

Decentralisation, power of local self-government and multi-level dynamics in Shkodra Region

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EXECUTIVE SUMMARY

Albania is implementing a national strategy of decentralization and local autonomy, making significant progress in decentralisation, while aiming to achieve consistency with the principles of the European Charter of Local Self-Government of the Council of Europe (CoE). Key challenges of the decentralization process identified in the National Strategy for Development and Integration (NSDI) include: consolidation through implementation of the legal and regulatory framework in order to increase authority and autonomy of local government; fiscal decentralization; strengthening capacities of local government staff and the Regional Councils; transfer public utilities and public property to local government. The basic principles leading the division of responsibilities between the central and local government and between the levels of local government, is “securing the highest level of public service at a government level as close to the public as possible” or the principle of subsidiarity. This implies the maximum effectiveness and efficiency in exercising the functions and providing the services and accountability to the public.

Since the year 2000, the decentralization process has been closely developed through respective legislation reform mainly aimed to decentralize function and responsibilities toward the Local Government Units (LGU). The Regional Development Cross-Cutting Strategy, approved in 2007, mainly aims at channelling existing funds into the system, by creating institutions to plan, allocate and manage these funds. In this context the County Partnership Council is a consultative structure following the National Partnership Council for Regional Development. The National Partnership Council for Regional Development is composed of government ministries, county and local government, the social partners and civil society while the County Partnership Councils brings together the same range of actors, but at county level.

The County Development Agency (CDA or Local Development Agency) is also a structure for managing the implementation of the county development strategy and action plan. The CDA supports the County Partnership Council of the region by assisting them with their work, undertaking research, facilitating consultations with local interest groups, preparing strategic documents and providing support in the implementation of the County Development Strategy. TEULEDA is the Local Economic Development Agency in Shkodra, founded as a non-profit NGO. It aims to contribute, in accordance with the powers of other institutions and in collaboration with them, in defining and implementing goals for economic development in the region of Shkodra.

Over the last few years, the Shkodra District, in compliance with the Cross-Sector Strategy of Regional Development of the Albanian Government and supported by the German Technical Cooperation (GTZ) GmbH, has been making major efforts to elaborate the current Shkodra Regional Development Concept. This shall serve as the main strategic document for the period 2010-2015.

The decentralization reforms have shown an increase in responsibilities for the local government as well as local autonomy for the financial allocation. Social development functions includes activities such as such as education, public health, traditions and culture, social development, minorities, civil society development, human rights and information. In areas such as traditions and culture, the local government units will have complete responsibility for their promotion through the support of local initiatives and activities, local cultural groups, etc. The local government units have administrative, service, investment and regulatory authority, through the respective local public institutions. In the area of education, health and social assistance, the local government units may play an important role, sharing the responsibilities with the central government, within the national policies defined by law.

Knowing that the decentralization of functions and competencies should be accompanied with the necessary funds to carry them out, the primary focus of Albanian Policies has been the consolidation of decentralization in the field of incomes and expenses for the improvement of LGUs

financing schemes. Municipalities and communes differ very much among themselves, different LGUs shows progress in local autonomy application with different level of ability, adding the lens of disparity between regions. While some big municipalities such as Shkodra are developing rapidly and are able to take up the devolved tasks, many small or remote communes lack the basic financial resources and professional capacities to deliver most basic services. It is important to develop capacity building programs to exercise the competencies and duties at a regional level. While the Government does allocate funds for each Region, the current main challenges for Shkoder Regional Council are to build capacities for absorbing future Regional Development funds through County Development Agency. For 2011, the Shkodra region can apply for a total funding of around 88,302,444 Albanian Lek (ALL) or 619,845.65 EUR (1 EUR = 142.459 ALL) for projects in the social field (health, education and tourism fields). It is also important to build capacities for planning, implementing and evaluating projects, to maintain EU funded infrastructure and sustain their use. Regional policy should concentrate on least prosperous regions as well as on contributing to achieving a more attractive place to live and work, more knowledge and innovation for growth, more and better jobs.

1. DECENTRALISATION: THE LEGAL/INSTITUTIONAL AND POLITICAL FRAMEWORK

The Constitution of the Republic of Albania and the Law No. 8652, “On the organization and functioning of Local Government” (31/07/2000), allow the elected bodies of local government units, local councils, to freely decide on the number and structure of the administration of the respective local government unit. .

Albania has three levels of governance: national, county (qark or region) and local (municipalities and communes). Directly elected bodies exist at central and local levels. Regional councils consist of delegated representatives from local units. Albania has initiated a decentralization process, where administrative, political and fiscal tasks, competences and resources are transferred to regions through LGU, municipalities and communes.

Since the year 2000, the decentralization process has been closely developed through respective legislation reforms mainly aimed at decentralising function and responsibilities toward the LGUs. The main important low acts to be in this process are:

- Law No. 8652(31/07/2000) “For organization and functionality of local government”
- Law No.8653(31/07/2000) "For administrative – territorial division of LGUs”
- Law No. 8654 (31/07/2000) "For organization and functionality of Tirana Municipality”
- Law No. 8743, (22/02/2001) "For government immovable properties”
- Law No. 8744, (22/02/2001) "For transferee of LGU immovable property”
- Law No. 8982, (12/12/2002) “For local small business tax”
- Law No. 9232, (13/05/2004) amended in law 9719, (23/04/2007) “For social programs of urban housing inhabitation”.

Local government units are challenged by this process, as their resources, capacities and competences are still limited. The basic principles leading to the division of responsibilities between the central and local government and between the levels of local government, are “securing the highest level of public service at a government level as close to the public as possible” or the principle of subsidiarity. This implies the maximal effectiveness and efficiency in exercising the functions and providing the services and accountability to the public.

Social development includes functions such as education, public health, traditions and culture, minorities, civil society development, human rights, information dissemination to population as well as between stakeholders. In areas such as traditions and culture, the local government units have responsibility for their promotion, carrying it out through the support of local initiatives and activities, local cultural groups, etc. The local government units play an important role, sharing the responsibilities with the central government in social services, within the national policies defined by law. The local government units have administrative, service and investment authority, and partial regulatory authority, within well-defined national policies and minimal standards of inputs and outputs.

The Regional Development Cross-Cutting Strategy, a strategy Approved by Decision Nr.773 dt.14.11.2007 of Council of Ministers - aims mainly at channelling existing (and future IPA regional development) funds into the system, through consultative and implementation structures. One of the Strategic objectives is setting in place an efficient management framework for regional development. This will be achieved through the elaboration of a new legal framework and the development of institutional structures to manage regional policy. The strategy introduces a series of new elements to Albanian policy in terms of strategic planning and policy:

- a single policy framework for socio-economic development of counties, taking into account the specific needs of qarks;
- a single socio-economic development programming document for the qark (the Regional Development Strategy);
- the concept of a regional development agreement, a multi-annual strategic, operational and financial plan setting out central government support for development priorities in each of the qark;
- the designation of disadvantaged areas for a period of five years, a government plan for the development of disadvantaged areas and a special budget line for special support schemes for both disadvantaged regions and disadvantaged communes and municipalities.

This strategy brings the framework of a political and legal broad-based platform for a stable development of regions, which shall prevent distorting and preferential policies in issues related to economic and social development of regions. The Regional Council of Shkodra, responsible for the definition and/or implementation of the strategy, comprises of 65 members. The Mayors of Communes and Municipalities are direct members of the Regional Council. In the whole of Albania, including Shkodra, it aims to be a political consensus on the exact manner in which the strategy should be implemented, on the institutional structures and the financing requirements in compliance with the Law enacted. In the framework of the Regional Development Cross-Cutting Strategy the County Partnership Council also operates. This is a consultative structure following the National Partnership Council for Regional Development. The National Partnership Council for Regional Development is composed of government ministries, county and local government, the social partners and civil society while the County Partnership Councils brings together the same range of actors – but at county not national level.

The regional development cross-cutting strategy has been adopted in Shkodra, but its concretisation and implementation in the social fields is considered to still be some way off as Albania's public services are still widely centralized. From the perspective of poverty reduction, Shkodra can hope for using instruments to catch-up part of the richer regions of Albania. So, referring to the feasibility study carried out by Swiss Cooperation and Austrian Development Cooperation¹ the prefect of the region of Shkodra counts 52 de-concentrated institutions from line ministries to coordinate.

Over the last few years the Shkodra District, in compliance with the Cross-Sector Strategy of Regional Development of the Albanian Government, and supported by the German Technical

¹ Supporting Regional Development in Northern Albania; Feasibility study for a joint program, commissioned by Swiss Cooperation and Austrian Development Cooperation; Feasibility Study, 23-2-2009

Cooperation (GTZ) GmbH, has been making major efforts to elaborate the current Shkodra Regional Development Concept. This shall serve as the main strategic document for the period 2010-2015. The National Guidelines provide the wider policy context and procedures for elaborating the County Development Strategy, also specifying the national and EU priority development themes. The work approach was based on other strategic documents from the region, starting from documents at the level of municipalities, region, and nation, up to the cross-border level. This is the main reference in monitoring the main and specific objectives of this strategy, through the project prioritized to be implemented within the year 2015. The analysis done by the Regional Council, as the main stakeholder leading this strategy from its design to its implementation, presents the details regarding the projects in the social service sector which has a very important role and focus in this strategy.

The County Development Agency (or Local Development Agency) is also a structure for managing the implementation of the county development strategy and action plan. The CDA supports the County Partnership Council of the region by assisting the County Partnership Councils in their work, undertaking research, facilitating consultations with local interest groups, preparing strategic documents and providing support in the implementation of the County Development Strategy. The County Council determines, based on its authority, whether the CDA should be based upon the existing Department of Programming and Development within the County Council structure, an already-established alternative structure at county level or a new structure. There are several options for the structure and nature of the CDA, but each will have to be formally accredited by the Government prior to its formal recognition as a CDA. The main factors that the Government will consider are whether: (a) it is the sole proposed vehicle for this purpose of the Regional Council in question; (b) it is operated on a not-for-profit basis; (c) it is the only such vehicle to be operated in the region in question; and (d) it meets any other accreditation criteria set by Ministry of Economic Trade and Energy. The County Development Agency in Shkodra Region is Teuleda, founded as a non-profit NGO. It aims to contribute in accordance with the powers of other institutions, and in collaboration with them, in defining and implementing goals for economic development in the region of Shkodra.

One of the driving factors for the political debate on regional policy is the EU integration process. Since there is a broad consensus that Albania should integrate into the EU system, the argument of adapting to EU standards is too often used – and sometimes misused in the political debate. The EU regional policy approach leaves substantial room for member states and candidate countries to define their own priorities of regional development. The instrument for pre-accession assistance (for candidate countries) as well as the structural and cohesion funds (for member states) financially supports activities to balance regional disparities, according to national strategic reference frameworks and a series of operational rules set by the EU. Absorption capacity to deliver on strategic planning, project management, maintenance of infrastructure, and sustaining public services will be a key factor for Albania. If additional funds (from the EU or other donors) for regional development are channelled into the system, regional and local capacities will have to be increased particularly in poor regions, with a view to absorb these funds at regional and local level.

Despite the stakeholder specific nature in their field of expertise, the local stakeholders have a common understanding and agreement for the regional development strategy and its action plan – to which they have been part of the consulting process. Also, there are considerable different perceptions among them. For example, due to the various stakeholders involved in tourism development, the only way for the Shkodra Region to succeed in developing more sustainable forms of tourism will mean all stakeholders in tourism working together. All stakeholders should have the opportunity to have the same level of knowledge and understanding of the issues. This may require that specific stakeholders be given opportunities for education on the topics that are to be addressed in the decision making process. Once everyone in the process has the same level of knowledge, decisions can be made based on the collective wisdom of all the stakeholders. The host community in the Shkodra Region needs to develop the concept of “fair trade” in tourism. This

implies a more direct role for communities and government in dealing directly with tourists rather than using intermediaries such as foreign tour operators who take a share of the benefits.

2. POWERS AND RESOURCES OF LOCAL SELF-GOVERNMENT UNITS

The Ministry of Interior, through the Deputy Minister for Decentralization and Local Governments, is the national institution in charge of coordinating the Decentralization Programme. Local coordination is provided by the participating Regional Working Groups (RWG) of the Shkoder Region, headed by the Regional Chairpersons who are elected from the council's members through a voting process; and integrated by representatives of the Municipalities and Communes, relevant central government sectorial directorates, universities and social interested stakeholders. They are responsible for defining, implementing - also assisted by the CDA - and monitoring the strategic projects, fostering the active participation of the population. They are also responsible for coordinating the different contributions from the international cooperation partners.

According to the Shkodra Regional Strategy: "Shkodra will be transformed into a district with high-level social and health services through sustainable development and social cohesion, which will contribute to a better quality of life for our citizens". The Shkoder Regional Action Plan for Regional Development until 2015 aims for social service to:

- Improve and consolidate the university level education, making it the Centre of Education in the North of Albania, as a key factor in developing the supply of educated working power through improvement of academic and professional education.
- Improve the public service infrastructure to support the sustainable development of the socio-economic aspect, harmonising it with the environment.
- Improve the health status of inhabitants aiming for a healthy life through improvement of sport premises and access to social and health care for the population.

Shkoder is a region targeted by a number of political, private and civil actors. In compliance with the National Strategy, the drafting of the Shkodra Regional Development action plan has involved a wide participation and broad consultations with a large variety of stakeholders. Through this process it is evident from the regional Development Working Group and Regional Council of Shkodra that *private sector participation should be higher in the process and increasing the dialogue*, but this kind of dialogue among the public-private sectors is completely new and *businesses are not yet clear about the benefits that the business sector can derive from this process*. Meanwhile, the participation of women results as satisfactory. Young people do also participate by being part of various project implementations in the region as well as during the special thematic workshops, from which they do obtain very valuable information.

A specific dimension of regional and local development is related to local finances. Decentralization reform has brought about a significant increase in responsibilities of local governments as well as financial autonomy but an uneven development of autonomy on revenues.

The Law No. 8652 (31/07/2000) on "Organisation and Functionality of the Local Government" and its recent amendments, transfers a series of exclusive, shared and delegated functions to municipalities and communes. The **Main exclusive functions** in social aspect are services with social, cultural and sportive focus:

- Preservation and development of local cultural and historical values; Organisation and administration of respective institutions.
- Organisation of sportive and leisure activities and administration of the respective institutions

- Social services and administration of institutions such as kindergarten, Care home for the Elderly , orphanages etc.

Shared functions of municipalities/communes with focus on social aspect include:

- School and pre-university services.
- Primary health care and public health.
- social assistance, poverty mitigation and guarantee the functionality of respective institutions

The transfer of responsibilities is not yet complete in some areas, but it does work with specific cases of authorization that the central authority might give to municipalities/communes for a specific function.

Financial resources transferred: The municipal/communal budgets are covered by central government grants and local revenues as following:

- State Budget (unconditional transfer, conditional transfer, competitive grants).
- Incomes from local taxes and tariffs (own incomes)
- Local Borrowing and inflows from foreign financing and donors

The unconditional grant covers about 50% of the local budgets. Based on the Law No. 10355, (02/12/2011), the unconditional transfer includes funds for actions and functions determined by sub laws and amendments. It is calculated according to various criteria and a formula which is subject to annual budget negotiations. This model made the government budget more transparent and predictable which helps the budget administration from the local officials significantly. One of the indicators to analyse the power of the self-government unit are the LGUs own income per capita, which defines the level of the LGUs financial (in) dependence. Equally important, transfers from central government are looked at as a factor potentially moderating regional disparities. The following table shows the trend of Unconditional Transferee (in local currency) for the Shkodra Region for the period 2008-2011.

	2008	2009	% of change	2010	% of change	2011	% of change
Malësi e Madhe	165,567.60	173,139	4.6	150,661	- 13	152,689	1.3
Pukë	186,635.90	197,508	5.8	171,692	- 13	177,959	3.6
Shkodër	681,270.60	726,193	6.6	643,626	- 11	662,535	3

Funds for the unconditional transfer for the Shkodra Region (as in all other regions in Albania) are approved by the Ministry of Finance (MF) and specified for each LGU (see annex 1). The LGU councils approve the annual budgets for their routine functions, expenditure, loans and project financing for investment.

Conditional grants are used to finance “shared” functions of municipalities/communes. For example: in compliance with the decentralisation policies for the sectors of primary health care and public health protection, the Law No. 9464, (28/12/2005) “On the 2006 state budget”, has allocated a special item in the budget of 12 regions for 2006: “Conditioned grant for construction and reconstruction of health centres for the primary health care service”. According to this item, the regional councils are responsible for the use of these funds for the investments in the territory of their municipalities/communes. The Ministry of Health determines and monitors the standards of this service.

For the Medium Term Budget Programming (PBA) 2011 – 2013, The Shkodra Region has already planned to finance, through government budget, the following:

- In the field of Primary Health Care, 112,112,000 ALL for the third phase of regional hospital reconstruction, including the treatment of mentally ill patients in this Region

- Accomplishment of 30% of equipment needs for the treatment of the hospital remnant during 2013 and 20 % of them in 2012 with a cost of 833, 82 (thousands) LEK
- Shkodra Municipality Hospital reconstruction 564,000 thousands LEK for the year 2011
- Opening a new branch for TIK in the agro-business and veterinary School in Bushat – Shkoder.

The conditional funds for economic assistance, financial support for people with disabilities and social care are administered by the Ministry of Work and Social Affairs (MWSA). With regards to the social care and poverty reduction, further improvement of the legislation framework has been made, in cooperation with MWSA, in such a way as to strengthen the competencies of LGUs for decentralisation on economic support and social services, i.e. the Minister Council's decisions of No. 658 "For the standards of social services" and 659 "For standards of children in the residential institutions". The national funds, allocated as conditional funds, are further distributed to the LGUs which evaluate, and carry out the payment for the social economic support for people with disability and social support. The funds for employment and services in the community are regarded as a priority by the LGUs. In order to finance the services for social care and other community work and services, the LGUs can also use their own local incomes. The region (Qark) administers specific social care centres in the region. There were 97 children in residential care centres in the Shkodra Region in 2005. That number rose to 102 the following year. Since then the numbers have risen significantly. The Table below shows the number of residential care centres.

Residential Centres in Shkoder

Private	Nr.	Public	Nr.
Rehabilitation centre for disabled people	1	Children's home (0 -3 yrs)	1
Care home for the Elderly	2	Children home (3-6 yrs)	1
Female counseling	1	Children home (6-14 yrs)	1
Legal Counseling and AID	1	Rehabilitation centre for disabled people	1
Family planning	1	Care home for the Elderly	1

Source: Ministry of Labour and Social Service, Strategy of Social Services 2005–2010

Competitive grants were introduced to finance small capital investments at local level, with regard to roads, water supplies, education and health. These funds are given from the state Budget through National Development Funds. The vast majority of financing for actions in the disadvantaged areas should come from sectoral strategies (including the municipality/commune competitive grant). The basis for calculating the grant seems to reflect, to some extent, the idea of balancing regional disadvantages and advantages, although there is no systematic assessment of the impact on the financial situation of municipalities and communes. For 2011, the Shkodra region can apply for total funding of around 88,302,444 ALL (8.7% of the national budget for Regional Development) for projects in social fields: 9,385,459 for health; 72,665,205 for education and 6,251,780 for the tourism field.

The main criterias used for the allocation of the total fund for the region are: population number of the region – (which counts for 35%); poverty level of the region – (which counts for 35%); the level of investment over the last four year in each respective sector – (which counts for 30%). The region has to apply with their project based on the forms and government requirements. (Decision No. 2, 11/03/2011 of the Regional Development Committee).

The fiscal decentralisation in Albania has progressed in the same line with the overall process of political and economic reforms, organization of the financial institutions, economic differences of regions and specific groups of population. Since 2006, municipalities/communes are allowed to collect property taxes on buildings and agriculture land, property transfer taxes, infrastructure impact tax, small business tax, simplified profits tax and vehicle tax. Law No. 9632, (30/10/2006) includes changes on the authority of local government to determine the business taxes by

plus/minus 30% and the benefits of this tax from the respective LGUs where the business is located. It also includes the right of the LGUs to collect and administer small business taxes. The Directorate of Finance and Budgeting in the Shkoder Region actually compiles the annual budget and follows its implementation during the year. It is in charge of making the analytic plan according to economical and financial analysis of the year.

In general, the potential of local revenues has not been fully exploited, and it tends to privilege municipalities and communes with a certain economic potential. While some big municipalities are developing rapidly and are able to take up the devolved tasks, many small or remote communes lack the basic financial resources and professional capacities to deliver the most basic services. The differences among municipalities and communes seem significant and this might contribute further to the widening of the gap between the regions with regard to economic and social development potentials. The table below shows the 33 LGUs of the Shkodra region distributed according to their average own income per capita as compared with the national average. There are 15 Shkodra Region LGUs categorized in the lowest level of average own income, while there is no LGUS from the Shkodra Region belonging to the group with more than 6143 average own income per capita. The average own income per capita for the whole region is 2392 ALL.

Average Own Income	>9828	6143-9827	4914-6142	3686-4913	2457-3685	1229-2456	491-1228	<490	Total
Shkodra									
2392		2	3	3	3	7	15	33	
Albania									
4914	10	16	13	26	46	98	88	77	374

Source: Ministry of Finance, INSTAT, Own Calculations

Following the above argument of disparities among the LGUs in the Shkodra Region, the following Communes show the differences between LGUs in the number of families benefiting from social assistance.

	No. of families (C)	Total families in the commune (D)	C/D %	% over the beneficiary communes
Shkoder Municipality	4,907	33,814	15%	30 %
Postribe	1,063	3,418	31%	6 %
Shale	800	2,013	40%	5 %

While having a brief picture over the situation as well as referring to the various analysis in regional development, the RD typology of Shkoder (socio-economic development and competitive aspects) is defined to be Medium developed (middle rank) RD index (92), close to the national average.

3. MULTI-LEVEL DYNAMICS

The national process of Regional Development aims at addressing regional disparity, primarily by making the sectoral investments and activities of the line ministries respond to regional disparities in a coherent regional approach. This process, as formulated in the strategy, has been the subject of extensive consultation with key local and international stakeholders. Based on regional

development crosscutting strategy, which was formulated under the UNDP consultancy and implemented by the leading agency the Ministry of Economy, Trade and Energy, the Institutional Framework for Regional Development include:

- **The National Partnership Council for Regional Development:** bringing together government ministries, county and local government, social partners and civil society.
- **The Regional Partnership Councils:** bringing together the same range of actors – but at county not national level.
- **The Department for Integrated Regional Development:** a much expanded department Within the Ministry of Economy Trade and Energy (METE) necessary for the management of Albania's regional policy and for the future implementation of EU regional policy.
- **The Regional Development Agency:** a structure for managing the implementation of the regional development strategy and action plan for each region.

These structures are under the process of consolidation through the ongoing process of national and regional institutional development.

Additional support from the central budget is foreseen to cover a proportion of the establishment and operational costs of the Regional Partnership Council and the Regional Development Agency.

Local governments are organised in three national Associations: the Albanian Association of Municipalities, the Albanian Association of Communes, and the Albanian Association of Region. The associations seem to play a growing role in bringing the views of municipalities/communes into the political debate and are increasingly successful in influencing political decisions on decentralization issues at central level. However, they complain about lacking the capacities and the limited interest of local governments in joining forces for political lobbying: For influencing political decision-making in their favor, mayors and heads of communes still seem to prefer direct and personal links to central power holders.

To manage the coordination process, the four leading multilateral donors (UNDP, EC, WB, and OSCE) formed the Donor Technical Secretariat (DTS), and the EC as the largest donor became the permanent Head of the DTS. As of December 2005, the Department for Strategy and Donor Coordination (DSDC) was established within the PM's office with responsibility for the NSDI (National Strategy for Development and Integration), the Integrated Planning System (IPS), and aid coordination. Since its creation, this Department has been the counterpart of the Donor Technical Secretariat DTS.

One of the driving factors on regional policy is the EU integration process. Firstly, the perspective of accessing additional EU funds in the pre-accession phase and as a future member provides important incentives and clearly triggers political and economic reform. In its current status as a potential candidate, the Financial Agreements have been signed for Albania for component 2-Regional and cross-border cooperation. This component is particularly relevant for Northern Albania, but the funds available are relatively limited (2.8 M. Euros for 2008-2010). Under the component of regional and cross-border cooperation LGUs are foreseen as beneficiaries. This gives the possibility to municipalities/communes, as well as qarks, to apply for funds for realizing projects corresponding to the spelled out criteria.

Like in other regions, absorption capacity for IPA funds is lacking in Shkoder. This currently stands as one of the main challenges for the LGUs of Shkodra. While it is important to develop the technical management capacities on how to plan, implement and evaluate concrete projects, there is also a more general need for developing the responsible institutions and procedures, with a view to make project funded investments sustainable, use them properly and maintain infrastructure and improve services. *It is still important to develop capacity building programs at a regional level in a way to enable the staff to plan and set development priorities. It is also important to build capacities for planning, implementing and evaluating projects, to maintain EU funded*

infrastructure and sustain their use. Regional policy must concentrate on the least prosperous regions as well as on contributing to a more attractive place to live and work, more knowledge and innovation for growth, more and better jobs.

The “Donor Architecture” of Albania is led by regular Quarterly Donor-Government Roundtables chaired by the Deputy Prime Minister. Investment in the social sectors has been funded in roughly equal proportions from domestic and external sources. *External assistance has a relatively low level of support for social development and will need to be increased in future programming.* It is evident that external assistance in Shkodra is focused more on local economic development than education and health, the latter led more strongly from USAID and SWISS cooperation projects as well as UNDP with the program of achieving MDG.

The basic **education sector** strategy aims to guarantee a modern national education system. The transfer of competencies has been carried out in compliance with the Decision of Council of Ministers (DCM) No. 632, (04/10/2004), “On the approval of the document for decentralization policies in pre-university education”. The national action plan for the immediate implementation and piloting of the decentralization reform in this area has been designed, for the transfer of competencies to the local government, regarding the ownership of pre-university education buildings, their preservation, maintenance and funding, the planning and implementation of investment funds, reconstructions and materials, the improvement of curricula, the non-educational personnel, the administration of dormitories, the assignment of scholarships for students, the monitoring of the educational institutions’ performance, the participation in school boards. The Ministry of Education and Science establishes the standards and, in collaboration with the Ministry of Finance and Ministry of Interior, monitor and assesses throughout the year, the implementation of standards and investment budget in the area of pre-school, primary and secondary education in the region. The assessment results influence the planning and allocation of the conditioned grant for local government units in the next fiscal year. Key challenges for the sector are the *improvement of the quality of teaching; the strengthening of school autonomy; the improvement of governance in service provision; the introduction of accountability in the system; the participation of the community and all interested groups and an increase in transparency.* For the all level of education the local government units may play an important role, sharing the responsibilities with the central government, within the national policies defined by law. The local government units can have administrative, service and investment authority, and partial regulatory authority, within well-defined national policies and minimal standards of inputs and outputs.

The key priority areas to be supported by donors over the medium term period in Shkodra should include support on:

- management capacity to improve governance focusing on the scheme of responsibility and accountability across institutions, down to the level of individual jobs;
- monitoring the implementation of the regional decentralization strategy at primary and secondary schools;
- construction and reconstruction of schools with a special focus at pre-university education levels;
- improve the quality of the teaching and learning process;
- improving the efficiency of education financing schemes aiming at an increased share of financial support by the local government;
- expanding the provision of pre-school education based on the preschool and contextual models through national model programmes; delivery of early childhood services to vulnerable groups and building new kindergarten;
- continuous support to open vocational training centres.

The following table shows in term of statistics the estimation of needs for infrastructure improvement on education system as presented from the Shkodra Region municipality.

	Existing	Average Number per commune	Need	Project
Kindergarten	135	4.09	100	38
Primary school	81	2.45	18	8
9 year education school	214	6.48	24	11
High school	42	1.27	10	7
Total	472		152	64

Public health: Donors' investments in public health have been significantly limited in terms of financial support. The main donor supporting family planning activities is the USAID, with Italy, Germany and Norway also providing support in health promotion and working with youth. Technical assistance support is also given by UNICEF and UNFPA. Key challenge is to create a health system that is capable of offering an easily accessible basic health service, of acceptable quality and efficiently delivered. This requires donor support for initiatives to improve the access of vulnerable groups (including women, children and the disabled) to health services. Key strategic priorities of the health sector to be supported by donors remain the following:

- strengthening the capacity of the regional health structure to develop policies, strategies and planning;
- improving consolidation of regional health system management financing;
- entitling and empowering people to receive health care when necessary, moving towards the payment of health contributions by all and focus on responsiveness to citizens.

The existing legal framework, Council of Ministers Decree No. 636, (2004) "For approval of decentralization policies in the field of primary health care and protection of public health" and derived acts, do regulate and harmonize the platform of decentralization functions, powers and resources. In the primary health care and public health protection: Central level, Ministry of Health (MoH) remains the major funder and provider of health care services and continues to retain the leading role in the administration and management of health care delivery. Government sanitary inspections are the responsibility of the MoH. The MoH runs vertical interventions in national programmes, such as child vaccination, reproductive health, epidemiological surveillance, HIV/AIDS, and the national programme against tuberculosis. The regional local directories are accountable to the MoH. Local authorities are directly responsible for public health issues such as waste disposal, drinking-water supplies and some forms of environmental protection. These programmes are implemented with the help of health centres and health posts as well as promotional campaigns (e.g., against HIV/AIDS) at the national and local levels.

The private health sector plays an important role with regards to drug distribution and dentistry services.

According to a special Government decision of 2006, the definition of "Health Centre" is: the main unit of PHC system which should offer an essential package of services for the community living on the area it covers.

Health care for children (0 - 14 years) in the HC is offered through health promotion, prevention services (supporting physical and psychological development, immunization, counselling, feeding) and curative services according to the respective operating guidelines.

Integrated health care for women in the HC covers prevention, promotion, medical treatment, and rehabilitation. Reproductive health (RH) is a state of complete physical, mental and social well-being, and not merely the absence of reproductive disease or infirmity. Reproductive health deals with the reproductive processes, functions and system at all stages of life. RH care services include:

prenatal care, postnatal care (mother and child), family planning (FP), breast and cervical carcinoma prevention, reproductive and sexual health, prevention and management of sexually transmitted infections (STI) and care for abused victims.

In 2007, for the first time in Albania, HCs are functioning as non profit public juridical entities, not financed by the state budget, but with an individual bank account and including all the network of health care providers under its responsibility. This status gives the HC the power to self manage its own human and financial resources, thus aiming to increase the quality of medical services provided in the area it operates, and to continue improving the quality of service in the future to provide high quality, integrated, continuous and accessible healthcare services to the community. In Shkoder, a quantitative analyses shows that an HC's manager spends 50% of his/her time with clinical work. The other 50% is spent on management-related aspects (13% of time is spent with HC's micro management, approximately 8% is spent with leadership, communication and negotiation issues). 6% of the time is spent on general planning and management, human resources management, quality management and information system management. Nearly 5% of their time is spent on financial management. Focus group discussions in Shkodra show that there are difficulties and challenges HC's managers are facing while meeting their responsibilities.

Health planning: Even though health barely appears explicitly as a part of the *acquis communautaire* requirements for the EU, there are a number of chapters that include issues with an impact on the health system like employment, institutional frameworks, service delivery in child protection, education services, etc. Therefore, the health sector will benefit through operations of the IPA in the above areas. Policy reforms in the areas of health finance and governance continue to be supported under the ongoing programmes of WB, Italy, Switzerland, UNAIDS and US, most of which still have several years to run. Planned projects for the future include new projects from the US and Sweden and from the UN, but these are considered relatively modest, compared to ongoing commitments. With regards to infrastructure the following table shows the needs identified in the Shkodra Region.

	Actual 2008	Average No. commune	No. inhabitant/No. Health Centres	Needs	Projects
Health Centres	192	5.82	1,754	91	43
Hospitals	11	0.33	30,609	14	6
Total	203		1,659	105	49

Employment: In this field, Government investment has been limited. The most significant challenges ahead are: the strengthening of local employment offices capacities (a structure embedded to each qark and LGUs level) and reinforcing their abilities to play an effective intermediary role between the labour market and the labour force; improvement and unification of working methods through structures; improvement of contacts with enterprises and development of partnerships; use of information technology to improve the quality of employment service.

Investment in aspects as important as health and safety or in the work of the State Inspectorate of Labour has also been very limited. Switzerland has provided projects to help with health and safety area. Several other *donors' projects involved in broader economic development* matters, such as Italy, USA, Germany and Sweden, have been active in supporting efforts to reduce the informal labour market. The International Organisation for Migration (IOM) and Italy have been involved in the consolidation of regional employment service programmes (trainings on migration services, setting up offices at these centres, equipments, etc). In this regards some initiatives are carried out also at sub-national level. For example the titled "Building pathways for tourism cooperation through developing handicraft products" project was awarded under an IPA CBC program. It started the implementation, on the 1st of February 2011, through the partnership implementers

constituting of: Regional Council of **Shkodra**; Albanian Artisans Association; NGO Montenegro Chamber of Skilled Crafts and Entrepreneurship.

The *technical support* is focused mainly in two directions: Capacity building of LGU administration in Shkodra on implementing EU projects within the framework of IPA Cross Border Cooperation programme; Methodological support for planning, activity implementation and reporting as well as financial management due to the EU proceedings. Key areas where future external assistance could be targeted include:

- capacity building at regional employment offices for design of employment promotion programmes;
- support for employment programmes for vulnerable groups, notably the disabled, women, and the Roma;
- institutional support to the Inspectorate of Labour to strengthen legislation on health and safety at work in line with European Union directives and increase its cooperation with the tax and customs administration and other state agencies to fight against informality;
- support vocational training system reforms, including the opening of new vocational schools and centres, curriculum modernisation, and Institutional development.

In the context of implementing projects to mitigate unemployment, the Regional Council of Shkodra has opened, attached to the employment office, the migration office which offers assistance and information on employment, social care, professional education, social service, health service, investment, civil registration and Reintegration procedures to migrants.

Gender: is seen as a cross-cutting issue in the implementation of the Decentralization Process. The main framework to which the Region policies are based on for this issue is the National strategy on gender Equality and domestic violence 2007- 2010 (the Strategy of 2011-2015 is in the drafting process at the Ministry of Labour and Social Affairs - MOLSA). The strategy aims to achieve gender equality in Albania through mainstreaming the gender perspective into all aspects of the policies developed and applied. Furthermore, in all activities programmed under IPA, equal opportunities and non-discrimination with regards to gender have to be reflected.

MOLSAE, National Service of Employment, National Social Insurance, National Inspectorate of Work and National Administration of Social Service are the main central authorities which, through the local structure of their Ministries in the Region and the Regional Council, have to ensure and monitor the implementation of Strategy for Equality and Domestic Violence. Various Ministries besides MOLSAE are involved in the implementation of the NSDI priorities for gender equality and the eradication of domestic violence. Six donors' projects, from the UN, Austria, Italy, and UNDP also provide financial support. UNDP and Austria have supported women in decision-making processes. Three projects led by UNFPA support the department of Public Health emphasis on issues related to women health and equality. Four projects, Italy, Netherlands, Norway, and Spain, provide support to the Department of Labour with a focus on women's employment and emancipation. In addition, many donors provide other support for different aspects of gender equality, either as part of broader programmes or through NGOs, e.g. Sweden, Austria, UNIFEM, Italy, Netherlands. Donor support will be important in the key challenge ahead by: enabling women to be able to take part in an equal way in decision making, have equal rights in schooling, employment, free and equal access to all public services, and enjoy the results of their labour. It is essential that whoever is affected by domestic violence has access to information on means of protection through criminal and civil legislation, health counselling and social support, that early signs of violence are treated and prevented, and that perpetrators of violence are answerable to the law for their actions.

4. CONCLUSIONS

The local government units play an important role, sharing the responsibilities with the central government, within the national policies defined by law. The new Regional Development Cross-cutting Strategy is, as its own Strategic objective, setting in place an efficient management framework for regional development and introducing a series of new elements to Albanian policy in terms of strategic planning and policy. Regional development is adding a new dimension; it is complementary to the existing institutional framework based on de-concentration and decentralisation. The decentralization reforms have brought about an increase in responsibilities for the local government as well as local autonomy for the financial allocation, but the implementation speed from local autonomy for local incomes is not as evident.

Municipalities and communes differ very much among themselves. While some big municipalities are developing rapidly and are able to take up the devolved tasks, many small or remote communes lack the basic financial resources and professional capacities to deliver most basic services. The difference in capacities of local institutions contributes to a decrease in the quality of life of people and further hampers the poor communes' competitiveness in attracting small and medium enterprises. The differences among municipalities and communes seem to be growing in a kind of vicious circle, contributing considerably to the widening gap between the regions with regard to economic and social development potentials.

Even though the Local Government regulates and coordinates the participation and the role of different stakeholders based on the local strategic plan, it still does need to provide more assistance in this aspect. However, planned external assistance has a relatively low level of support for social development and will need to be increased in future programming to support activities to balance regional disparities, according to national strategic reference frameworks and according to a series of operational rules set by the EU. The IPA is intended as a flexible instrument and therefore provides assistance which depends on the progress made by the beneficiary countries and their needs as shown in the Commission's evaluations and annual strategy papers.

Absorption capacity to deliver on strategic planning, managing projects, and capacity to maintain and sustain public services and investments will be crucial for accessing EU funds. Capacities at a regional level are almost in a sufficient number but not qualified and skilled for the tasks the regions are going to perform. Local Government does recognize the need for further assistance in the social planning, where the SeeNet program can give valuable assistance in capacity and strengthening of structure capacity building. One of the main problematic issues facing the Municipality of Shkodra Region is how to increase efficiency by using the public financial resources based on the legal framework, as well as using and combining project donor resources in compliance with its objectives and public spending rules.

Even though the Local Government regulates and coordinates the participation and the role of different stakeholders based on the local strategic plan, it does still need help in providing more assistance in the social field. In the Shkodra Region, while NGOs and civil society representatives seem to be active, there are open issues on the involvement of the business community actors in the process of region development through common interests. The LG staff in Shkodra does state that more should be done to increase the private sector participation as a development actor and make it more inclusive in the initiatives presented and/or discussed in various forums or structures of LGUs in Shkodra Region. The Local government does recognize a limited number of programs designed to carry out the evaluation and assess the community satisfaction or expectation. This would increase the ability of the LGUs, through partner's cooperation, to hear the community voice and needs.

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ANNEX A: SWOT, CONSOLIDATED ANALYSIS FOR SHKODRA COUNTY

Strengths

Tradition, culture

Tradition in education, culture and sport.
Strong historical and cultural relations with the western countries of the Adriatic zone.
Traces of ancient history in a lot of areas of the county.
Strong social and family identity.
The good tradition of artisanship all around the county.

Human resources

An increasing population and predominantly of young age.
About 65 % of work force is under 65 years old.
Relatively good qualified human resources.
A community which is adopted and flexible towards positive changes.
Good social harmony.
Labour force at a low cost

Social Care

Presence of social care institution in almost all populated area of the county

Governance

Strategic plans prepared by the Shkodra Lezha region, Shkodra county and the major municipalities and in some communes
Increasing funds from the central government for investments in the whole county territory
Increasing financial capacity of the local governments to allow for local borrowing for capital investments
Increasing awareness of the population to pay taxes and fees and abide by the law

Health

Good conditions of the health service facilities to allow good service to most of the population
Presence of hospitals and health centres in all the county territory

Education

Presence of the university and various education centres, public and private
The education facilities are in good conditions to provide normal education service to most of the population

Tourism

Great potentials for the development of water, cultural, historic, panoramic, mountain, intensive and family tourism
Valuable potentials for the construction of tourist ports in the Shkodra lake and Velipoja Beach

Weaknesses

Human resources

Low capacity of farmers to take advantage from central government subventions
Continuous migration from rural towards the urban areas
Farmers' community do not protect the agricultural land very much
Weak engagement of the community in public works and initiatives

Governance

Lack of complete regulatory plans and process connected to them, and weak enforcement of legislation for land use
Abilities of public administration do not meet the levels required by the dynamics of development of business community
Lack of clear fiscal policies of local governments in supporting of new businesses' start up
Inadequate knowledge of local governments to compile projects according to EU standards
Unfinished process of registering of public properties owned by local governments and poor documentation of urban cadastre
Weak control of local governments within their administrative territory
Low level of local revenue collection, mainly from taxes and fees, in the majority of local governments
Very few studies on development potentials and economic, social and environmental trends
Weak financial capacities, particularly of local governments in north and north-east of the country
Poor coordination of strategies, resources and planning between governmental agencies themselves and between them and other local and foreign stakeholders
Poor administration and quite often abuse of natural resources
Uncoordinated system of collection and elaboration of data at country level
Poor and unstructured data of government agencies concerning human, natural and economic resources of the country

Education

Low turn out / frequenting of pre-school institutions as well as obligatory education schools in the mountainous areas

Poor infrastructure and financial support for cultural, education, professional training and sport institutions in rural areas

Opportunities

Governance

Strengthening of policies and increase of governmental subversions for agriculture and livestock businesses

Priorities of central government in investing in revitalising and reconstructing Balkan road networks that pass through the country as well as in electronic communication networks

Increase of competencies of local government

Tourism

Increasing the interest of tourists to visiting the country

Threats

Governance

Weak financial motivation for the public administration

Inadequate transfer of funds and trainings that go along with the transfer of competencies at the local government level

Incomplete legislation for solving the land property issues

Low speed of transferring public properties

Small amounts of funds to support the marginalized groups

ANNEX B: THE UNCONDITIONAL BUDGET TRANSFERRED TO EACH LGU OF SHKODRA REGION

Region	District	Commune/ Municipality	Commune/ Municipality	Years			
				2008	2009	2010	2011
Shkodër	Malësi e Madhe	Gruemirë	C	35979.69	36,591	31,004	31,004
Shkodër	Malësi e Madhe	Kastrat	C	26838.5	27,470	23,962	24,249
Shkodër	Malësi e Madhe	Kelmend	C	24894.47	27,957	25,417	26,510
Shkodër	Malësi e Madhe	Koplik	M	34054.09	35,757	31,191	31,565
Shkodër	Malësi e Madhe	Qendër	C	19001.44	19,324	16,374	16,374
Shkodër	Malësi e Madhe	Shkrelë	C	24799.46	26,039	22,714	22,987
Shkodër	Pukë	Blerim	C	14523.96	14,949	12,667	12,667
Shkodër	Pukë	Fierzë	C	13223.11	13,448	11,394	12,894
Shkodër	Pukë	Fushë-Arrëz	M	23754.74	24,159	20,470	20,470
Shkodër	Pukë	Gjegjan	C	24195.25	24,607	20,849	20,849
Shkodër	Pukë	Iballë	C	19235.59	19,950	16,904	16,904
Shkodër	Pukë	Pukë	M	27547.57	33,925	32,464	34,904
Shkodër	Pukë	Qafë-Mali	C	16758.07	17,596	15,000	15,103
Shkodër	Pukë	Qelëz	C	13062.64	13,285	11,256	11,756
Shkodër	Pukë	Qerret	C	20321.45	21,338	18,613	18,836
Shkodër	Pukë	Rrapë	C	14013.54	14,252	12,076	13,576
Shkodër	Shkodër	Ana e Malit	C	13134.83	13,358	11,364	11,487
Shkodër	Shkodër	Bërdicë	C	20255.04	20,599	17,454	17,454
Shkodër	Shkodër	Bushat	C	45405.3	46,210	40,309	41,805
Shkodër	Shkodër	Dajç (Bregbune)	C	18937.85	19,260	16,321	16,517
Shkodër	Shkodër	Gur i Zi	C	26393.29	26,842	22,743	22,743
Shkodër	Shkodër	Hajmel	C	14578.24	14,826	12,562	12,562
Shkodër	Shkodër	Postribë	C	39229.61	39,897	33,804	33,804
Shkodër	Shkodër	Pult	C	15773.82	16,563	14,447	14,621
Shkodër	Shkodër	Rrethinat	C	50468.38	51,326	43,489	43,489
Shkodër	Shkodër	Shalë	C	20002.23	21,002	17,795	17,795
Shkodër	Shkodër	Shllak	C	11398.2	11,968	10,440	10,565
Shkodër	Shkodër	Shosh	C	11023.45	11,361	9,626	9,626
Shkodër	Shkodër	Temal	C	11721.46	12,308	10,736	10,865
Shkodër	Shkodër	Vau i Dejës	M	41056.4	41,831	36,489	36,927
Shkodër	Shkodër	Velipojë	C	18411.49	18,724	15,865	16,056
Shkodër	Shkodër	Vig-Mnelë	C	13527.2	13,757	11,656	11,656
Shkodër	Shkodër	Shkodër	M	309953.8	346,361	318,524	334,563