOTAL PROJECT BUDGET</b>	<b>245,274</b>	<b>236,521</b>	<b>8,753</b>

## 6.2 STAR3 Financial Report (Sep 2020 - May2021)

STAR 3 Project Budget	Total Budget Sep 20 - Dec 22	Expenditures Sep 20 - May 21	Commitments Jun - Dec 21
<b>Project Management and Running Costs</b>			
Human Resources	972,713	242,475	220,956
Travel	23,141	1,541	
Equipment and supplies	18,700	-	
Office running costs	95,982	20,154	13,363
Other costs (visibility, audit, evaluation, translation, etc.)	171,374	5,924	
<b>Total project management and running costs</b>	<b>1,281,910</b>	<b>270,094</b>	<b>234,319</b>
<b>Project Activities</b>			
Municipal CB on Participation and Consultation	130,000	-	
Thematic Consultations	56,790	-	
<b>Sub-total Participation and Consultation</b>	<b>186,790</b>	<b>-</b>	<b>-</b>
Expansion of Integrity Planning to new municipalities	174,212	4,250	
<b>Sub-total Integrity Planning</b>	<b>174,212</b>	<b>4,250</b>	<b>-</b>
Public Awareness on OSSIS Utilization	37,700	-	
Municipal IT Procurement & Installation	600,400	-	
OSSIS Upgrade & Rollout & Software Maintenance	1,453,900	-	144,068
IT Hardware Maintenance and Support	150,190	-	
<b>Sub-total improvement and expansion of OSS</b>	<b>2,242,190</b>	<b>-</b>	<b>144,068</b>
Development & Capacity Building on Data Platform	222,000	-	
<b>Sub-total Local data platform / local IPSIS</b>	<b>222,000</b>	<b>-</b>	<b>-</b>
Government Support M & R on Action Plan	72,000	-	
<b>Sub-total CB on M &amp; R on Action Plan</b>	<b>72,000</b>	<b>-</b>	<b>-</b>
<b>Total Project Activities</b>	<b>2,897,192</b>	<b>4,250</b>	<b>144,068</b>
<b>Sub-total PROJECT BUDGET</b>	<b>4,179,102</b>	<b>274,344</b>	<b>378,387</b>
UNDP Management Fee	290,322	14,288	26,484
<b>TOTAL PROJECT BUDGET</b>	<b>4,469,424</b>	<b>288,632</b>	<b>404,871</b>

## 7 Updated work plan

STAR3 Work Plan	2021								2022											
	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	
<b>Activities per Result</b>																				
<b>RESULT 1</b>																				
<b>Participation and Consultation</b>																				
Finalization of ToRs																				
Tendering services																				
Activity implementation																				
<b>Thematic Consultations events</b>																				
Finalization of ToRs																				
Tendering services																				
Analysis and identification of themes																				
Development of themes																				
Consultation events																				
<b>RESULT 2</b>																				
<b>Integrity Planning</b>																				
Finalization of ToRs																				
Tendering services																				
Review pilot plans																				
Expansion to new municipalities																				
Integrity Index development																				
Dissemination of experience																				
<b>RESULT 3</b>																				
<b>Public Awareness on OSSIS Utilization</b>																				
Finalization of ToRs																				
Tendering services																				
Activity implementation																				
<b>Municipal IT Situation Assessment</b>																				
Conclusion of MoUs with municipalities																				
<b>Municipal IT Procurement &amp; Installation</b>																				
Finalization of Specifications																				
Tendering services																				
Subcontracting Service Provider																				
Delivery and installation																				
<b>OSSIS Upgrade &amp; Rollout to Administrative</b>																				
BI improvement																				
Finalization ToRs																				
Tendering services																				
OSSIS rollout																				
OSSIS integrations																				
OSSIS Mobile app development																				
IT Hardware Maintenance and Support																				
<b>RESULT 4</b>																				
<b>Development &amp; Capacity Building on Data</b>																				
Finalization of ToRs																				
Tendering services																				
Activity implementation																				
<b>RESULT 5</b>																				
<b>Government Support M &amp; R on Action Plan</b>																				
Finalization of ToRs																				
Tendering services																				
Activity implementation																				
Support annual reporting																				