



Contracting Authority: Delegation of the European Union to Albania

DESCRIPTION OF THE ACTION

INTEGRATED SUPPORT FOR DECENTRALIZATION

Name of applicant:	United Nations Development Programme	
Title of the action:	Integrated Support for Decentralization	
Location(s) of the action:	Tirana and selected qarks of Albania	
Total eligible cost of the action (A)	Amount requested from the Contracting Authority (B)	% of total eligible cost of action (B/Ax100)
5,200,000 EUR	4,700,000 EUR	90.38 %
Total duration of the action:	51 months	

Dossier No	
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I. THE ACTION

1. DESCRIPTION

1.1. Title

Integrated Support for Decentralization

1.2. Location(s)

Tirana and selected qarks of Albania

1.3. Cost of the action and amount requested from the Contracting Authority

Total eligible cost of the action (A)	Amount requested from the Contracting Authority (B)	% of total eligible cost of action (B/Ax100)
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1.4. Summary

Despite a steady economic growth reflected in a high average percent of GDP in the last years, Albania has to tackle still a broad range of institutional and structural reforms in order to further adjust to a democratic and free market system, which is at the same time efficient, effective and equitable.

For this purpose, Albania has set up the strategic framework through the complete revision of sector strategies and the elaboration of an overarching National Strategy for Development and Integration.

The signing of the Stabilization and Association Agreement in June 2006 marked another stage of progress toward EU integration as well as a new set of requirements to meet. Being subject to IPA support since January 2007, Albania has to build up the required institutions and systems for managing this new format of EU assistance and prepare for handling the structural funds in the forthcoming candidate stage. The application for a candidate country status makes these efforts even more pertinent.

The present Project intends to assist the Albanian government to prepare the necessary institutional, legal and administrative frameworks conducive to the implementation of local, national and EU regional development policy through support to central level established/ initiated structures compliant with IPA Implementing Regulations, alignment of domestic regional development approach with the EU financial assistance paradigm and improvements to public infrastructure related to transport and/or environment in a selected number of qarks.

The project will closely consult and follow strategic priorities and developments in the sectors of transport, environment, business promotion, employment, education and administrative and fiscal decentralization in order to adopt its technical assistance to the context and avoid incoherence in promoting models of regional development.

The Project will be implemented by UNDP in close partnership with a number of leading and line ministries involved in (1) IPA3 and (2) domestic regional development, having as the overall project counterpart the Ministry of European Integration (MEI) and the Department for Strategy and Donor Coordination (DSDC) specifically for (2).

Assistance for IPA3 will consist in supporting institutional and capacity building for IPA3 structures and the related strategic and programming documents, involving as required the IPA3 line ministries of Public Works and Transport (MPWT), of Environment, Forests and Water Management (MEFWM), of Ministry of Economy Trade and Energy (METE), and of Finance (MoF).

With regard to advancing the domestic regional development agenda, the Project will closely collaborate with the Department for Strategy and Donor Coordination (DSDC) on matters of policy development and coordination, whereas several other line ministries and government agencies will be interacting with and benefiting from assistance, including the Ministry of Interior (MoI), actors of the Regional Development Fund as well as regional and local governments in selected Albanian regions (qarks).

INSTAT and the inter-ministerial committee on NUTS2 will be interlocutors of the project on the NUTS2 matters and assistance.

Total duration of the action	51 months
Objectives of the action	<p>Institutional and administrative capacities for regional development are built in compliance with national priorities and the EU regional development and cohesion policies and instruments.</p> <ul style="list-style-type: none"> • The necessary institutional, legal and administrative framework conducive to the implementation of national and EU regional development policy is established, • Capacity in policymaking, development planning, implementation and monitoring the regional development established at existing institutions at central level and in selected regions • Public infrastructure related to transport and/or environment improved/built in selected qarks in accordance with respective sector strategies/plans.
Partner(s)	<p><u>Mainly in support to SC/QS and SCF/OP for IPA3</u></p> <ul style="list-style-type: none"> • Ministry of European Integration (MEI) • Ministry of Public Works, Transport and Telecommunications (MPWTT) • Ministry of Environment, Forests and Water Management (MEFWM) • Ministry of Economy Trade and Energy (METE) • Ministry of Finance (MF) <p><u>Mainly in support to domestic regional development</u></p> <ul style="list-style-type: none"> • Department for Strategy and Donor Coordination, PM Office (DSDC) • Ministry of Interior (MoI) • Councils and/or local governments in selected Albanian regions (qarks) • Other regional development stakeholders including other donor organisations <p><u>Mainly in support to NUTS2 division</u></p> <ul style="list-style-type: none"> • INSTAT

Target group(s)	<ul style="list-style-type: none"> • National structures dealing with EU and domestic regional development • Sub-national structures at selected regions dealing with regional development • Other regional stakeholders to whom know-how will be disseminated
Final beneficiaries	<ul style="list-style-type: none"> • Ministry of European Integration <u>especially for SCF</u>, • Ministry of Public Works and Transport, • Ministry of Environment, Forests and Water Administration, • Ministry of Economy Trade and Energy (METE), <u>especially for OP IPA3</u> • Department for Strategy and Donor Coordination (DSDC), • Regional Development Fund stakeholders, • Ministry of Interior, • Selected Albanian qarks, especially for <u>national regional development</u> • INSTAT
Estimated results	<p><u>Result 1.</u> –Appropriate support to preparing IPA Component 3+4 Strategic Coherence Framework and IPA 3 Operational Programme is provided and a policy framework for Regional Development is prepared for the revised NSDI</p> <p><u>Result 2.</u> – Institutional and administrative capacity able to sustain the regional development process in line with the national regional development policy and EU instruments is established and piloted,</p> <p><u>Result 3.</u> – Improvements in public infrastructure carried out in line with the Committee of RDF and the priority selection systems in place</p>
Main Outputs	<ul style="list-style-type: none"> • Policy paper on regional development • Programmatic support to government for preparing the Strategic Coherence Framework • Programmatic support to government for preparing the Operational Programme for IPA3 • A draft of RD policy construct for NSDI • A revised Regional Development Fund design more convergent/complementary to IPA3 • An IT management system for the Regional Development Fund provided • Assistance to up to four qarks for developing their own Development Strategies/Investment Plans • Dissemination of good practice to other regional and local actors • Infrastructure works investments to the amount of 2.2 MEUR

1.5. Objectives

The Overall Objective of the proposed action is to establish the institutional and administrative capacities for regional development in compliance with national priorities and the EU regional development and cohesion policies and instruments.

The Action will contribute in fulfilling the above objective by specifically seeking to:

- Assist the government to establish the necessary institutional, legal and administrative framework conducive to the implementation of local, national and EU development policy in the area of regional development
- Improve the policymaking processes and capacities in development planning, implementation and monitoring at existing institutions at central level and in selected regions in order to ensure a sustainable regional development,

- Carry out improvements in public infrastructure in accordance with respective sector strategies/plans and systems in place.

1.6. Relevance of the action

Albania is keeping at a steady economic growth and an ambitious agenda of reforms of its institutions and aspects of governance towards a further democratization, effectiveness and compliance with EU accession criteria.

Following the Commission's November 2005 Enlargement Strategy Paper which stressed that Albania's reform progress paved the way for the conclusion of the negotiations, the Stabilization and Association Agreement was signed on 12 June 2006 in Luxembourg.

In December 2005 the European Council adopted a revised European Partnership for Albania (replaced later by Council Decision 2008/210/EC of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54/EC). The European Partnership identifies short and medium term priorities which Albania should address, serves as a checklist against which to measure progress, and provides guidance for EU assistance.

In response, the Albanian Government prepared a detailed National Plan for the Implementation of the SAA (2007 -2012), assembling the necessary actions to undertake in the short, medium and long term for meeting the standards and the requirements of the EU acquis.

In meeting the costs of reforms, Albania has benefited from financial assistance under the Community Assistance for Reconstruction, Development and Stabilization (CARDS) programme. Starting from January 2007, the existing assistance instruments are replaced by the single Instrument for Pre-Accession Assistance (IPA).

The implementation of IPA assistance in complementing national development policies requires the establishment of a new institutional framework, which is a precursor and mirrors the post-accession institutional arrangements necessary for the utilization of various EU structural and cohesion funds. The timing for undertaking such institutional change is immediate as the implementation is a process of institution and capacity building and would require also dramatic changes from the way public business is carried out at present.

One of the major development challenges Albania has identified relates to the lack of tradition and proper policies for regional development and the current state of extreme regional disparities. This situation is exacerbated by the transition economic decline and the internal demographic changes, which have emptied and neglected considerable areas of the territory in favour of development concentration in the larger urban areas.

Regional development gained Government attention mostly from 2006 onward, with scattered attempts and experiments in the earlier years. The National Plan for the Implementation of the SAA refers to the commitment of the Government of Albania to ensure "a balanced development of the country regions, as per implementation of policies and projects, aiming at a diminution of poverty and softening the differences in regional development".

Also, in the framework of formulation of the National Strategy for Development and Integration (NSDI) the Government approved in November 2007 a Cross-cutting Strategy for Regional Development (CSRSD) and its related Action Plan. The CSRSD's vision calls for "A balanced and sustainable socio-economic growth among the regions of Albania, in general, and of mountainous and peripheral areas, in particular, in order to support a fast development of the whole country and accelerate the integration processes into the EU and NATO".

Another firmer deadline relates to the development of the national statistical system with regards to sub-national data able to develop different options of NUTS II sub-division of the country, being the eligible basis for the calculation of the allocation of structural funds. The National Plan for the SAA Implementation underlines "Article 71 of SAA provides that within five years from the date of entry into force of this Agreement, Albania should submit to the Commission of the European Communities its GDP *per capita* figures harmonized at NUTS II level"

Regional development is horizontal by nature, since it intersects with many other sectors. It requires very close cooperation and synchrony of actions taken in the framework of other sector and cross-sector strategies which have a say in local development, in addition to the required flexibility for the Regional Development policy to adapt to institutional changes necessary to meet the EU practices and policy instruments on regional development.

In addition, beyond management at the central level, regional development occurs naturally in the regions and is being implemented by the different levels of local government. In this context, a major influence (not necessary negative) resides in the progress and course of the decentralization reforms - especially with respect to administrative and territorial reform and the scope of regional government – which is another daunting task for the Government to achieve.

Status of Regional Disparities

Macroeconomic performance since the beginning of this decade has been strong, and Albania is now emerging from the low-income country group. Per capita GDP in US dollar terms has more than doubled during this period, helped by the successful implementation of poverty reduction and growth programmes and large remittances. The rapid growth has significantly reduced poverty, although further efforts will be needed to achieve some of the Millennium Development Goals.

However, progress with structural reforms necessary to maintain Albania's high growth potential has been mixed. As a result, Albania lags behind middle-income countries with respect to quality of business climate and institutions. The differences are most pronounced in crucial areas such as corruption, rule of law, and infrastructure development. The resulting low level of non-price competitiveness deters investment and the expansion of the export base, which is less than half of the typical size for a country at Albania's income level. Moreover, major vulnerabilities remain due to the sizable short-term domestic public debt, a culture of tax evasion, and poorly regulated and supervised non-bank financial institutions. On the other hand, the economic crisis, although believed by many not to have a considerable effect on Albania, has led to a decline in exports and remittances from abroad and limited Albania's access to external financing.

Moreover, socio-economic development is highly uneven. Regional disparities are present in an extreme form: Poverty is 66% higher in rural areas than in Tirana and 50% higher in rural areas than in other major urban centres. . Tirana has a GDP index of 0.772 and compared to a mere 0.252 for mountainous areas¹ and a Human Development Index (HDI) of 0.830 as against the mountain area HDI score of 0.632.² The unemployment rate in Kukës is over 3 times higher than in Tirana, the poverty head qark ration in Kukës is over twice that in Vlorë, people in Vlorë are 2.5 times more likely to have access to piped water than someone in Dibër, residents of Tirana are 2.5 times more likely to have

¹ *National Human Development Report Albania 2005*. Sustainable Economic Development Agency, Tirana and UNDP, March 2005.

² As UNDP's *National Human Development Report Albania 2005* points out (Chapter 5, page 89) the mountain area HDI is at the bottom of the medium human development table just above the Solomon Islands (124th) with a HDI of 0.624.

access to medical visits than those in Kukës and the drop-out rate from compulsory education is 10 times higher in Kukës than in Vlorë.

Internal migration is resulting from such massive internal disparities: between 2005 and 2006 alone the population of Tirana increased by 137,000 and that of Durrës by 45,000 whilst Dibër's population shrank by 43,000 (a 23% reduction in the qark's population) and Kukës by 30,000 (a staggering 27% reduction in the qark's population)³.

The following table provides a snapshot of such extremes for mainly access to basic services indicators:

Nr	Qark	Population (number) by INSTAT	Poverty headcount ratio / national average %	Unemployment ratio/ national average %	Locally generated revenue ratio / national average %	Water supply ratio / national average %	Medical visits ratio / national average %	Completion of compulsory Education / national average %
1	Berat	181,901	96	99	74.6	114	107	368
2	Dibër	166,367	59	85	61.4	54	70	55
3	Durrës	280,996	102	117	106	131	68	53
4	Elbasan	380,593	80	110	70	83	62	147
5	Fier	380,737	85	133	77	91	83	76
6	Gjirokaster	80,646	131	118	112	97	132	385
7	Korçë	263,586	94	126	78	97	127	202
8	Kukës	102,036	63	42	74	91	56	54
9	Lezhë	159,882	69	61	78	58	89	162
10	Shkodër	250,351	77	52	67	74	120	75
11	Tiranë	677,871	108	168	160	123	140	
12	Vlorë	202,295	139	89	139	132	92	506
	TOTAL	3,127,261						

Source: INSTAT INSTAT MoLSA & EO MOI MoPWTT MoH MoES

Decentralization and territorial reform

The main foundations governing decentralization in Albania are the Law No. 8652/00 "On the Organization and Functioning of Local Governments" and Law 8653/00 "On the Administrative and Territorial Division". The guiding principles focus on the concept of subsidiarity and the compliance with the European Charter of Self-Governance.

The above legislation determines the two levels of local government in Albania: communes and municipalities as the basic units of local government and the first level of government, and regions (qarks) as the second level of local government.

The qarks represent a territorial administrative unit with an average population (in 2004) of 260,605 for a total number of twelve qarks. The qarks are sub-divided into districts (but the latter ceased to be a normative sub-division of the country following the passage of the two laws above).

³ Source: Instat - unpublished

Commune, municipality and qark councils are the representative organs of the local governments. The communes and municipalities 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 Chairpersons of the Commune Council are ex officio members.

The main functions of the Qark Council are:

- to develop and implement regional policies and programmes,
- follow the progress of sectoral programmes and their harmonization with state policies at region level.
- exercise functions delegated by other local government units or the central government, but always based on a mutual agreement between the parties.

After a slow pace of progress since 2000, in the recent years the process of decentralization has somewhat accelerated and gained more attention. Moderate progress has been noted in transferring various competencies, services and public properties to local governments. On the other hand, improvements have been made in fiscal decentralization with the introduction and constant volume increase of the unconditional transfer, the increase of tax share and tax discretion for local governments, the introduction of competitive grants for local capital expenditures and the recent law on local borrowing.

While there are mixed views on the progress and expectations of decentralization to date, other things being equal, there are still some "burning" concerns on the adequate administrative and territorial division among local governments and the respective roles and competencies of various levels of government. One main concern relates to the still ambiguous scope and instruments of the regional council for playing its development and coordination role in the interface between central and local governments. The other main concern relates to the high number of small inefficient local government units which lack both capacities and resource basis to bring about any possible change.

The problem has been identified since early after the establishment of the regions in year 2000. Since 2004, the World Bank is pointing out the necessity to revise the functions of the regions. The revised Decentralization Strategy also notes that "...strategic developments and their programmed progress has highlighted the ... need to determine the role of region council as the harmonizer and coordinator of the reform progress", and further "the functions and competencies of regions, and their authority and responsibility are not clearly defined, even though some adjustments have been made", to conclude with "a new law on the Region, its composition, competencies and size should be taken into consideration even though complex and difficult".

The thinking is clearly unidirectional: to increase the size (and reduce the number) of either the regions or the local government units. Both available options of top-down decision or incentives for voluntary merge have their supporters and their pros and cons. However, in the case of regional re-configuration, the top-down approach seems more likely than the voluntary one, given that the citizen has more stakes at the local government as a direct provider of most of the services s/he needs.

The possible options for regional reform, although not elaborated at all, tend to respond to a sub-group of criteria from: historical and cultural commonalities, topography, communication infrastructure, river basin areas, economic poles of development, size of population similar to thresholds of EU NUTS II and the like.

Some preliminary combinations speak about a future number of regions from 9 to 3, without excluding the current number 12; however, this detail would be less important

than the actual role and competence of a regional government, where options are still vague and unclear as yet.

Status of sub-national statistics

The EU sets the indicator for eligibility for maximum levels of structural funding support as “those regions corresponding to NUTS level 2 whose gross domestic product per capita, measure in purchasing power parities and calculated on the basis of Community figures of the period 2000 to 2002 is less than 75% of the average GDP of the EU-25 for the same reference period”

Currently, there exists no sub-division of Albania into NUTS regions and there is no agreed sub-division of the country according to the NUTS regulation. It is clear that the whole country would comprise a single NUTS 1 region. With respect to NUTS 3, the qark approximates to this level with a few exceptions. However, prior to defining its NUTS 2 sub-division, the Government should assess different options for the NUTS 2 regions (whilst keeping with the population size requirements). This means calculating the GDP at the qark (or whatever new administrative unit established at regional level) level in order to assess the GDP of different combinations of qarks within different NUTS 2 scenarios.

The National Statistics Office, INSTAT, would require further assistance and capacities to be able to provide regular and reliable data at sub-national levels including the GDP calculation. To date, the data are not complete, the systems are not yet in place and therefore the figures are not available.

Government action in support to regional development

In 2006 and 2007 the Government has made significant steps in introducing a Cross-cutting Strategy for Regional Development (CSR) as part of the Government’s overall National Strategy for Development and Integration.

The CSR has two strategic objectives:

- Strengthening the development capacity of qarks across the country to utilize and manage their development potential
- Supporting the disadvantaged areas to contribute to sustainable national development and competitiveness

The Government has also taken steps to formulate a new Law on Regional Development (an inter-ministerial Working Group has prepared a draft Law) and the necessary infrastructure including a National Partnership Council for Regional Development – NPCRD (an interim NPCRD has been established and a first meeting convened under the auspices of the Ministry of Economy, Trade and Energy in 2008 right after the official approval of the CSR).

However, since then, the CSR has remained dormant and no action has been taken for implementing any part of it. The positive side of it is that in a very short time the CSR has become obsolete and inconsistent with the current priority of IPA preparations and requirements. The CSR calls for a complex array of national and sub-national structures that should operate in perfect coordination, while it lacks clarity on delineation of national/regional programmes in terms of nature, size and competency levels. Furthermore, the proposed approach promotes financial envelopes based on territorial and additional socio-economic criteria, without even considering the realities of administrative decentralization, instead of programme/projects base and competition. Therefore, in its current form the implementation of the CSR would result not only

costly, but also counter-productive and short-lived as preparations for establishing IPA3 institutions and its operating philosophy require a centralized approach and huge efforts for being put in place themselves.

At present, the only financial instrument in support to local public investment is the newly established Regional Development Fund (RDF) drawn from the original competitive grant scheme. The RDF is financed by the state budget, which has created a special budget line for the Fund to allocate resources to regions in accordance with criteria set up by the government. The RDF aims to address financial shortages at local level, poverty reduction as well as preserve efficiency in spending. As an already mechanism in place it has the potential of being developed and equipped with a programme-based approach and a system of performance based indicators and gradually converge to complement/contribute to EU support for regional development.

EU IPA3 and 4 preparations

The Albania MIPD 2009-11, requires that "IPA support for the establishment and capacity building of agencies and institutions required for the implementation and enforcement of the sector policies and for the preparation for the IPA components III, IV and V will be ensured."

Albania started preparations for establishing a decentralized implementation system for component I in early 2009 with EU technical assistance from IPA 2007. The project has started in January 2009 and aims at putting into place efficient structures and strengthening the capacities of key institutions for technical management of decentralised programmes.

Under IPA 2008, a Project Preparation Facility - PPF is being implemented by the Austrian Development Agency to support the government in planning, programming and implementation of the Instrument for Pre-Accession Assistance (IPA) as well as in preparation of the relevant IPA structures towards the decentralisation process

Under IPA 2009, a new project, building on the technical assistance provided under IPA 2007, will start in December 2010 to prepare the Government for all necessary steps until the submission of application for conferral of decentralised management for EU financial assistance and IPA national accreditation, as regards IPA Components II, III, IV and V.

During 18-19 January 2010, a DIS mission from EU visited Albania to review with relevant national institutions the current status and level of preparations for the decentralized management of all IPA components. The mission recommended in its report the further steps and action required with respect to each of the components with a concrete and tight timeline.

In response, the Government has proceeded in March 2010 with the appointment of the Strategic Coordinator for component III and IV (Deputy Minister of European Integration) and the designation of the Operating Structures (Ministry of Public Works, Transport and Telecommunications for component III and Ministry of Labour and Social Affairs for component IV).

An action plan for the preparation of the Strategic Coherence Framework for both components and two Operational Programmes, one for each component are being put in place with the deadline for submission of the SCF and OPs by December 2010 (in line with the government's internal deadline)

The present ISD project aims at supporting the preparation of the SCF and the Operational Programme for IPA component 3, providing assistance on programming to the SC, the Operating Structure for IPA3 and the three ministerial PIUs falling under

IPA3, besides assistance in aligning domestic regional policy with that of EU and the public investment component in up to four selected qarks of the country.

Synergy with other ongoing activities

There are a number of donors and programmes operating especially at the qark and local level in support to domestic regional development, with which the current Project would necessary synergize . Most of the donors' programmes at present are focused in the region of Shkodra while UNDP currently works in Kukes and SNV implements a programme financed by the Dutch government in Diber. Some support is also provided at the centre to government and non-government institutions.

The Austrian Development Cooperation is engaged a programme supporting regional development in the Qark of Shkodra, through stimulating socio-economic development and economic growth by attracting more public and private investments. The programme consists in a series of outcomes related to (i) Capacity improvement within the qark administration, (ii) establishment of a Basket Fund for investments in infrastructure and environmental projects, and (ii) other support for implementing the qark strategy. This programme will last until 2011. In addition, the donor is involved in the Shkodra cross-border programme focusing on the establishment of a trilateral park in the cross-border region between Albania, Montenegro and Kosovo. Austria is also heavily involved in water infrastructure projects throughout the region.

The European Commission envisages providing substantial support in the improvement of national and sub-national statistics through mainly two programmes targeting INSTAT. The first ongoing programme - Support to the regional offices of INSTAT for data collection and adoption of the EU Acquis – aims at improving capacities of statistical regional offices to enable systematic data collection, entry and analysis for a core set of indicators. This programme will be extended into a new phase in 2009 to further support the move towards compatibility of Albanian regional breakdowns with those of the EU Member States. INSTAT, has recently published statistical indicators by region, but further regional disaggregation is still required and therefore further capacity building is needed to address this issue.

The other programme - Support for alignment of Albanian Statistics with EU standards – aims to produce GDP figures and improve the coverage and timelines of national accounts aggregates in line with EUROSTAT standards. This will be realized through ensuring the complete coverage of all economic units operating in the country by (i) improving the quality of the different variables of enterprises, (ii) ensuring the registration of all small units, (iii) avoiding duplicated enterprises in the register, (iv) improving the business register by cleaning it from sleeping enterprises, (v) establishment of a Farm Register, and (vi) making use the Farm Register for conducting Agricultural Surveys.

The German Cooperation - GTZ – besides its involvement in the water infrastructure sector is also active in supporting regional development in the regions of Shkodra and Lezha with regards to: (i) planning processes - preliminary development plans and moderation of planning processes among stakeholders, (ii) concrete measures – pilot projects of assistance to Thethi Tourism and Producers' Groups in the rural area and Industrial Zone, Handicrafts Market and Shkodra Lake in the urban area, (iii) networking – through establishment of one local action group (LAG) for regional/rural development and training measures on regional development. GTZ is following closely developments on the area of regional development and stands ready to provide support in coordination among various levels.

OSCE is also active in local capacity building through a Local Government Leadership Benchmark Programme in partnership with the Council of Europe. Their programme aims to: (i) provide capacity building assistance to local governments in the areas of effective

leadership, strategic planning and management in the provision of public services and community participation in local decision-making, (ii) support implementation of the Decentralization Strategy and Regional Reform (with CoE), and (iii) Support implementation of public participation aspects of the Aarhus and Espoo Conventions. Parts of this programme are still in the shaping. .

The SNV and the Dutch Government have provided extensive support to Diber qark through a specific programme Support to Diber Qark TIR 13535. The overall objective of this programme, which concluded in late 2009, was to promote sustainable development and strengthen local government structures in the Qark. A Trust Fund has been established and is administered by Qark authorities, while capacity building services are provided by SNV. In addition, Dutch Government provides assistance to local governments in other parts of the territory with the main programmes being: Tirana Regulatory Plan TIR 10404- Local Governance – Municipality of Tirana/MPWTT – supporting the Municipality of Tirana to develop a Regulatory Plan, which will analyze the current land uses, demographic situations and the capacity of existing and planned infrastructure; Enabling Good Urban Governance (consolidation phase) TIR 8606 extension phase– Local Governance – aiming at consolidating the results of an earlier project that aimed at twinning civil society and local governance in Fier and Elbasan with the purpose of improving cooperation in planning, developing and implementing good urban governance practices, and TIR Good Governance Fund 2008 TIR 15635 – Good Governance - to fund locally identified projects focusing on improvement of governance, democratisation and decentralisation

The Swedish Cooperation – Sida - is involved in a three years programme (2005-2009) focusing on Institutional Strengthening of the Albanian Association of Communes. The project aims to: (i) Provide physical facilities and running cost for the AAC for 3 years, (ii) Assist them in developing their strategic and communication plans, (iii) establish democratic and participatory processes within AAC, (iv) conduct training needs assessment for the majors, (v) deliver training and capacity building for the members, and (vi) strengthen representation and advocacy on behalf of the AAC in the national policy-making arenas. This programme, although ending in Feb 2009 seems to have a possibility of extension into a new phase afterwards.

The Swiss Cooperation is currently implementing a Decentralization and Local Development programme in Shkodra, focused on five key activities (i) Local strategic as well as territorial management & planning, (ii) Municipal/Communal public services provision and management support to improve the functioning of the local Councils, (iii) Municipal/Communal financial management, (iv) Participation of civil society in public decision making processes, and (v) Inter-municipal and communal exchange and cooperation. This programme will last until December 2009 and therefore would provide firsthand experience and lessons learnt to the current Project. In addition, SDC in cooperation with the Council of Europe has recently started a pilot project promoting inter-municipal/communal cooperation as a concept and envisages testing it in a few selected areas in the country.

UNDP has partnered with the EU in Kukes Qark for the implementation of Kukes Regional Development Initiative – KRDI – aiming at implementing small infrastructure projects through applying a social mobilization approach and building capacities of the local authorities and Community Based Organizations (CBOs). This initiative ended by October 2008, however, it has provided lessons and invaluable experience as well as excellent relationships with local stakeholders which have contributed to a good start and progress of two other projects in the region related to Cross-border Cooperation (IPA 2007) and Tourism and Environment Promotion (2008) respectively commenced in July and September 2009. These projects focus on (i) building local capacities for engagement in future full cross-border cooperation programmes, (ii) supporting and building local capacities for entrepreneurship and local business development, (iii) promoting cultural and tourist values of the region and (iv) supporting small scale financing for the rehabilitation of tourist, environment and cultural sites or landscapes.

1.7. Description of the action and its effectiveness

The present Project will aim at guiding the process of institutional building and development of capacities at central and regional levels for a proper management of regional development policies.

The ultimate purpose of the project is "to improve the capacity of the Government to implement national and EU regional development policy, including programming support for the development of the SCF and the OP for IPA3, the development of a pipeline and implementation of some local infrastructure projects to improve knowledge on usage of future EU pre-accession funds".

The assistance will target relevant line ministries and central institutions as well as selected qarks.

In the present context and developments, the Project will closely work, at the central level, with the Ministry of European Integration, as the Strategic Coordinator for IAP3 and IPA4, the Ministry of Public Works, Transports and Telecommunications as designated Operational Structure for IPA3, and the Ministry of Economy, Trade and Energy and the Ministry of Environment, Forests and Water Administration as line ministries directly participating in IPA3.

With regard to domestic regional development policy, assistance in the design and final government adoption of a policy framework, outlining the interrelationships and responsibilities of different stakeholders, would be one of the main results of the Project guiding further the process towards concrete implementation measures. In this respect, the project will collaborate with Department for Strategy and Donor Coordination (PM Office) as the institution responsible for strategy coordination and therefore a watchdog of regional development policies, relevant RD ministries such as the Ministry of Interior and that of Finance and other RDF policy-makers and operators. Collaboration and coordination with other will be sought in order to harmonize and optimize the desired outcomes.

Based on the above and the review of the potential contribution of the RDF, the Project will provide the basis for the establishment of a national framework for Regional Development and guide the setting up of regional capacities in terms of participatory decision-making forums and planning mechanisms. In strengthening the relationships between national and the qark institutions in charge of regional development, the qarks will be assisted in formulating their Qark Development Strategies and Investment Plans.

Priority infrastructure will be identified in the four selected qarks in consultation with the Committee of RDF and eventually other stakeholders including the MPWT and MEFPWM, based on developed criteria. Technical assistance will be provided in developing designs and implementing them in line with EU PCM guidelines for project development.

In the area of sub-national statistics, the Project will collaborate with the established inter-ministerial committee on NUTS2 and participate in technical discussions in order to provide necessary technical advice and recommendations during the review and final proposal to the decision-maker.

Part I – Inception

Activity 1.1 Establish project offices, mobilization of project support and office management staff

Activity 1.2 Hire and bring on board the necessary TA team, including key and non-key experts to be deployed as per the project work-plan needs

- Activity 1.3 Identify and inform institutional stakeholders about the project objectives and expected results,
- Activity 1.4 Establish the synergy with other related projects, examine the strategic documents and assess the objectives and expected results in the actual context,
- Activity 1.5 Set up the project Steering Committee and necessary inter-institutional coordination structures
- Activity 1.6 Prepare the draft Inception Report including the Work Plan, monitoring indicators and timetable on project activities,
- Activity 1.7 Submit Inception Report to PSC for review and finalize it in accordance with PSC comments
- Activity 1.8 Develop and consult the Terms of Reference for Policy Framework Development

Outputs

- Inception Report, including Terms of Reference for the preparation of Policy Framework

Part II – Design of the policy framework

- Activity 2.1 Deploy the experts' team in accordance with recruitment criteria and establish contacts with relevant government institutions and agencies for developing the Policy Framework,
- Activity 2.2 Set up working groups at Policy and Technical levels for reviewing and discussing options for a viable regional development policy framework,
- Activity 2.3 Assess the role, capacity, level of competence, communication and cooperation among national, regional and local stakeholders in the formulation and implementation of regional development policies,
- Activity 2.4 Review the existing policies, instruments, structures, statistical information economic mechanisms used in Regional Development,
- Activity 2.5 Assess the root causes on regional disparities,
- Activity 2.6 Carry out a comparative review of regional development mechanisms experienced in EU countries,
- Activity 2.7 Draft and finalize a Regional Development Policy Paper, covering appropriate response to disadvantaged areas, following consultations with concerned stakeholders,
- Activity 2.8 Advise and assist the inter-ministerial committee on NUTS2 in the review and decision on the optimal recommended NUTS2 country division
- Activity 2.9 Draft a Regional Development policy to be incorporated into the revised NSDI

Outputs

- Policy Assessment Report(s)
- Policy Paper on Regional Development, including aspects of Disadvantaged Areas
- Policy advice on NUTS 2 country sub-division
- Regional Development Policy incorporated into the revised NSDI

Description of activities

Policy Framework Development

The first and probably the most critical activities of the Project relate to an initial review of existing opportunities and gaps in capacities, institutions and attitudes, which could support or hamper due arrangements for regional development management.

In terms of policies, instruments and opportunities for regional development, Albania has in place:

- an official regional development strategy, not implemented to date and proving complex to embark on,
- several sector strategies which are implemented centrally and having a regional/local impact,
- a centrally managed public fund for regional/local investment in a few sectors under a competition scheme which has recently been re-organized as the Regional Development Fund,
- a tight timetable for institutional and capacity building with regard to IPA3 structures, strategic programming and decentralized management

In this respect, one of the first outputs of the current Project TA would be the development of a broadly agreed regional development framework inclusive of various relevant stakeholders. This framework will also signal to the Government the need for amending or developing policy, taking administrative and/or financial decisions for putting in place the necessary structures for the implementation of regional development programmes.

The Project will engage its TA to first make a thorough assessment of the national context and the existing legal, administrative and institutional settings and the capacities and gaps in skills and knowledge for an efficient and harmonized performance of public administration tasks with respect to regional development. An analysis of the current validity of the CSRD in its entirety as well as its parts as well as other existing instruments contributing to regional development will be undertaken in the framework of reviewing available policy options. Then, recommendations will be provided to the Government in the form of a policy framework where issues of coherence and integration of various policies with impact upon regional development, policy instruments addressing sub-national disparities, improvement required in the national statistical system to enable producing reliable data at sub-national levels and necessary management structures for managing national, IPA and post-IPA funds will be indicated.

In the framework of designing the policy mix and related instruments for managing IPA component 3 and domestic regional development concerns, the focus will also encompass addressing the root causes and effects of sub-national disparities.

Within a broad RD policy framework the elaboration of two important strategic documents will be assisted: the Strategic Coherence Framework for IPA 3+4 as well as the first Operational Programme for IPA 3, consolidating domestic development needs with the financial pre-accession assistance.

The Ministry of European Integration in cooperation with DSDC will be close partners and provide leadership for advancing the recommended option to the policy agenda and ensure that policymakers take appropriate and timely action to finalize positively this step opening up the way for developing the required framework.

The final contribution of the Project to Regional Policy development will be to draft the RD-policy to be incorporated into the revised NSDI. This will ensure that Regional Development is properly addressed in the highest level national strategic document, and that coherent institutional and process-related changes are implemented, including any legislative adjustments.

Improvement in sub-national statistics

Improvements in the national statistical system and its compliance with the European System of Accounts ESA 95, leading to the calculation of GDP figures at sub-national levels are highly relevant to the preparedness for proposing a NUTS 2 sub-division of the country and optimizing the levels of financing from the structural funds.

While there might be parallel envisaged assistance to INSTAT in making such improvements, at present the assessed situation of knowledge and capacities indicates large deficiencies.

In consideration of the deadline of providing within five years from entry in force of the Stabilization and Association Agreement the GDP per capita figures harmonized at NUTS II level, the Project envisages to support in preparing different options for the possible NUTS 2 sub-division for government consideration prior to this date.

In this context, the Project will establish contacts and collaboration with the NUTS2 inter-ministerial committee and provide advice and assistance to the substance of discussions and analysis as well as comments/feedback to the identification various options for consideration. Therefore, the Project will assist at its possible extent in the development of various possible options of NUTS 2 and finally contribute to recommending an optimal option for Government consideration – taking into account various pros and cons of each of the elaborated options with respect to maximising the benefit to Albania from structural funds.

Part III – Capacity building for regional development at national level

Activity 3.1 Develop and carry out a programming assistance to the Strategic Coordinator, the Operating Structure and relevant line ministries responsible for preparing the Strategic Coherence Framework and the Operational Programme for IPA Component 3,

Activity 3.2 Provide necessary feedback, advice and quality control to draft SCF and OP for IPA 3 prepared by government until EU acceptance of final drafts,

Activity 3.3 Assess design and performance of RDF operations and recommend changes for a strategic approach to domestic regional development and improved compatibility with IPA3,

Activity 3.4 Develop a process to improve RDF in line with the above changes identified and to support RDF operations by development of an IT management system.

Activity 3.5 Design and implement a training and learning and development programme for relevant central level/line ministries' policy decision makers and implementers involved in regional development through RDF or sector interventions.

Outputs

- Programming assistance to government to develop the Strategic Coherence Framework document
- Programming assistance to government to develop the IPA 3 Operational Programme document
- Training and learning and development programme developed and implemented
- Recommended options for future RDF strategy and operations
- IT management system for Regional Development Fund

Description of activities

Programming support to national structures involved in regional development

In order to be able to benefit from IPA component 3 funds, the government is required to prepare a Strategic Coherence Framework (under the lead of the Strategic Coordinator for IPA 3 and 4), a document which provides a frame of reference for the Operational Programme under the Regional Development. The Operational Programme will cover three thematic areas of transport, environment and regional competitiveness. The programme is to be prepared in line with the Strategic Coherence Framework in close cooperation with the Operating Structure and the other line ministries concerned.

Support to the above structures (SC and OS) and to the preparation of the required documents for IPA 3 (SCF and relevant OP) will be provided complementarily by the present ISD project and the Project Preparation Facility - PPF implemented by the Austrian Development Agency. ISD will mainly focus on programming assistance while PPF on capacity building relevant to DIS management.

In this respect, ISD assistance to IPA3 will include programming support which covers capacity building in relation to programming skills and processes (strategic analysis and synthesis, intervention logic, priority setting, program development, etc.) via workshops and discussions, advise, document review and feedback, in order to prepare all relevant stakeholders to undertake required tasks in a competent manner. The Project TA will target relevant central level actors involved and essential to programming including PIUs' staff and other necessary line ministries. The assistance will accompany the development of draft documents until the final versions are approved/accepted by the EU.

With respect to domestic regional development advancement/coherence, the Project envisages to closely collaborate and review the design, performance and possible improvements of the RDF strategy and operations, based on the previous RD policy framework developed and agreed and the need for coherence and convergence with the IPA context.

The Project TA will review the context of operations of the existing RDF instrument during 2010 and develop a process of eventual change of this instrument towards convergence/complementarity with IPA. The Project will then provide assistance in implementing such changes through training, policy discussions, policy and operational documents review/development, etc. Additionally, the Project will develop an IT management system for RDF in close consultations with the DSDC which plays the role of the RDF general technical secretariat.

Different formats of training combining discussion forums and workshops with formal ones will be designed and organized, targeting stakeholders involved in running RDF, i.e. DSDC and line ministries.

Government Awareness and Training Programme

The Project envisages the introduction of a structured information and awareness campaign to improve the understanding of what Albania needs to do to prepare itself for the future management of the IPA components 3, 4 and 5 and – beyond that – the instruments available in the post-accession stage. The campaign will involve a series of workshops and seminars, the hosting of an information website and the production of information leaflets.

Awareness and training will be delivered through specific visibility or training sessions through the project implementation, but a large part will also be contributed by the various working groups and fora established or targeted by the ISD Project, such as the established Policy Group, the Technical Group and planned forum discussions including

decision making and experts from relevant line ministries and other national, regional and local stakeholders and the communities of donors and civil society in a larger format.

The Project will organize three study tours to selected EU countries. A first study tour will include mainly senior officials from the Operating Structure and other high level decision makers involved in SCF development. Another study tour will engage mainly the technical level of those in charge of developing the SCF and the OP IPA 3 mainly from IPA 3 PIUs. The third study tour will focus on international experience in domestic regional development and its co-existence and coherence with the EU mechanisms and practices and will target mainly central and regional level stakeholders involved in regional development.

Part IV – Capacity building for regional development at regional level

- Activity 4.1 Assess level of competence and capacity of local governance institutions with respect to regional development planning, implementation and monitoring,
- Activity 4.2 Assess existing experiences and interrelationships of the regional/local levels with national programming, implementing and financing bodies and the major gaps to be addressed,
- Activity 4.3 Set up Working Groups at regional level and review the existing regional development documents,
- Activity 4.4 Assists qarks to establish their capacity on strategic planning, financing mechanism and coordination at regional level,
- Activity 4.5 Design, prepare and carry out a specific training programme for policy makers and planners at regional level with regard to the design, implementation and monitoring of regional development process,
- Activity 4.6 Draft for selected qarks the regional development strategy and investments plans following public consultations and eventually in line with RDF requirements.
- Activity 4.7 Identify in consultation with regional/local actors a priority project in each pilot qark and develop a full project pipeline as a learning and capacity building exercise for local project planners/developers

Outputs

- Awareness raising on principles of regional development and EU-funding, and roles of regional and local partners, i.e training programmes designed and delivered,
- Support to development of Regional Development Strategies,
- Support to development of Regional Investment Plans,
- Assistance in developing regional project pipeline.

Description of the activities

Capacity building for the regional/local level

With the aim of strengthening capacities and extending the participatory base for policy discussion and decision making at qark level, an initial assessment of existing decision making mechanisms in each qark will be undertaken. The identified options for consideration will take into account the existing reality for advancing regional

development, the local public investment opportunities and constraints of the RDF, the progress and outcomes of the decentralization and fiscal reforms, the competencies and overlaps of different levels of government and the capacities required for possible support from future funding windows.

The Project will engage in promoting the strengthening Qark RD functions, in accordance with the eventual outline defined by the Regional Development Law. For this purpose, an initial assessment of current technical capacities available at qark level followed by proposing alternative structural and organizational options, will be developed and consulted with the qarks mainly focusing on upgrading capacities of the existing qark programming and development offices.

The Qark RD functions (structures) should in principle meet certain common management, developmental and technical criteria, which will have to be developed in parallel with the consolidation process with the national level structures.

Regional structures will require a considerable capacity building assistance to face the complex tasks of coordination, planning and compliance with the range of national and EU requirements and standards.

A training needs assessment and related training programmes for the qarks staff will be carried out and subsequently designed and implemented. Training will encompass a broad range of topics from exposure to EU regional development policies to practical local economic planning criteria, from monitoring, data collection and analysis to the coordination of sector strategies etc

Additionally, a study tour visit to a Member State or candidate country will be organized for key staff of qarks to gain experience on the functioning and potential role of local level structures in the regional development process.

In addition, support will be provided to qarks' administrations in defining economic indicators of progress as well as in developing appropriate systems of monitoring and reporting through ensuring due public information is in place in a transparent manner so as to hold the local governments accountable.

Support for the formulation of Qark Development Strategies and Qark Investment Plans

Qark Councils, with technical assistance support, will be engaged in formulating specific Qark Development Strategies. The objectives of a Qark Development Strategy would be:

- To act as a consensus agreement between all relevant national, qark, municipal and commune stakeholders as to the development needs of the qark and thus to provide the basis for negotiating, harmonizing and financing the activities defined within the strategy.
- To provide a clear blueprint for donor intervention in the qark ensuring sustainability and impact through linkage with both national and sub-national planning and systems.
- To provide guidance for private sector investment by identifying scope for public-private partnerships at sub-national level.
- To address shared strategic objectives with other neighbouring Qarks as well as, where appropriate, cross-border and inter-regional needs and opportunities.
- To provide the basic guidelines for local development plans and projects of the municipalities and communes which comprise the qark.

The criticality of this exercise rests with the practicality and effectiveness of such a document as well as with the broad agreement and ownership on its content. There are previous not very successful experiences of Qark Development Strategies that different donors and the qarks themselves have supported with considerable invested efforts. However, these strategies have mostly remained on paper, suffering a lack of essential elements such as sufficient detail, costing, ownership, realism and a disconnection with the local and national governments' resources and investment plans.

At present, the Qark Councils have still an uncertain coordination relationship with local governments and have no proper fiscal power on their own to bring change alone. While the situation vis-à-vis the qark councils will not dramatically improve in the short run, this lesson and the need for planning expenditures wisely are pre-requisites for increase effectiveness and impact.

Different from the past, the process of formulation of the Qark Development Strategies will seek to link with specific sector strategies and central institutions and understand their eventual objectives and investment plans for the qarks.

Reference will also be made to realistic qark resources mainly allocated to or raised by local governments in order to avoid turning the strategic documents into wish lists. The Qark Council will have to play an important role in promoting ownership and building consensus for intra-local government partnerships for investment of mutual and qark interest.

Subsequently, the Project will assist the preparation of the Qark Investment Plans with a view of encouraging qark level investment in economic development, transport and environment infrastructure. Investment Plans will largely derive from the qark development strategies.

Investment Plans will be the consensus instrument articulating the qark strategy into identified and agreed interventions that contribute to the achievement of strategic objectives. The Investment Plan will include a range of proposed interventions that cover interests of various local jurisdictions and therefore a system of prioritization should be put in place in accordance with their impact. The Plans will be, therefore, guided by the following not exhaustive principles:

- Identify investments contained within a local government jurisdiction, but with a spill-over positive effect to other adjacent jurisdictions, therefore having an intra-local government impact
- Identify investments of larger scale benefiting two or more administrative jurisdictions
- Consider interventions that benefit intra-qark development
- Outline duties of distinct local governments to plan within their budgets for such investments
- Take into account feasibility and affordability criteria
- Develop prioritization criteria with regard to compliance with the qark strategy, level of impact, cost-benefit, equity, effectiveness, partnership and the like.

It would be the duty of the Qark Council and the respective local governments to honour the set priorities and seek resource mobilization through regular local budgets, national budgets or donors to tackle the Plan in the set order. The Qark Council will have to indicate progress of implementation of the Investment Plan when reporting on the Qark Development Strategy.

Training on pipeline development

The training programme will develop around one identified priority for each qark and address all aspects of project pipeline development and target qark, municipal and commune government actors, local consultancy companies and the staff of Qark Development functions. The training will be tailored to those audiences and delivered in separate sessions, besides the development of written documentation in local language.

The training will contain detailed elements of:

- Identification of appropriate project concepts, their development through design and elaboration stages to final proposal
- Preparation of Pre-feasibility and Feasibility Studies (Preparation of terms of reference for external consultants, Pre-feasibility Study preparation, Feasibility

Study (Economic and Technical) preparation, Financial Plan preparation, Detailed Project Design)

- Preparation, as appropriate, of Technical Studies (Cost-benefit analysis, Environmental impact assessment, Technical Studies, Architectural and engineering design, Preparation of tendering documents for EU contracts).

It is therefore, expected that gradually local actors will get familiar and make use of such new and stricter requirements so that they would be more able to develop an increasing pipeline of fully prepared project proposals for future IPA support.

Part V – Rehabilitation of selected regional infrastructure

Activity 5.1 Select infrastructure works following consultations with the Committee of RDF, line ministries responsible and regional government units

Activity 5.2 Hire Civil Engineer(s) for preparing SOWs and tender documents for the design, supervision and implementation of works,

Activity 5.3 Tender works design and supervision and certify the quality of deliverables (designed works)

Activity 5.4 Tender works implementation

Activity 5.5 Monitor progress of implementation and certify supervision reports until full completion of works

Outputs

- Infrastructure works completed in time and according to technical requirements and standards

Description of the activities

Implementation of Infrastructure Works

The aim of this support will be two-fold: first, contribute to improvements in the public infrastructure in four selected qarks and second, provide live examples of project cycle from preparation to completion as on-the-job training exercises for the relevant line ministries, the RDF and the beneficiary qarks.

The infrastructure interventions will be identified and selected in consultation with the the Committee of RDF, relevant line ministries and regional government units and will consist of preferably few large projects related to construction/rehabilitation of public infrastructure.

The project will tender the design of works, implementation and supervision, making sure efforts will be made to adopt and require tender dossiers including national and wherever possible EU construction standards or requirements.

For preparing the necessary paperwork and dossiers as well as for quality assurance and control purposes, the project will hire at least a longer term National Civil Engineer. The actual monitoring of design and implementation progress will be carried out and certified by the National Civil Engineer who will at the same time certify the quality of deliverables of the contracted supervisory entity (ies).

Part VI - Project closure

- Activity 6.1 Organization of a concluding national event
- Activity 6.2 Submission of final Project report to the members of PSC for comments
- Activity 6.3 Convening of the PSC meeting and approval of the Project final report

Description of the activities

A national event and adequate dissemination materials will be conducted providing the wider public with information on progress reached with the support of the project within the regional development policy area. Lessons learned will be analysed and communicated to the decision makers in order to facilitate further policy improvements and innovations

Audit and Evaluation

The Project will be evaluated at the end of the implementation although it might be possible to envisage an additional mid-term evaluation to review the progress and provide recommendations if deemed necessary by the Project Board. The results of the evaluation will be reported to the Project Board and serve as lessons learned for the future management of the sector.

The Project will also be audited as per the UNDP standard rules and procedures at least once in the implementation lifetime. The audit exercise will cover both management and financial aspects and since the implementation modality is following UNDP's Direct Execution rules, the Project will be subject to internal UNDP audit. Such audit will be based on compliance, performance, relevance and results in relation to the project document, annual and quarterly work plans, review meetings and UNDP policies and procedures.

1.8. Methodology

The Project implementation will unfold in phases, some of them being undertaken in parallel. At the outset, there is necessity for building up political consensus and support from various levels of government institutions so as to establish an adequate and functional management system for a multi-faceted regional development.

Different line ministries and sector programmes impact regional development, at present, most probably within their own narrow vision and mandate. These elements, taken together, are likely to create overlaps and conflicts and mutually water down the set goals and impact on local development. High priority tasks and responsibilities are being added to these ministries and bodies in building up the IPA3 management, coordination and operational structures requiring swift changes in concepts, systems and capacities.

In this context, a common understanding of the overall situation with regard to regional development options is critical for selecting the right alternative and priorities and ensuring coherence between EU, national and sub-national development approaches. Therefore, the Project will develop and recommend a policy framework for regional development accommodating the above constraints/opportunities:

- 1 - Preparations for project start-up including provision of premises and equipment and the mobilisation of the necessary support staff and TA
- 1 - Inception stage

- 2 - Development and recommendation of a policy framework – resulting in a Policy Paper, and eventually in policy construct for NSDI
- 3 - Contribute to development of the Strategic Coherence Framework and preparation of Operational Programme for IPA Component III
- 4 - Review RDF operations and recommend changes to improve its impact on national and sub-national regional development matters, and develop an IT management system for RDF
- 5 - Provide capacity building assistance to regional/local for developing regional strategies, investment plans and project pipeline,
- 6 - Identify infrastructure works interventions and undertake the sequence of service/works procurement for their implementation

In a summarized timetable, the implementation will have the indicative main milestones:

Phases	Timeline
Phase I – Project start up and Inception	
Project mobilization and TA mobilization	Oct 2008 – Sep 2009
Project office set up, including recruitment of national staff and office equipment purchase, TA services procured and on board.	
Part I – Inception	Sep 2009 – Nov 2009
Preliminary assessment of the context and the revision of the timetable of activities with respect to attest development and findings in an Inception Report submitted to the PSC	
Phase II - Implementation	
Part II - Policy Framework	Dec 2009 –Sep 2010, May 2012 for RD policy construct
Review national and regional policies and operating structures, opportunities and priorities, possible trends of pursuing institutional building for IPA and domestic concerns and develop a broad framework agreeable and adopted by the government as a path to follow through technical assistance Develop and draft an RD policy construct for revised NSDI	
Part III – CB for RD at national level	Apr 2010 – Dec 2011 (for SCF/OP), May 2012 for RDF
Support to SC and OS for programming and drafting the SCF and OP IPA 3, Programming assistance to relevant line ministries/PIUs for drafting above-mentioned documents Support DSDC and line ministries involved in the running of the RDF for an improved and more coherent design within IPA context including an appropriate IT management system	
Part IV – CB for RD at regional level	Jun 2010 – Apr 2012
Capacity assessment of development structures in selected parks, design and organization of training modules on strategic planning, programming and project pipeline development, support development of regional strategies and investment plans and linkages with the RDF evolving approach	
Part V – Rehabilitation of selected Infrastructure	Sep 2010 –Dec 2012
Identification of interventions, prepare and launch tendering for infrastructure design, monitoring and implementation and then monitor works progress	

Phases	Timeline
Part VI – Project Closure	Oct 2012 – Dec 2012
Concluding of TA on IPA/ RD and completion of infrastructure works and proper auditing, evaluation and reporting of the Action	

Phase I – Inception

Part I – Start up

- A national project support team will be hired through standard UNDP recruitment procedures to secure the following project office functions: coordination/liaison officer, finance and administrative assistance, drivers and service staff.
- Office premises will be identified and equipped with the necessary office working items including workstation for support and TA staff in addition to the purchase of two vehicles for the project operations
- International and national Technical Assistance will be procured through standard UNDP procurement procedures to cover necessary profiles and expertise required at different stages of project implementation
- TA will engage at the outset in drafting and finalizing the Project Inception Report, seeking clearance and approval from the Project Steering Committee in its first meeting.

Phase II – Implementation

Part II – Design of the policy framework

- A Policy Development Team of experts will be hired for undertaking various tasks in assessment, analysis and policy development. The international experts will have to set the stage and propose at the outset the approach to follow, which will have to be cleared by the Project Manager/UNDP. The international experts will be supported by a qualified mix of national expertise, this latter being in charge of carrying out the field assessment and data collection and then working together in the following stages of options analysis and formulation.
- Field assessments will have a special focus on the existing institutional, administrative and legal frameworks having an impact on regional development, the socio-economic patterns of sub-national disparities and the status and course of decentralization and territorial reform.
- The Team will engage, in close consultations with central actors and with direct support from relevant line ministries, in a thorough policy analysis based on the assessment and data collected and conclude with a Policy Paper on regional development. During the process, consultations should have reached a certain level of consensus and national ownership to allow for a smooth acceptance of the policy option and positive commitment of all relevant actors. Key line ministries should ensure adequate lobbying for broad acceptance and clear government signals for proceeding further.
- Finally, in close consultations with the DSDC and relevant ministries, a draft will be prepared, covering all RD policy aspects, as an integral element of the revised NSDI.

- To help the consensual process, the Project will undertake in parallel two other activities: a government awareness programme on EU regional development policies and a advisory support to the NUTS2 inter-ministerial committee to help decision making on NUTS2 statistical sub-division options.
- In addition, the Project will organize a study tour for key government officials involved in IPA3 in neighbouring candidate or MS countries, to gain firsthand experience of management structures and approaches in handling IPA and preparing for structural funds.
- An international NUTS2 Statistics Expert teaming with a local statistician will make a first needs assessment of where the country stands in terms of technical and policy progress on developing NUTS2 options and provide recommendation to the project for developing appropriate assistance.

Part III – Capacity building for regional development at national level

- On the basis of developed policy, legal frameworks and in particular of the utilization of IPA3 Component funds, the government should create the necessary management structures for regional development.
- The government has already nominated the Strategic Coordinator and designated the Operating Structure for IPA3 to coordinate with line ministries for the preparation of the Strategic Coherence Framework and Operational Programme on the concerned thematic areas (transport, environment and regional competitiveness). The Project will immediately provide these structures with necessary technical assistance on programming work throughout the process of preparations to the finalization of the required strategic documents, SCF and OP IPA3.
- The project will follow with training and advice targeted at national level for policy makers and implementing bodies involved in domestic RD, to approximate it to EU mechanisms and practices
- A process of design review, reform recommendations and implementation assistance will be delivered with regards to the central financial instrument for regional development, the Regional Development Fund. Additionally an appropriate IT system will be developed to make RDF management more efficient.

Part IV – Capacity building for regional development at regional level

- In close consultations with the government (DSDC, Committee of Strategic Planning, other relevant line ministries) and based on a number of to-be-defined considerations, up to four qarks will be selected for applying the methodologies of integrated regional development and establishing the link between central level policy making, planning and financing with regional and local levels of development strategies and plans for support,
- The selection of the qarks would likely take into consideration factors related to level of disadvantage and adjacent location in order to both address issues of extreme disparities and scale of development programming,
- An assumption is made here that the qarks (at their current form) will remain in place and also that most of the efforts and capacities – whatever be the future setting – will be transferred without major losses to the new sub-national structures, which will coincide in location and role with at least one of the current qarks,
- In this perspective, the support will focus on development and/or strengthening of local institutions in charge of regional development and capacity development for the formulation of Qark Development Strategies and Investment Plans.

- Capacity building assistance will target both the national structures, DSDC in terms of overseeing and defining the way of operations of the Regional Development Fund, line ministries involved in developing technical project requirements and financial awarding criteria and qark governments for starting the development planning processes and their linkage with the national plans/objectives,
- A thorough needs assessment will be carried out in each qark to determine capacities and gaps of their offices responsible for development planning and programming. and modular tailored training programmes will be designed accordingly,
- Training will be of two sorts, generic and specific, covering aspects of local economic planning, monitoring and data collection and analysis as well as EU regional development policies, practical, application of necessary procedures, IPA requirements, responsibilities and approaches for coordination of qark level planning with line ministries and sector strategies,
- This training assistance will go in parallel with support for the formulation of specific qark development strategies and investment plans and training on project pipeline development will target the selected qarks,
- An International Human Resources Development expert will be hired to work with selected qarks on HR development while other experts will support the process of formulation of development strategies and investments plans for qarks.

Part V – Improvement of selected Infrastructure

- The infrastructure component of the project will consider proposals for intervention through the RDF. The final list of proposed interventions will be endorsed by the PSC before proceeding with their implementation.
- At the extent possible, the respective PIUs will be kept informed on the progress and content of the tendering for the design, supervision and implementation phases in that they will be exposed to requirements to be fulfilled for project development package as per the EU procurement rules and standards.
- Design tendering and completion will be followed by implementation and supervision contracts, where design and supervision may be combined within the same entity while implementation will be awarded to different qualified companies.

Phase III - Project Closure

At the end of the Project, a national event will be organized. In the closure, the Project will be audited and evaluated as per the UNDP standard procedures towards the end of the implementation and these findings will be available prior to completing the Final Project Progress Report, which will be presented to the Project Board in its last meeting.

Project Management Arrangements

Project Steering Committee

The Project will be overseen by a Project Steering Committee **chaired by the Ministry of European Integration (MEI)** and composed of representatives of:

- Department for Strategy and Donor Coordination, PM Office (DSDC)

- Ministry of Public Works and Transport (MPWT)
- Ministry of Environment, Forests and Water Management (MEFWM)
- Ministry of Economy Trade and Energy (METE)
- Ministry of Finance (MF)
- Ministry of Interior (MI)
- EU Delegation
- UNDP Albania
- Other key stakeholders as deemed necessary

The role of the PSC will be to guide and monitor progress of implementation, responsible for making by consensus management decisions for the Project when guidance is required. The PSC will meet preferably quarterly or as often as necessary upon the request of one of its members. The PSC will be consulted by the Project Manager in order to receive necessary decisions when project management tolerances in terms of time, cost and scope have been exceeded.

Upon signature of the agreement, UNDP will assist the Project Steering Committee chairperson, who should be responsible for establishing the Board, in requesting official appointments / representation from the relevant institutions composing the PSC. The first meeting of the PSC though would be scheduled once the Project management is in place. The Project management will play the secretarial role for the Project Steering Committee.

Once the Project Management is in place, a detailed results framework and monitoring plan based on Annual outputs and objectively verifiable indicators (OVIs) will be developed. The Project will make reference to this framework in preparing quarterly and annual progress reports.

The first meeting of the Project Steering Committee would be convened at this time to seek the expectations and initial guidance from the Board as well as introduce the work and monitoring plan for review and endorsement by the PSC. This will establish the baseline for further PSC meetings.

The Project will also establish different levels of policy formation and policy making, including a Policy Group, composed of senior officials from the relevant line ministries to review policy options and take decisions or convey recommendations to higher levels, a Technical Group composed of technical level representatives from relevant line ministries to discuss on various options and approaches from a technical and feasibility viewpoints and present best options to the policy level, and forum discussions involving relevant national and international stakeholders at large.

Project Management Team

UNDP, as the implementer of the Project, will establish a dedicated Project Team for the implementation, in close cooperation with the relevant UNDP Programme Officer and under the supervision of UNDP Senior Management.

The Project Team will be established and located in Tirana and include a Management Team, essential for coordinating and facilitating the work of the TA as well as providing administrative, logistic and financial management for the implementation of the Action. The staffing will be secured through normal UNDP rules and procedures for recruitment and occur in accordance with a recruitment plan to correspond with the plan of activities.

The Technical Assistance Team, which will be procured in function of the various tasks and timetable of activities, will work on the substance in full collaboration with the Management Team and UNDP, the latter making sure technical activities of the Project are completed in a competent and timely manner.

The full Project Team will then be composed of two main wings as per the indicative table:

Project Management Team		
Management Team	TA IPA/RD Team	TA Infrastructure Team
<u>NATIONALS</u> - National Project Coord. x 1 - Finance Assistant x 1 - Administrative Assistant x 1 - Drivers x 2 - Support staff x 1	<u>NATIONALS</u> LT experts mirroring competencies of international expertise at country level S/T experts on - Local economic development, decentralization, public investment and budget planning, legal matters, SME development, etc	<u>NATIONALS</u> - National Civil Engineer(s), for monitoring and certifying progress of infrastructure works, and quality assurance of supervisory service
	<u>INTERNATIONALS</u> - Team Leader - Key experts on IPA institutional building and HR development S/T Experts on - Programming EU IPA in transport, environment and competitiveness areas - Institutional support to national and regional institutions in MS and pre-accession countries - Project pipeline development - Process and communication skills - Policies and instruments for domestic regional development - Strategy development at sub-national levels	<u>INTERNATIONALS</u> - S/T International Civil Engineer, expert in developing SOWs and bidding documents for infrastructure project design, monitoring and implementation in line with the UNDP procurement rules and regulations

Project Monitoring, Evaluation and Audit

In accordance with UNDP's Financial Rules and Regulations, UNDP will maintain a direct control over financial aspects of the Project and include it within UNDP's internal monitoring mechanisms.

At the start of the Project UNDP will prepare a results-based framework work plan, including all key activities and success indicators. This work plan will be updated on an annual basis. The Project will be subjected to quarterly reviews, considering updated quarterly reports and work plans, including delivery rates. All this information will be fed into annual progress reports at the end of each calendar year.

An independent evaluation could be carried out at mid-term to review the progress, shortcomings and recommend adjustments if deemed necessary.

Representatives of the European Commission shall be invited to participate in the main monitoring and in the evaluation missions relating to the performance of the of project implementation. The results of such missions will be reported to the EU.

The Project will be subject to UNDP's management and finance audit. As a UNDP DEX project, it will be subject of internal UNDP audit that will be conducted at least once over the life of the Project. Such audit will be based on compliance, performance, relevance and results in relation to the project document, annual and quarterly work plans, review meetings and UNDP policies and procedures. This will be done to ensure transparent and accountable use of resources.

1.10. Sustainability

The Project aims at establishing new management structures and an integrated system of national and local planning for regional development, therefore, involving a wide range of actors at different decision levels to cooperate and complement each-others' efforts.

The implementation is envisaged to follow a logical path of completion of stages as foundations for the next ones, creating the necessary framework and synergies for institutional change in each step.

Therefore, the first and utmost requirements and also political risk is the lack of political consensus and commitment of central policymakers to work together and support the process.

The ways to mitigate such a political risk are embedded in the first activities of the Project related to the development and promotion for government endorsement of a policy paper on regional development. This work will entail heavy technical assistance coupled with a government awareness programme exposing high officials to EU requirements and a specific study tour for them to see working experiences in other candidate or member state countries. The support from the Ministry of European Integration and the PM's Office (DSDC) is critical and will be complemented with lobbying and pressure from UNDP and the European Commission. Nevertheless, in particular, the institutional building for IPA is an integral part of the government's agenda for EU integration and will benefit and receive political support from within as compliance with candidate status requirements is a top priority for the government itself.

For the development of the possible NUTS2 options and the negotiations of the final choice, it is important that INSTAT is committed to put in place the required skills and infrastructure for delivering results. Lack of understanding and commitment to do so, representing a medium technical risk, will impede the Project assistance to provide for the options and delay the fulfilment of the task. Again technical assistance and political support sought by higher levels are the solution for achieving this task. It is important to build awareness on the need for change to meet this objective and lobby for government commitment to act upon.

With the acknowledgement of high political risk to introduce major legislative changes regulating Regional Development, the Project design has been adjusted. The incorporation of RD policy construct into the revised NSDI coupled with reform of the Regional Development Fund as the main financial instrument, allows policy implementation within the existing and/or moderately adjusted institutional, administrative and legal frameworks.

In building national and regional capacities the risks are moderate. The needed and delayed support to strengthen national and regional RD structures is both a political and administrative risk of a medium nature, where the Project envisages to lobby and recommend the necessary structures and operations as well as provide upfront assistance for making this structure operational in the shortest time possible.

The other social risk relates to the strengthening of appropriate park development functions where consensus and cooperation of local government officials is needed. The Project again will provide the necessary financial and technical assistance for making these structures operational at the shortest time. This risk is medium as local governments will have the interest to benefit from the Project financial support as well as the state budget and other possible donors.

The implementation of the infrastructure works component presents low economic risks related to the capability of local governments to make available their co financing share. This risk would be mitigated by selecting and awarding interventions benefiting more than one local government unit, therefore sharing the cost burden among benefiting local administrations and/or identifying other ways of co-financing with the central government such as the RDF.

1.11. Logical framework

LOGFRAME PLANNING MATRIX FOR	Project name and number	
Integrated Support for Decentralization	Contracting period expires: 02 September 2008	Disbursement period expires: 31 December 2012
	Total budget: 5.20 MEUR	CARDS 2005 budget: 4.70 MEUR

	Intervention Logic	Objectively Verifiable Indicators of achievement (OVI)	Sources and Means of verification (MOV)	Assumptions
Overall objective(s)	Institutional and administrative capacities for regional development are built in compliance with national priorities and the EU regional development and cohesion policies and instruments.	<ul style="list-style-type: none"> ▪ Legal and administrative actions taken by government ▪ Government management structures for regional development strengthened and financed 	<ul style="list-style-type: none"> ▪ Government Official Gazette ▪ Government decisions ▪ Project reports, data and information 	<ul style="list-style-type: none"> ▪ Political consensus on the importance of regional development instruments ▪ Ways have to be found to communicate with the policymakers ▪ Real coordination of key government stakeholders ▪ Decentralization reform' and other sector strategies' progress is supportive to the regional development policy
Specific Objective 1	The necessary institutional, legal and administrative framework conducive to the implementation of national and EU regional development policy is established	<ul style="list-style-type: none"> ▪ Timely designation of IPA institutional functions among line ministries ▪ Government decides on strengthening of central management structures for 	<ul style="list-style-type: none"> ▪ Government and Parliament decisions ▪ Functioning of institutional/financial mechanisms in support of domestic regional 	<ul style="list-style-type: none"> ▪ Political consensus on the choice of policy is critical ▪ Key government stakeholders begin to have a clear understanding and willingness to cooperate

	Intervention Logic	Objectively Verifiable Indicators of achievement (OVI)	Sources and Means of verification (MOV)	Assumptions
		domestic regional development and acts upon	development <ul style="list-style-type: none"> ▪ Qark decisions or response to institutional restructuring ▪ Project reports, data and information 	<ul style="list-style-type: none"> ▪ Government is able and firm to avoid overlapping and role ambiguity
Specific Objective 2	Capacity in policymaking, development planning, implementation and monitoring the regional development established at existing institutions at central level and in selected regions	<ul style="list-style-type: none"> ▪ Capacity building progresses at central level among the institutions involved in IPA3 and domestic RD (RDF) ▪ Selected qarks adopt specific options for their regional development functions ▪ Qark Development Strategies and Investment Plans are prepared through participatory processes ▪ Qark relevant staff and other local stakeholders are trained in project cycle and pipeline development ▪ Good practice developed and piloted is disseminated to other qarks 	<ul style="list-style-type: none"> ▪ Government and ministerial decisions regarding programmes, organizational designs and funding respond to IPA related and domestic RD reforms ▪ Regional and local governments' decisions (Minutes of meetings and decisions taken) ▪ Number and quality of strategic documents produced and pipeline projects prepared ▪ Eventual RDF progress/technical reports on activities and performance of each qark ▪ Project reports, data and information 	<ul style="list-style-type: none"> ▪ Decentralization reform favours strengthening the scope and functions of the region in coordinating development ▪ Regional and local authorities are open and willing to extend decision-making base so as to allow participation of civil society and private sector and other relevant key local stakeholders ▪ Consensus is reached early in time among regional and local authorities on assigning identifiable human resources for mutual cooperation and development of a joint regional strategy and investment plan

	Intervention Logic	Objectively Verifiable Indicators of achievement (OVI)	Sources and Means of verification (MOV)	Assumptions
Specific Objective 3	Public infrastructure related to transport and/or environment improved/built in selected qarks in accordance with respective sector strategies/plans	<ul style="list-style-type: none"> ▪ Number of infrastructure interventions supported 	<ul style="list-style-type: none"> ▪ Decisions, written requests from line ministries on selected infrastructure interventions ▪ Physical infrastructure improved/built in selected regions 	<ul style="list-style-type: none"> ▪ Relevant line ministries reach agreement and provide support in identifying interventions ▪ Line ministries have clear strategies/plans of intervention in place for the selected areas
Expected Results	<u>Result 1.</u> – Appropriate support to preparing IPA Component 3 Strategic Coherence Framework and Operational Programme is provided and a policy framework to implement the national Regional Development strategy is adopted	<ul style="list-style-type: none"> ▪ Identifiable IPA3 institutional functions and programming documents ▪ Government agreement on proposed policy framework ▪ Government follows up with engagement for developing the legal basis of regional development 	<ul style="list-style-type: none"> ▪ Government decisions ▪ Information on progress of government consultations ▪ Project data and information 	<ul style="list-style-type: none"> ▪ Time schedule for IPA institutional building and programming is set and respected ▪ Identification and analysis of possible policy options carried out with high quality and in consideration of best experiences, requirements and context. ▪ Key development stakeholders participate in consultations and engage actively to ensure ownership and achievability
	<u>Result 2.</u> – Institutional and administrative capacity able to sustain the regional development process in line with the national regional development policy and EU instruments is established and piloted	<ul style="list-style-type: none"> ▪ Clear designation of responsibilities for regional development takes place ▪ Participatory and coordination mechanisms are established according to RD policy framework ▪ Availability of qark Investment Plan for each selected qark 	<ul style="list-style-type: none"> ▪ Government Official Gazette ▪ Regional government decisions ▪ Physical evidence of Investment Plans documents ▪ Project data and reports 	<ul style="list-style-type: none"> ▪ Preliminary work and lobbying is made for the identification of an adequate institutional set up ▪ Government is committed and supports the required steps for the establishment and consolidation of the participatory structures. ▪ Qarks have the authority and gain consensus from local governments to develop functions and investment plans

	Intervention Logic	Objectively Verifiable Indicators of achievement (OVI)	Sources and Means of verification (MOV)	Assumptions
	<u>Result 4.</u> – Improvements in the public infrastructure carried out in line with transport and/or environment strategic priorities	<ul style="list-style-type: none"> ▪ Number of infrastructure projects co-financed in each region 	<ul style="list-style-type: none"> ▪ Physical evidence of investment ▪ Evaluation and Impact assessment reports on the interventions 	<p>Government support for identification of interventions is anticipated so as implementation has sufficient time to complete</p> <p>Tender documents for procurement procedures are carefully designed so as to avoid any delay in implementation.</p>

Results	Activities	Means	Costs	Pre-conditions/ Assumptions
<p>Phase I – Project start up and Inception Part I – Start up</p> <p>Start up Project Activities</p>	<p>Activity 1.1 Establish project office, mobilization of office staff and key and non-key experts</p> <p>Activity 1.2 Hire and bring on board the necessary TA team, including key and non-key experts to be deployed as per the project work-plan needs</p> <p>Activity 1.3 Identify and inform institutional stakeholders about the project objectives and expected results,</p> <p>Activity 1.4 Establish the synergy with other related projects, examine the strategic documents and assess the objectives and expected results in the actual context,</p> <p>Activity 1.5 Set up the project Steering Committee and necessary inter-institutional coordination structures</p> <p>Activity 1.6 Prepare the draft Inception Report including the Work Plan, monitoring indicators and timetable on project activities,</p> <p>Activity 1.7 Submit Inception Report to PSC for review and finalize it in accordance with PSC comments</p> <p>Activity 1.8 Develop and consult the Terms of Reference for Policy Framework Development</p> <p><u>Outputs</u></p> <ul style="list-style-type: none"> Inception Report, including Terms of Reference for the preparation of Policy Framework 	<p>Recruitment of Project Management staff</p> <p>Rent of premises</p> <p>Office equipment</p> <p>Operational Costs</p>	<p>Mobilization of Project Team – national long term staff (279 m/m for a total of 244,883 Euro)</p> <p>International and national experts for Inception phase (109 days for an overall amount of 45,823 Euro)</p> <p>Inception phase training & workshops & visibility (19,600 Euro)</p> <p>International and in-country travel costs in total (63,705 Euro)</p> <p>Office Rent (47 months x 1,600 = 75,200 Euro)</p> <p>Office equipment Tirana office - including vehicles (60,176 Euro)</p> <p>Operational costs Tirana office (98,400 Euro)</p>	<p>Project Management arrangements have to be identified beforehand so as TA works in a facilitated environment</p> <p>Project inception should be of high quality and detail sufficiently the next practical steps for the implementation</p>

Results	Activities	Means	Costs	Pre-conditions/ Assumptions
<p>Phase II - Implementation Part II – Design of the policy framework</p> <p>Result 1. – Appropriate support to preparing IPA Component 3 Strategic Coherence Framework and Operational Programme is provided and a policy framework for Regional Development is prepared for revised NSDI</p>	<p>Activity 2.1 Deploy the experts' team in accordance with recruitment criteria and establish contacts with relevant government institutions and agencies for developing the Policy Framework,</p> <p>Activity 2.2 Set up working groups at Policy and Technical levels for reviewing and discussing options for a viable regional development policy framework,</p> <p>Activity 2.3 Assess the role, capacity, level of competence, communication and cooperation among national, regional and local stakeholders in the formulation and implementation of regional development policies,</p> <p>Activity 2.4 Review the existing policies, instruments, structures, statistical information economic mechanisms used in Regional Development,</p> <p>Activity 2.5 Assess the root causes on regional disparities,</p> <p>Activity 2.6 Carry out a comparative review of regional development mechanisms experienced in EU countries,</p> <p>Activity 2.7 Draft and finalize a Regional Development Policy Paper, covering appropriate response to disadvantaged areas, following the consultation with concerned stakeholders,</p> <p>Activity 2.8 Advise and assist the inter-ministerial committee on NUTS2 in the review and decision on the optimal recommended NUTS2 country division</p> <p>Activity 2.9. Draft a Regional Development policy construct for the revised NSDI</p>	<p>International and National experts</p> <p>Trainings and workshops</p> <p>Study tours</p>	<p>Internationals (495 days for an amount of 337,438 Euro)</p> <p>Nationals (430 days for an amount of 89,010 Euro)</p> <p>Trainings & workshops and visibility for an amount of 31,800 Euro</p>	<p>Timing of each sub-stage must be respected</p> <p>Data should be made available by different institutions</p> <p>Selection of participant for the study tour should involve decision-makers not technicians and the Project should accompany them</p> <p>The Policy paper reaches the highest government level attention soon enough to gain their support</p> <p>Government ministries show interest and understand the necessity to receive training on EU matters</p> <p>Government undertakes the revision of NSDI which will streamline and improve strategic planning for the country</p> <p>The political environment is prepared and ready to discuss NUTS 2 options.</p>

Results	Activities	Means	Costs	Pre-conditions/ Assumptions
	Outputs <ul style="list-style-type: none"> • Policy Assessment Report(s) • Policy Paper on Regional Development, including aspects of Disadvantaged Areas • Recommendation on NUTS 2 country sub-division • Regional Development Policy construct for NSDI 			
Phase II - Implementation Part III – Capacity building for regional development at national level <u>Result 2.</u> – Institutional and administrative capacity able to sustain the regional development process in line with the national regional development policy and EU instruments is established and piloted	Activity 3.1 Develop and carry out a programming assistance to the Strategic Coordinator, the Operating Structure and relevant line ministries responsible for preparing the Strategic Coherence Framework and the Operational Programme for IPA Component 3, Activity 3.2 Provide necessary feedback, advice and quality control to draft SCF and OP prepared by government until EU acceptance of final drafts, Activity 3.3 Assess design and performance of RDF operations and recommend changes for a strategic approach to domestic regional development and improved compatibility with IPA3 Activity 3.4 Develop a process to improve RDF in line with the RD Policy Framework and the above changes identified and to support RDF operations by development of an IT management system. Activity 3.5 Design and implement a training and learning and development programme for relevant central level/line ministries' policy decision makers and implementers involved in regional development through RDF or sector interventions. <u>Outputs</u>	International and national expertise on Human Resource Development, IPA programming and institutional building Training & Workshops Study tours	International and national expertise (870 days for an amount of 308,257 Euro) Training & workshops & visibility for an amount of 19,200 Euro Study tours x 2 for an amount of 44,000 Euro	Central government engages in implementing a timely plan of activities and cooperates openly with technical assistance Government is committed to review its regional development policies and engage in reforms for improved coherence

Results	Activities	Means	Costs	Pre-conditions/ Assumptions
	<ul style="list-style-type: none"> • Programming assistance to government to develop the Strategic Coherence Framework document • Programming assistance to government to develop the IPA 3 Operational Programme • Recommended options for future RDF strategy and operations • An IT management system for Regional Development Fund 			
<p><u>Phase II - Implementation</u> <u>Part IV – Capacity building for regional development at regional level</u></p> <p>Result 2. – Institutional and administrative capacity able to sustain the regional development process in line with the national regional development policy and EU instruments is established and piloted</p>	<p>Activity 4.1 Assess level of competence and capacity of local governance institutions with respect to regional development planning, implementation and monitoring,</p> <p>Activity 4.2 Assess existing experiences and interrelationships of the regional/local levels with national programming, implementing and financing bodies and the major gaps to be addressed,</p> <p>Activity 4.3 Set up Working Groups at regional level and review the existing regional development documents,</p> <p>Activity 4.4 Assists qarks to establish their capacity on strategic planning, financing mechanism and coordination at regional level,</p> <p>Activity 4.5 Design, prepare and carry out a specific training programme for policy makers and planners at regional level with regard to the design, implementation and monitoring of regional development process,</p> <p>Activity 4.6 Draft for selected qarks the regional development strategy and investments plans following public consultations and eventually in line with RDF</p>	<p>International and national expertise on</p> <ul style="list-style-type: none"> ▪ Human Resource Development ▪ Regional Development ▪ Strategic and Local Planning ▪ Project Pipeline development ▪ Monitoring and Evaluation, etc. <p>Workshops and Trainings</p> <p>Study tour</p>	<p>International and national expertise (2,787 days for an amount of 869,320 Euro)</p> <p>Four Qark development and programming offices rehabilitation and equipment for an amount of 60,000 Euro</p> <p>Training & workshops & visibility for an amount of 43,800 Euro</p> <p>Study tour for an amount of 22,224 Euro</p>	<p>A due reform is undertaken at the central level requiring sub-national planning and standards for financing development</p> <p>Selected Qarks and their local government units collaborate for developing a common development strategy</p> <p>Qark governments receive well technical assistance and take appropriate measures to organize offices, staff, local stakeholders to fulfil required planning tasks</p> <p>Central government is supportive to the developed strategic schemes at the regional level</p>

Results	Activities	Means	Costs	Pre-conditions/ Assumptions
	<p>requirements.</p> <p>Activity 4.7 Identify in consultation with regional/local actors a priority project in each pilot park and develop a full project pipeline as a learning and capacity building exercise for local project planners/developers</p> <p><u>Outputs</u></p> <ul style="list-style-type: none"> • Awareness raising on principles of regional development and EU-funding, and roles of regional and local partners, • Support to development of Regional Development Strategies • Support to development of Regional Investment Plans • Assistance in developing regional project pipelines 			
<p><u>Phase II - Implementation</u> <u>Part VI – Improvement of selected regional infrastructure</u></p> <p><u>Result 3.</u> – Improvements in public infrastructure carried out in line with the Committee of RDF and the priority selection systems in place</p>	<p>Activity 5.1 Select infrastructure works following consultations with the Committee of RDF, line ministries responsible and regional government units</p> <p>Activity 5.2 Hire Civil Engineer(s) for preparing SOWs and tender documents for the design, supervision and implementation of works,</p> <p>Activity 5.3 Tender works design and supervision and certify the quality of deliverables (designed works)</p> <p>Activity 5.4 Tender works implementation</p>	<p>Subcontracts for services</p> <p>Subcontracts for works</p> <p>Procurement and Monitoring experts</p>	<p>Subcontract for services (175,210 Euro)</p> <p>Subcontracts for Works (2,122,218 Euro)</p> <p>International (40 days) and national (23 months) civil engineers for tendering and monitoring works for an amount of 61,580 Euro</p>	<p>Clear plans and clarity on the proposal in time of the selected interventions</p> <p>Works are tendered in a few rounds and early enough to give time for their completion</p> <p>The monitoring the supervision companies are critical to the successful completion of the works</p>

Results	Activities	Means	Costs	Pre-conditions/ Assumptions
<p><u>Phase III - Project Closure</u> <u>Part VI – Concluding activities</u></p> <p>Closing up Project</p>	<p>Activity 6.1 Organization of a concluding national event</p> <p>Activity 6.2 Submission of final Project report to the members of PSC for comments</p> <p>Activity 6.3 Convening of the PSC meeting and approval of the Project final report</p> <p><u>Outputs</u></p> <ul style="list-style-type: none"> • Auditing Report • Evaluation Report • Project Final Report 	<p>International and national experts</p> <p>Venue and workshop materials</p>	<p>International and national experts – 51 days for an amount of 29,545 Euro</p> <p>Overall auditing and evaluation costs for an amount of 35,500 Euro</p> <p>Workshops for an amount of 2,923 Euro</p>	