



# FUNCTIONAL AREA PROGRAMME MALËSI E MADHE

Strategic Concept of Development

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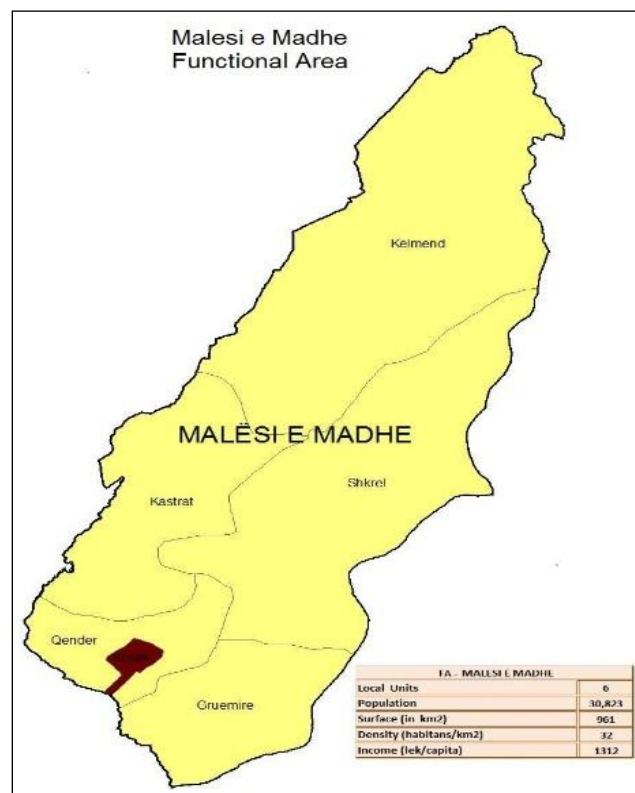
## Introduction

Decentralization Local Development Program (DLDP) in accordance to its mission for the Albanian LGU's capacity building, have built Functional Area Program (FAP) in response of the restructuring of LGU's on basis of their functionality within the framework of the new Administrative and Territorial Reform.

The program contain the design of a Concept of Strategic Development for some of the selected functional areas of Albania.

This document is the Concept of Strategic Development for Malësi e Madhe functional area which is made of 5 communes and 1 municipality: Koplik Municipality, and communes Qëndër, Gruemire, Kastrat, Shkrel and Kelmend.

**Map 1: Functional Area Malësi e Madhe**



Source: DLDP, Functional Area Report, 2014

This document is designed by Urban Research Institute in collaboration with working groups raised in this 6 LGU's and in continuous consultation with public and stakeholders.

The objective of Functional Area Program is to design a document which identifies prior sectors of long-term development of Malësi e Madhe Functional Area (FA) or the future Municipality, directing the future economic development policies, improvement of public infrastructure, public



services, a better territory management ensuring environmental protection and enhancement of social live.

The objective of this document is to support the coming local government with a concept of strategic development designed on cohesion basis of functional area, synergy, economies of scale and inclusion, elements which determine their functionality scale.

The process of design of this program has involved a considered number of Koplik Municipality, Qëndër, Gruemire, Kastrat, Shkrel and Kelmend communes staff, stakeholders represented by local businesses, farmers, families, representative of Central Government Directorates in local level working with analyzed sectors, representatives of environmental CSO's.

Functional Area Program (FAP) is composed of two parts:

First part (A) contains a general description of FA, functional area analysis in three directions: economic analysis and potential development of key economic sectors, mapping of public services, organization of the LGU's, highlighting the main issues for each area, barriers to development and recommendations to address these problems in the future.

Second part (B) contains the vision of Malësi e Madhe FA as one and its strategic objectives of development, and sets out a number of project ideas derived from the analyze findings and recommendations.

FAP is designed in the period September 2014 – April 2015, following a dynamic process which has gradually been adapted according to the approach of the reorganization of LGU's in Albania.

**At the start of work**, FAP was presented in 6 LGU's administration, which will merge under the Malësi e Madhe FA, in a meeting with all LGU's and also inseparate meetings in order that all LGU's are familiar with the program and ensuring their collaboration in this undertaking.

The work for this program is developed in two phases, the results of which can be found in part A and B of this document.

**During the first phase**, was conducted the analysis of six LGU's in three specified directions:

- a) Economic analysis of LGU's
- b) Analysis of actual situation of public services provided from LGU's
- c) Actual organizational structure of LGU's analysis

The collection of data and inception information related to economy, public services and organizational structure is conducted using *questionnaires* directed to LGU's working group, *group and individual meetings* with this units.

Besides, the statistics and official data related to the general indicators of economy and public services of Malësi e Madhe area are mainly collected from central and regional sources such as: Albanian Institute of Statistics, Ministry of Finance, Ministry of Local Government and Decentralization, Ministry of Agriculture, Ministry of Environment, National Registration Center, Shkoder Region, Statistics Sector near Regional Agriculture Directorate in Shkoder, Water Regulation Authority and Malësi e Madhe Water Supply and Sewerage Utility.



***National and regional policies documents*** of strategic development consulted during the design of actual situation analysis of Malësi e Madhe FA are:

National Inter-sectorial Strategy for Rural and Agricultural Development 2014 – 2020

Draft Strategy for Development of Tourism in Albania 2014 – 2020

Integrated Management of Shkodër Lake Ecosystem Project 2007

Water Regulator Authority: Performance Report of WSS Utilities 2013

Management Plan for Managed Natural Reserve of Shkodër Lake June 2012

Development on an inter LGU of waste management in the area of Malësi e Madhe Co-Plan 2013

**Second phase** of design of FAP will be done in period March-April 2015 and contain the preparation of a number of project ideas on possible investments in reorganized LGU of Malesi e Madhe, which emerged from findings of its analysis, from its needs and given recommendation. Project ideas are focused in the field of economy, public services meanwhile another part will be used to support the new LGU administration. A part of this project ideas were developed in details, but they remain general, leaving to the new administration space for additions.

During the process of design FAP where held 4 discussing forums with representatives of LGU's and stakeholders. Thoughts and recommendations arising out of forums are reflected in FAP document.

The first forum was conducted with representatives of six LGU's of Malësi e Madhe, whom showed their willingness for collaboration for the implementation of FAP in Malësi e Madhe.

A special importance has the process of training of working groups in participating LGU's for the design of FAP on how to complete the questionnaires in order to collect accurate baseline data and within the deadline for the Malësi e Madhe FA analysis.

Second forum of FAP approved the key sectors of development potential of Malësi e Madhe FA and a development vision for the entire area as one.



Third Forum of FAP approved final results regarding the economy and public services, underlining needs and recommendations.



Fourth forum of FAP approved the project ideas proposed regarding the economy, public services and the starting of work of reorganized administration.

Statistics and general economic and demographic indicators for Malësi e Madhe FA, are mainly based in official source of INSTAT Census 2011, which is indicated to have deviations from the actual situation in 2014 but that reflects a general trend of statistics and indicators close to the real trend.

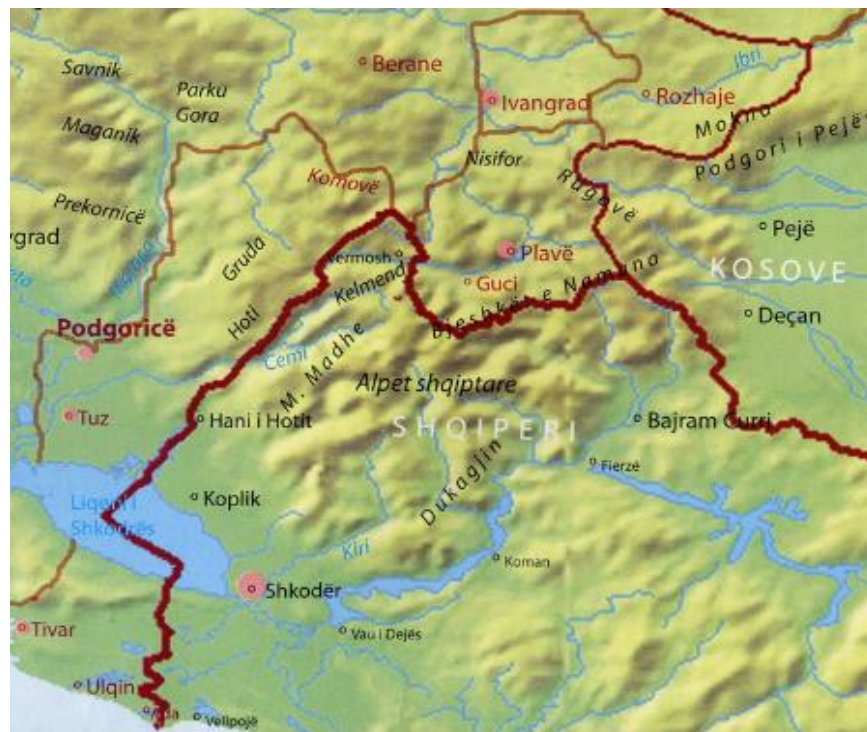
## PART A: FUNCTIONAL AREA ANALYSIS

### 1. General description of the functional area Malësi e Madhe

#### 1.1. Geography

Malësi e Madhe lies in the north-western part of the country. Limestone cliffs that dominate here and small rainfall have defined this region dry and bare physiognomy. In the entire area flows river Cem, which stems from the Albanian Alps and flows into the Morača. In the upper part it has a flow rate of sweeping, while the valley is deep and narrow. After going in Cem valley it expands and acquires the features of a low lands river characteristics with a slower flow and shallow and winding valley.

Map 2: The area of Malësi e Madhe



Malësi e Madhe province is protected from cold winds from the north from a complex mountainous paths. Malësi e Madhe related to Shkodër Lake is open and this water mass influence in this area climate, with hot summers and dry and mild winter rainfall. Malësi e Madhe has a remote and isolated position, with limited land area working, dry due to the presence of large limestone rocks etc. and divided into three zones: Alpine, mountainous and lowland areas. Alpine areas are: Kelmend and some areas of Shkrel. Mountainous areas are: some part of Kastrat and Shkrel. Lowlands are: Koplik, Gruemire and some parts of Kastrat.

## 1.2. History and Culture

In past in Illyrian age in Malësi e Madhe used to live the tribe Ilir-Labeatë. The mountainous land of nowadays was called “Labeates Mountain”, the valley near the Shkoder Lake was called the lake of Labeates. Illyrian settlements most known in Malësi e Madhe are: Meduni, Cinna at Koplik, Balleza of Rrjollit etc.

In ancient in Malësi passed even some important paths even for the Europe, where we can mention Norona through Dinoshë-Tërgajë-Vërmoshë-Guci and the other one is Norona-Dinoshë-Tuzë-Koplik-Shkodër.

In the past Malësi e Madhe was composed from small territorial areas known as Mountain where the live style was that of the tribes. We can mention: Hot, Kelmend, Kastrat, Shkrel, Koplik, and Rranxat. Each Mountain was governed by the head of head, while each brotherhood had their head. Also in this areas used to govern the Elders of the Mountains. The name Malësi derived from the Albanian word for mountain which is MAL-I in its geographical and territorial meaning.

Malësi e Madhe had very good connection with Republic of Venice. During the Ottomans invasion the earliest administrative division was the division on three units, **Nahije**. More precisely: Nahije of Kelmend, Nahije of Hot and Nahije of Shkoder Lakeview.

After the ‘1550, during the resistance and with the request of the highlanders, the Turkish government made a territorial division in **Mountain** basis, after ‘1690 the territorial division was made in **Bajrak** (Kin) basis. The last division was made in 1912.

After the Congress of Lushnja (1920) Malësi e Madhe was divided in 5 LGU’s and was created for the first time Subprefecture centered in Koplik. The LGU’s were: Kelmend commune, Kastrat commune with Hot remained from the detachment of ‘1913, Shkrel commune, Gruemire commune and Koplik commune.

After 1944 with the communism system Malësi e Madhe continued to remain a Subprefecture centered in Koplik. After Koplik was named **“Lokalitet”**. After the creation of the Agriculture Cooperative and Agriculture Entrepreneurship the organizational method was changed because all the lands and objects were appropriated from the State. Were created: the Cooperative of Kelmend, Cooperative of Bajze, Cooperative of Koplik, Cooperative of Grize and Cooperative of Gruemire.

Around the ‘90 this cooperatives were divided in smaller units in the same way they were in ‘50s and ‘60s. Actually Malësi e Madhe has 6 LGU’s; 1 Municipality and 5 Communes.

## 1.3. Demographic trends

### **Socio-Demographic general data.**

Shkodër region has 33 LGU’s. There are 211.685 inhabitants. Shkodër region has suffered from a decrement of number of inhabitants in comparison with Census of 2001 (-17%). Urban areas has suffered a reduction of -2.6% and rural areas a reduction of -26%. Also the density is

reduced with -17%. Distribution of the population Shkoder region by gender is 49.8% of males and 50.2% females. The population in working age is 65.9% of the total region population.

Malësi e Madhe FA is composed from existing communes of Gruemire, Kastrat, Kelmend, Qëndër and Shkrel and the Koplik Municipality. Resident inhabitants for Malësi e Madhe FA according to Census 2011 is 30,823 inhabitants to whom 88 % live in existing communes and 12% live in the territory of Koplik Municipality. Malësi e Madhe population constitutes 14.6% of the region population.

## Poverty

According to the Survey of Living Standards Measurement of 2012, the level of poverty in Shkodër region is 3.7 percent to 1.6 percent rigor. Poverty indicators in this region are higher than the national average. GINI coefficient for Shkodër region is 28.2. Taking for granted that economic development in extremities areas of the region is lower than in the center and the absence of exact numbers calculated from INSTAT in municipality and communes level, can lead us in the conclusion that poverty indicators for Malësi e Madhe FA (level, rigor, and GINI coefficient) are expected to be lower than the region average.

Economic profile of the region shows that the Shkodra region, part of which is Malesi e Madhe FA has one of the lowest indicators of GDP per capita in the country according to 2012 data, with only 2.327 Euros, equal to 70% of the average in nationwide. The years 2011 and 2012 have registered a GDP reduction of respectively - 1.7% and - 2.7%, symptoms of a shrinking economy.

## Employment

In the following table are some detailed data of employment indicator, labor force and the distribution on LGU's basis.

**Table 1: Employment level in FA Malësi e Madhe (%)**

Employment Indicators	Koplik	Qëndër	Gruemire	Kelmend	Kastrat	Shkrel	Malësi e Madhe FA	Average
Unemployment level*	33,7	9,9	16,0	48,1	44,5	16,7	<b>26,91</b>	29,3
<i>Female</i>	40,1	14,4	13,8	50,0	53,5	15,1		31,4
<i>Male</i>	30,5	8,2	16,8	47,2	40,90	17,6		27,9
<i>Youth</i>	69,4	38,0	40,0	74,7	73,1	32,9		52,9

Source: INSTAT, Web Atlas, Census 2011, statistic for FA Malësi e Madhe is calculated by the author \*Labor forceage 15-64

## Health

In region level there are 12.318 inhabitants with disabilities above 15 of age or around 7.87% of population. Meanwhile in Malësi e Madhe FA the number of persons with at least one disability is 2.770 or 9% of population.

**Table 2: Indicators for work disability in FA Malësi e Madhe**

Population Indicators	Koplik	Qëndër	Gruemirë	Kelmend	Kastrat	Shkrel	Malësi e Madhe FA
Persons with at least one disability %	6,46	8,39	5,86	14,67	9,66	14,13	8,99
Persons with at least one disability Number	241	398	521	448	665	497	2,770

*Source: INSTAT, Web Atlas, Census 2011*

Shkoder region has two hospitals with 653 beds one of which is the nearest one for Malësi e Madhe FA located in Koplik. The hospital is small and does not offer specialized services for Malësi e Madhe inhabitants, for which this patients need to go to the Shkodër regional hospital, hospitals located in Tirana or the hospitals outside the country.

From 119 health centers located within the region 27 of them are located in Malësi e Madhe FA (6 health centers and 21 medical clinic) spread in all communes and municipalities. In Shkoder region are a total of 225 doctors of whom 20 doctors are in Malësi e Madhe FA. Even though there is 15% of the region population, Malësi e Madhe FA has 9% of the number of doctors.

The number of the doctors in Malësi e Madhe FA is lower than the number of health centers and medical clinic indicating that several number of this health centers are not effective. The doctor/inhabitants ratio in this FA is 1 doctor for 1541 inhabitants, around 1.6 time above the average of the region in which this ratio is 1 doctor for 940 inhabitants.

The distance from the nearest health center/doctor same in urban areas and in rural areas is around 18 minutes.

During the winter season as a result of snow blocking roadsthe access to medical service become more difficult for the villages located in mountain areas of Kelmend commune. The improvement of roads (the construction of new road Tamarë - Vermosh) and the enhancement of the maintenance can guarantee the access for first aid service in problematic area.

## Population and demographic trends

Total resident population of Malësi e Madhe FA is 30,823 inhabitants. The number of population has had a significant declining tendency compared to 2001. The decline of 22.3% is way bigger

than country average of 9%. The areas with the biggest decline of population is Kelmend (35.5%) and Shkrel (29.9%). The only area where the population is doubled is Koplik indication the migration within the area. The other part of population has migrated in other cities where the working opportunities are higher or out of the country.

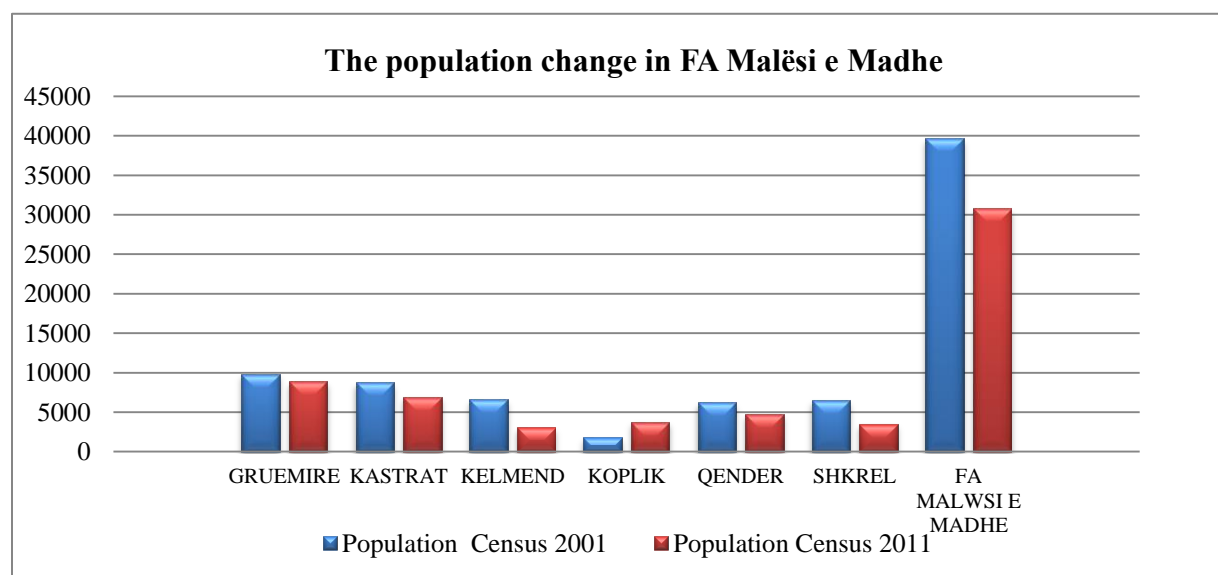
**Table 3: Population and increasing/decreasing trend in FA Malësi e Madhe**

Municipality /Commune	Population Census 2001	Population Census 2011	Households 2011	Surface km <sup>2</sup>	Population Density Census 2001	Population Density Census 2011	Population difference% 2001 - 2011
<i>Gruemire</i>	9816	8890	2115	104	94,4	85,5	-9,2
<i>Kastrat</i>	8748	6883	1558	144,5	60,5	47,6	-18,6
<i>Kelmend</i>	6608	3056	747	375,7	17,6	8,1	-35,5
<i>Koplik</i>	1790	3734	917	13,1	136,5	284,7	109,1
<i>Qëndër</i>	6202	4740	1160	49,5	125,4	95,8	-14,6
<i>Shkrel</i>	6509	3520	999	262,4	24,8	13,4	-29,9
<b>Malësi e Madhe FA</b>	<b>39673</b>	<b>30823</b>	<b>7496</b>	<b>949,2</b>	<b>41,8</b>	<b>32,5</b>	<b>-22,3</b>

Source: INSTAT, Web Atlas, Census 2011

The increment or decrement trend of integral units of Malësi e Madhe FA is shown in the following graph.

**Graph 1: Number of population change in FA Malësi e Madhe during 2001 up to 2011**



Source: INSTAT, Web Atlas, Census 2011

During the period of transition the demographic change in Malësi e Madhe had been very high. Malësi e Madhe is one of the areas that has lost the population as a result of migration within the country after 1990's. Key factors that contributes in this demographic development are related with economic transition: the closure of different enterprises owned by the state and the



unemployment that followed, weak transport and communication infrastructure, harsh terrain, unfavorable climate and agricultural conditions and the indiscriminate exploitation of forests.

There are many villages in mountainous areas that are abandoned by people and are flocking to other areas because of very difficult living conditions also the low quality of services offered and in some cases it does not exist at all pushed the people to move. Many of the residents of mountainous areas around have gone down to live in the lowland of Shkodra Lake where there is a large concentration of the population. Many of them are concentrated in Koplik, municipality and commune Gruemire suburbs, but there are who have moved to Tirana or Shkodra. Difficult to obtain precise figures for these population movements.

It is worth mentioning that a considered number of youngest has migrated outside the country mainly in Great Britain and USA. With rearrangement of the LGU's is aimed a sustainable economic growth which will reflect in the increment of employment and as a result the reduction of demographic movement and increment of standards of live.

### Population structure

An overview of the structure of the population on each constituent unit of Malësi e Madhe FA is given in the following table.

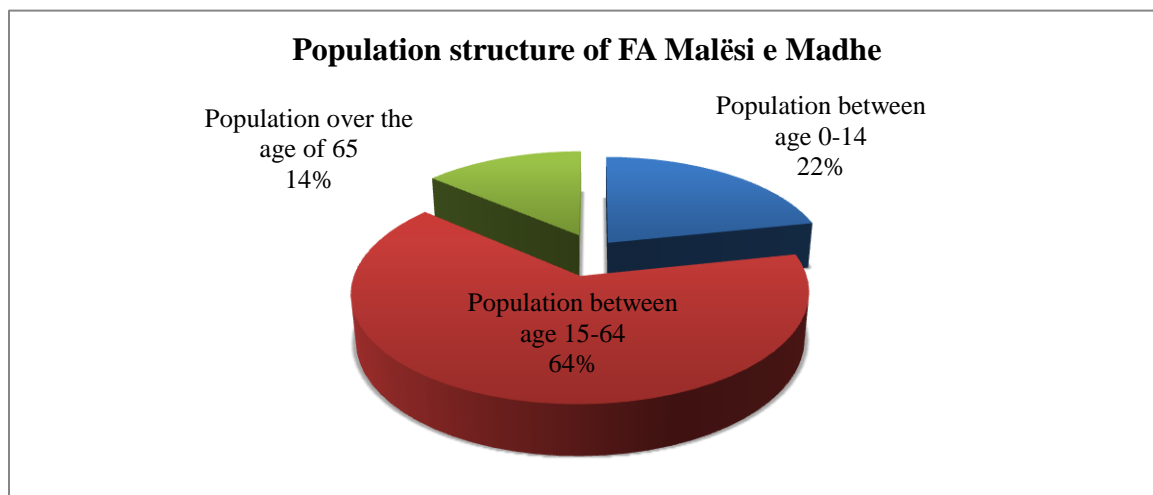
**Table 4: Population structure of LGU's of FA Malësi e Madhe**

LGU	Population of age 0-14	Population of age 15-64	Population over age 65
<i>Gruemire</i>	2060	5709	1121
<i>Kastrat</i>	1417	4439	1027
<i>Kelmend</i>	602	1992	462
<i>Koplik</i>	838	2456	440
<i>Qëndër</i>	1021	3023	696
<i>Shkrel</i>	752	2270	498
<b>MALËSI E MADHE FA</b>	<b>6690</b>	<b>19889</b>	<b>4244</b>

Source: INSTAT, Web Atlas, Census 2011

Graph 2 shows the structure of population of Malësi e Madhe FA (aggregated).

**Graph 2: Population structure of FAMalësi e Madhe**



Source: INSTAT, Web Atlas, Census 2011

## Education and Culture

### Education

The following table shows the ratio of education among the population, the constituent units and functional area compared to the national average. The area is characterized by a high percentage of the population with elementary education, while relatively low in terms of high and university education.

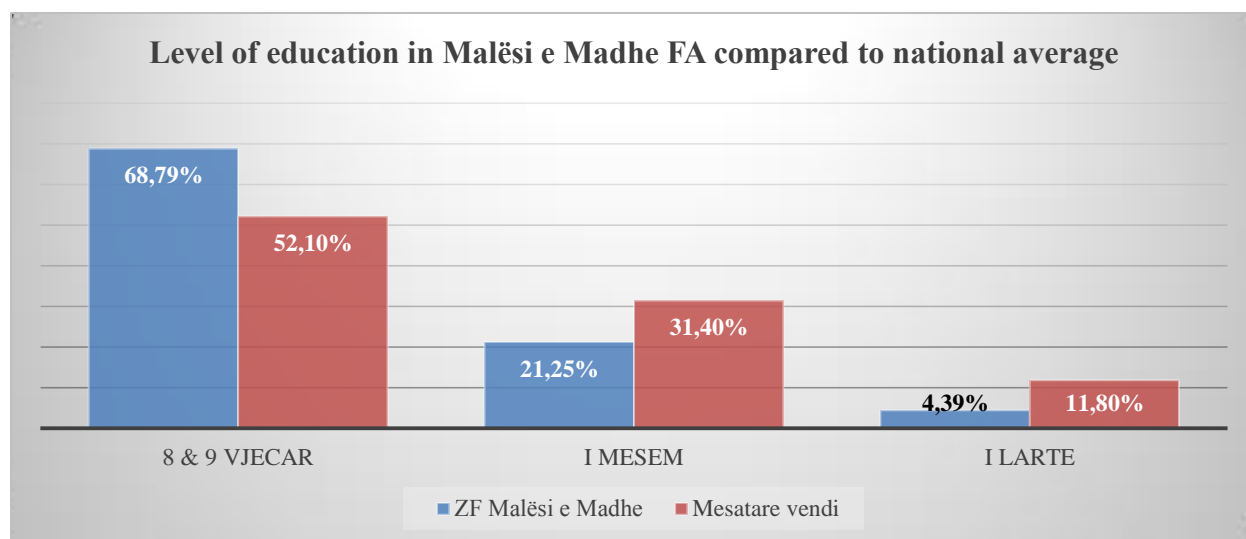
**Table 5: Level of education among the population of FAMalësi e Madhe**

Level of education (% related to population of age 15 and older)	Koplik	Qëndër	Gruemire	Kelmend	Kastrat	Shkrel	Malësi e Madhe FA	Country average
<i>Elementary education</i>	49,59	70,93	71,26	74,08	67,97	76,88	68,79	52,1
<i>High school</i>	35,2	20,5	20,1	14,6	21,9	15,1	21,25	31,4
<i>University</i>	11,8	4,7	3,4	1,7	3,6	2,6	4,39	11,8
Illiteracy ratio (% related to population of age 10 and older)	2,2	2,3	3,2	7,3	4,1	4,0		2,8

Source: INSTAT, Web Atlas, Census 2011

The following graph illustrates the level of education of the population of Malësi e Madhe FA compared to the national average in all three levels of education.

**Graph 3: Level of education in FA Malësi e Madhe compared to the national average**



Source: INSTAT, Web Atlas, Census 2011

If we observe the distribution of pre-university schools, we see that there is only one elementary school in Koplik municipality for a population of 3.734 inhabitants, while the municipality Gruemire has stationed in its territory 14 elementary schools for a population of 8.890 inhabitants. Kelmend commune with a population of 3.056 inhabitants, so with a smaller population than Koplik municipality has 11 elementary schools. The new LGU will have 50 elementary schools for a total of 30.823 inhabitants aiming a better distribution of school infrastructure for all students, which is not guaranteed in the fragmented system of local government of this days. The same situation is for high schools, while the Municipality of Koplik has one high school, Kastrat commune has two, while in commune Qëndër are no high schools at all.

Malësi e Madhe FA will have 37 kindergarten and 27 health centers and medical clinic, adding access for all local residents to this services not being limited from LGU fragmented territory as they are now.

The following table clearly shows the lack of access to social-cultural-sports in almost entire FA. Many communes and even the municipality have no social centers, cultural centers and playgrounds that even though they exist in some commune are operational due to lack of infrastructure and personnel.

**Table 6: Schools, kindergarten and social, cultural and sportive centers of FA Malësi e Madhe**

LGU's (2012)	High Schools	Elementary Schools	Kindergarten	Cultural Centers	Social Centers	Playgrounds
<i>Koplik</i>	1	1	2	1	0	0
<i>Gruemire</i>	1	14	14	0	0	0
<i>Kastrat</i>	2	9	8	0	0	1
<i>Kelmend</i>	1	11	1	1	0	1
<i>Qëndër</i>	0	7	7	0	0	0
<i>Shkrel</i>	1	8	5	1	0	1
<b><i>Malësi e Madhe FA</i></b>	<b>6</b>	<b>50</b>	<b>37</b>	<b>3</b>	<b>0</b>	<b>3</b>

Source: Shkodër region

#### 1.4. Functional Area features

Malësi e Madhe FA is the same as the Malësi e Madhe District in territorial space basis. It is characterized as a concentric functional area, with its center Koplik Municipality. Interactions between people, defining the functionality of this area, have service and consumption purposes. The movement of residents within the area for different purposes is comparatively limited, given the mountain to alpine landscape on the north side; the situation worsens during the winter because of cold weather. The road network is insufficient for a common interface to the deep villages.

At the administrative level, local governments interact mostly for the water supply service which is extended in almost the entire District. Cross-border economic and social interactions are not dense; they typically focus on the northern part of the Kelmend commune, partly Shkrel, and also bear in Bajze center in Kastrat commune, which has continuous connection with Montenegro through Bajze-Tuz railway line.

Analysis of the functional area segregates two sub-zones within it which can be useful as a reference point to developments and extensions in the future:

*Territory between the Kelmend commune and the Plave - Gucia center Montenegro*

*Territory between the Kastrat and Kelmend communes with center Tuz in Montenegro*

New country classification in urban and rural areas by INSTAT, indicates that the entire population living in all LGU's in Malësi e Madhe FA, except 6% of population of Gruemire commune is considered rural population.

## 2. The economy of the functional area of Malësia e Madhe

### 2.1. Economy features of the functional area

#### 2.1.1. General economic data

Indicators of the overall economic level in the country are found until today aggregated at the regional level - according to the current administrative division of the country. Thus, in 2012, from the INSTAT<sup>1</sup> data, GDP of Shkodra region constitutes 5.4% of GDP at the national level, showing an approximate level to the economic development of Vlora, Korca Region, while the higher levels after Tirana reach to 12.9% (Region of Fier), 9.9% (Region of Durres), 7.9% (Region of Elbasan) and the lowest levels, at around 2% (Regions of Gjirokastra and Kukes).

Also, for 2012, the level of **GDP per capita** in Shkodra region was 70% of the national level, among the lowest in the country, which puts it between Korca, Kukes and Lezha, while higher levels of the indicator after Tirana reach to 113 % (Region of Fier) and 104.5% (Region of Durres).

The structure of Gross Domestic Product in the Region of Shkodra, according to **Gross Value Added** in every sector of the District economy, is displayed for 2012 as follows:

- *The service sector* of trade, hotels and restaurants, transport, post and telecommunications generates 44.1% of the GAV, which is below the sector average of 51.6% at the national level;
- *Agriculture and fishing* generates 33.9% of the GAV, which is above the average of the sector at the national level of 21.8%;
- The extracting and processing *industry* generates 12.2% of the GAV, which is below the average of the sector at the national level of 14.4%;
- *Construction* generates the remaining of 9.8% of the GAV, again below the average of the sector at the national level of 12.2%;

At the end for Shkodra district, during 2008-2012, despite all fluctuations over the years the weights of gross value added of these economic sectors, relations between them have been steady; the primary sectors during this period have been agriculture and fishing services.

In Malesia e Madhe functional area currently operate about 1,095 businesses, based on data from National Registration Center in November 2014. They are mostly small businesses, concentrating more on Koplik, and also in the Communes of Kastrat and Gruemirë. Their distribution by activity type for each local unit is given in the table below:

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<sup>1</sup> INSTAT, Regional Accounts in Albania, 2012

**Table 7: Active businesses in FA Malësia e Madhe, until 27.11.2014**

LGU	Agriculture and silviculture	Fishing	Mining	Manufacturing	Construction	Hotel, Restaurants	Transport and telecommunication	Trade and others	Real Estate	Other services	Total
Koplik	9	22	0	24	24	114	67	266	15	19	<b>572</b>
Qendër	1	23	0	0	0	1	10	4	0	0	<b>40</b>
Kastrat	10	5	0	6	8	24	33	86	2	6	<b>186</b>
Gruemirë	4	31	0	11	10	26	31	47	2	1	<b>169</b>
Kelmend	1	4	0	2	1	4	17	8	3	1	<b>43</b>
Shkrel	11	0	4	1	3	11	31	21	0	0	<b>85</b>
<b>FA Malësi e Madhe</b>	<b>36</b>	<b>85</b>	<b>4</b>	<b>44</b>	<b>46</b>	<b>180</b>	<b>189</b>	<b>432</b>	<b>22</b>	<b>27</b>	<b>1,095</b>

Source: National Registration Center, Tiranë

It is noted that most of the businesses in the area are concentrated in the area of services, especially in trade, hotels and restaurants and transport and telecommunications. In addition, the table below lists the main economic activities of each local unit together with the sector in which they operate and the number of employees. The base of the data is 2012<sup>2</sup>, and is updated with 2014 data from the Directory of Agriculture in Malesia e Madhe District.

In functional area level, agricultural economic activities, services and trade and also the construction businesses are the largest employers in Malesia e Madhe.

Four collection businesses of medicinal plants - that operates in Koplik, Bajze, Qendër and Gruemirë - are an important part of the overall activity of medicinal plants in the area, one of the most profitable activities in the agricultural sector, which begins with the cultivation of the farmers and particularly is directed to the external market.

<sup>2</sup> DLDP, 2012: Report for the second delineation of the functional areas

**Table 8: The main employers in Malësia e Madhe FA, 2014**

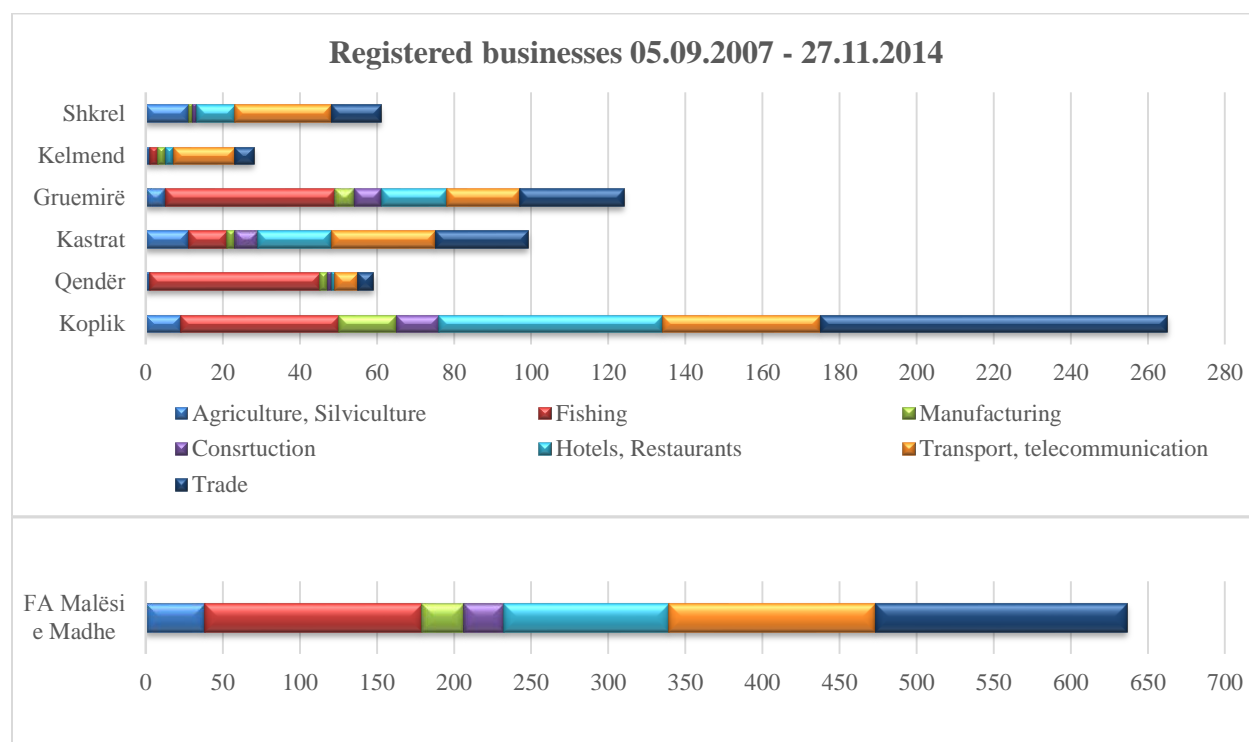
Bashkia/Komuna	Biznese	Sektori	Të punësuar
Koplik	Bajraktari IMPEX	Shërbime	25
	ReLikaj sh.p.k	Bujqësi - bimë mjeksore	25
	Curri sh.p.k.	Ndërtim	20
	Canaj	Tregti	15
	Mela sh.p.k.	Ndërtim	10
Shkrel	Kooperativa Reç	Bujqësi / Blegtori	70
	Rrogu gust	Ndërtim	60
	Sterkaj	Ndërtim	50
	Kantina Relikaj	Bujqësi - vreshtari	30
	Alpin	Prodhim uji	15
Kelmend	Kolë Gjoni	Prodhim energjie	4
	Sebastian Pjetri	Prodhim energjie	4
	Miki konstruksion	Ndërtim	3
	V.I.S.	Turizëm	3
	Gjergj Hysaj	Peshkim	2
	Gjeto Pepaj	Peshkim	2
Gruemirë	Canaj sh.p.k.	Tregti	15
	Kujtim Kekaj	Bujqësi - bimë mjeksore	n.a
	Hapje sh.p.k.	Ndërtim	10
	Dukaj sh.p.k.	Ndërtim	8
	Boka sh.p.k.	Prodhim uji	7
	2 Luanët	Shërbime - Restorant	6
Kastrat	Muçaj sh.p.k	Bujqësi - bimë mjeksore	n.a
	Stacioni i Trenit Bajzë	Transport	n.a
Qendër	Zagora sh.p.k	Bujqësi - bimë mjeksore	n.a

Source: DLDP and Directory of Agriculture, Malesia e Madhe District

A dynamic view of the economic activity of functional area is given through the new registered businesses in the NRC during the period September 2009 - November 2014, together with the relevant sector which aim to develop their activities. Thus, in Koplik it is concentrating the largest number of businesses created in this period, and in Kelmend there is a lower number. *Fishing* is among the new activities chosen by entrepreneurs, spread almost equally in this period in Koplik, Qender and Gruemirë, these are units which have access on Shkodra Lake. Businesses in the sector of *transport and telecommunications services* have also increased uniformly in this functional area, while hotel and restaurant services, have noticed a greater extension of new activities in Koplik. *Trade* is the most expanded sector in the period 2009-2014, focusing sharply on Koplik compared with the surrounding communes.



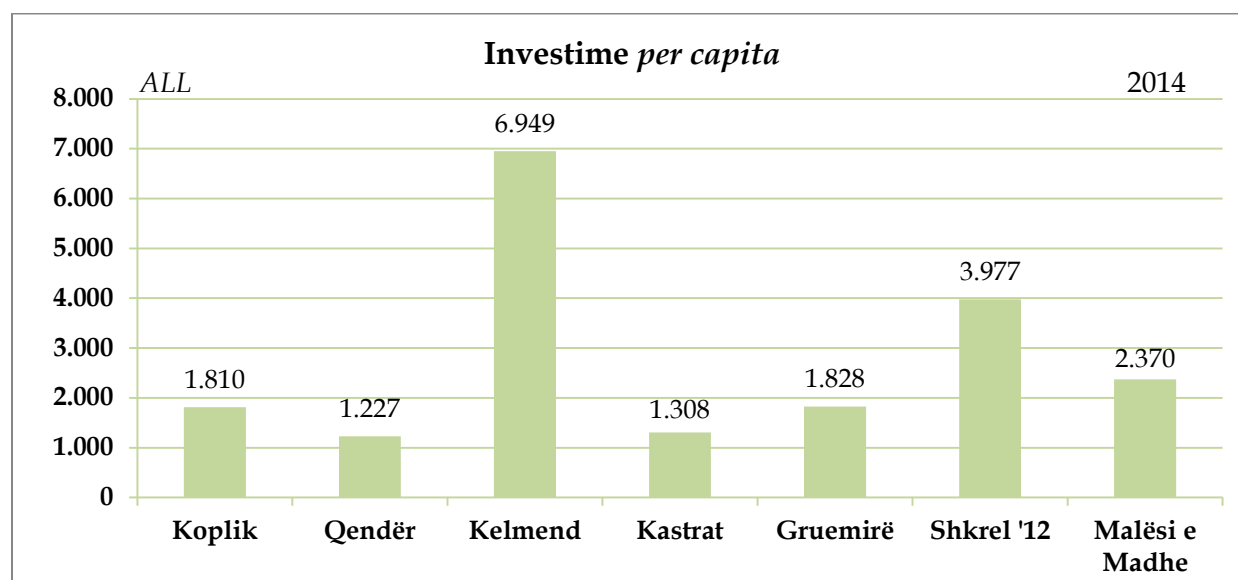
**Graph 4: New businesses in FA Malësia e Madhe, registered from 05.09.2007 until 27.11.2014**



Source: National Registration Center

Investments made by local governments in 2014 have as an object mainly road infrastructure, paving and asphaltting or improving road segments that connect communes with each other. In some cases, reconstruction of public buildings; local government investment per capita have been particularly high in Kelmendi Commune, which reflect the work on the connecting road to Tamara, which is expected to continue further. In the following graph are shown the investment per capita of local government units in 2014 and on average for the functional area.

**Graph 5: Per capita investment of LGUs in FA Malësia e Madhe during 2014**



Source: Local Government Units in Malesia e Madhe FA

In the last three years, investments of local units have been significantly increased, with exception of Koplik Municipality.

**Table 9: Weight of investments to local units incomes of FA Malësia e Madhe**

LGU	Weight of <i>investments</i> on total income		
	2012	2013	2014
Koplik	20.25%	n.a	12.45%
Qendër	4.40%	12.60	26.68
Kelmend	12.39%	26.71	39.36
Kastrat	21.80%	14.88	25.48
Gruemirë	24.52%	35.67	37.57
Shkrelë	39.17%	n.a	n.a
<b>FA Malësi e Madhe</b>	<b>18.98%</b>		

Source: Ministry of Finance, Local Government Units

Malesia e Madhe functional area has two cross border points: Vermosh and Hani i Hoti. Customs and cross border points of Hani Hotit, is located 7 km from the center of Kastrat commune, Bajze, it is important to link the people and goods with the neighboring country of Montenegro.

#### *Koplik Industrial Park*

In January 2008, with Council of Ministers decisions, in Koplik Municipality was declared Economic Zone with the status of "Industrial Park" a surface area of 61 ha, in which are foreseen to be carried out the activities:

- manufacturing, industrial and agro-processing
- trade
- export-import
- auxiliary

The initial investment required for the establishment of the Park is approximately 18,510,000 EUR, and is projected to open around 16,700 jobs. The period of operation is 35 years.

Ministry of Economy, Trade and Energy is in charge of implementing the DCM<sup>3</sup> on the development of Koplik Industrial Park. Since 2008 until today, the investment in the area of 61 ha has not started yet, and the work process for the implementation of the decision has stopped.

#### *Bajza railway station*

Bajza railway station (Municipality of Kastrat) is part of the JSC Albanian Railway. He is the liaison of country's trade exchange with Montenegro, through the transport of goods Tuzi (Montenegro) - Bajze is the only rail line that connects the country with Montenegro. Transported goods in majority of the time are country imports, and only a negligible percentage are exports. The entering goods later are transported to different cities of the country according to the final destination.

Mainly through Bajzes Station enter:

- *Scrap iron* - to Elbasan
- *Plastic* - to Tirana
- *Timber* - to Vlore, Fier, Tirana, Durres etc.
- *Coal* - to Elbasan
- *Laminate* - to Shkodra, Tirana etc.
- *Gypsum* - to Tirana
- *Fruit juices* - to Tirana, Vlora, Durres etc.

Until 2-3 years ago, through this station have entered on average of 1 ton goods per day and up to 400,000 tons of goods per year, with a revenue value of transport to EUR 2,000,000. Today, the operation of the station is more than halved. This decrease is mainly due to competition from road transport, which is faster, avoids delays in charging goods and customs crossings.

Given to its strategic position, this railway line can serve as an alternative point of entry for tourists of Malesia e Madhe area, and especially to Alps in the north. It remains a possibility to be evaluated carefully in the future from analysts of the field.

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<sup>3</sup> DCM nr. 12 dated 04.01.2008, On declaring the Economic Area in Koplik, Shkodër

### 2.1.2. Labor market

Direct statistical data to the current level of unemployment in Malesia e Madhe functional area are missing; In Shkodra Labour Office are registered 2593 unemployed people until December 2013, which constitute 57% of the workforce in the area. These data are incomplete given that people often do not register to the Labour Office. In these conditions, a clear picture of the local labor market comes through statistics on employment.

The following table provides the main source of incomes in the local units of functional area, according to Census of October 2011: paid work or self-employment is the main source of income for families in Koplik, Qender, Shkrel and Gruemirë. It is noted that in Kelmend commune social assistance is the main source of income, while in the Kastrat commune are the various forms of pensions.

On the other hand, by grouping the three sources of family income that do not generate from paid work- pensions, social assistance and remittances - the unemployment rate can be approximated at about 50% or more in all local units, with the exception of Centar Municipality, where the level seems to be lower.

**Table 10: Source of household income in FA Malësia e Madhe (%)**

Source of income Census 2011	Koplik	Qendër	Gruemirë	Kelmend	Kastrat	Shkrel	Malësia e Madhe FA
<i>paid work or self-employment</i>	46,35	62,41	55,43	25,70	29,83	45,80	45.8
<i>all forms of pensions</i>	32,82	32,24	32,14	42,03	39,81	34,91	35.2
<i>social assistance</i>	30,75	8,79	6,52	57,16	17,51	45,09	33.4
<i>remittances</i>	12,10	21,21	13,94	13,25	11,27	18,46	14.8

Source: INSTAT, Web Atlas; statistic for MM FA it is calculated by the author

Employment according to economic sectors appears different among local units of functional area: in Qender, Gruemirë, Shkrel and Kelmend over 50% of employees is focused on agriculture, at a significantly level above the average of 26.1% of the country level. In contrast, in Koplik and Kastrat over 60% of employees work in the extraction and processing industries. The services sector remains a major source of employment in the area.

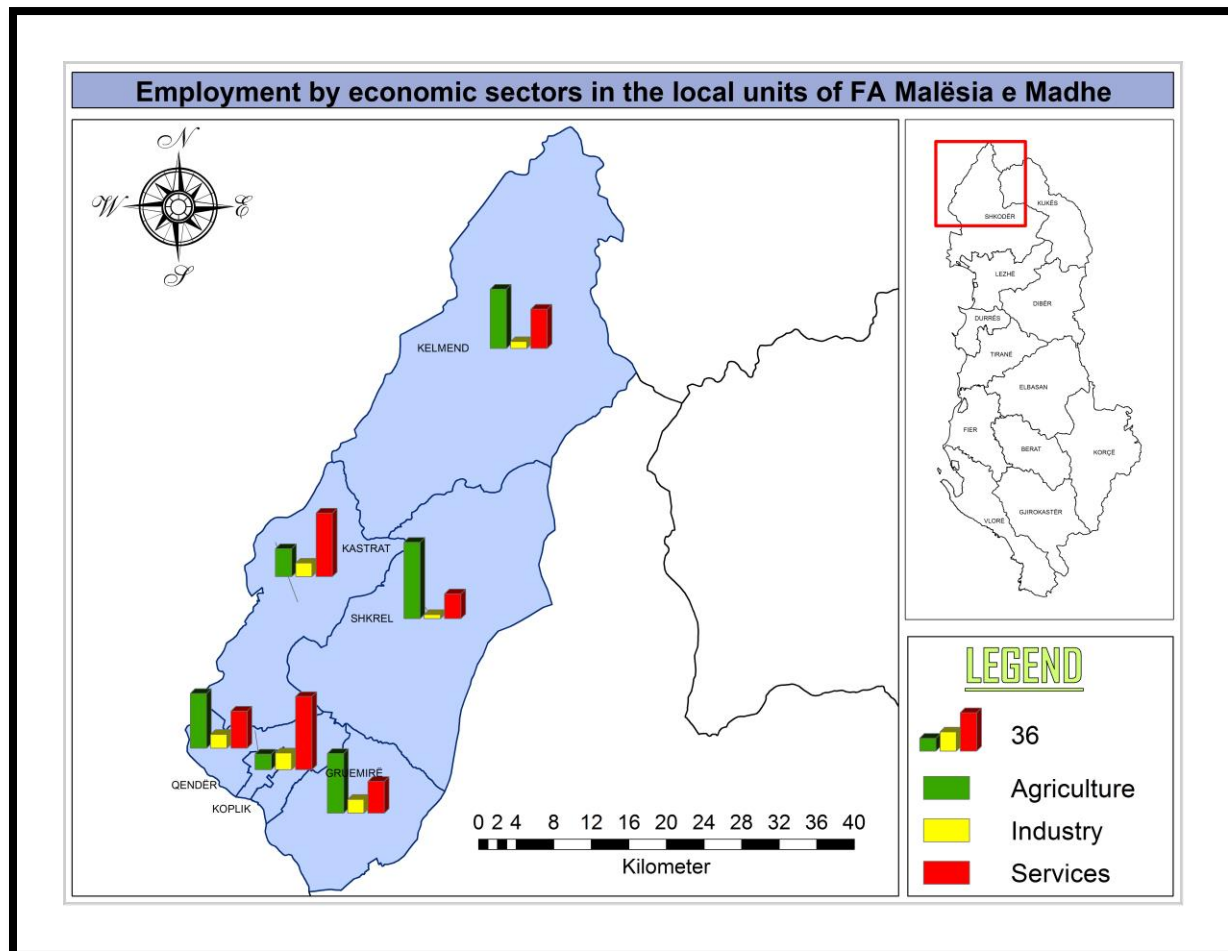
It is worth mentioning that, in Koplik, the part of employees in agriculture is significantly lower than the national average, while for Kelmend and Shkrel communes, employment in the industry is at minimal levels, reflecting the various geographic and economic features of these two local units compared to others.

**Table 11: Employment in FA Malësia e Madhe by economic sector (%)**

<i>Employment according to economic sectors</i>	Koplik	Qendër	Gruemirë	Kelmend	Kastrat	Shkrel	Malësia e Madhe FA	<i>Country Average</i>
<i>Agriculture</i>	14,8	51,9	56,6	56,2	26,6	72,6	45.8	26.1
<i>Industry</i>	15,8	13,0	13,1	6,5	12,9	3,9	11.7	20.4
<i>Services</i>	69,46	35,11	30,22	37,31	60,45	23,57	42.5	53.5

Source: INSTAT, Web Atlas; statistic for MM FA it is calculated by author

**Map 3: Employment by economic sectors in the local units of FA Malësia e Madhe**



Source of the map: Author

In Malesia e Madhe functional area, most of the population over 15 of age have completed only the obligatory education, the secondary school; except Koplik area, in other local units this part is significantly above the national average of 52.1%. In contrast, the smallest part of the population over 15 of age have completed the university, with the highest percentage in Koplik, 11.8%, which is matched with the national average.

In Malesia e Madhe there are only general high schools. The nearest possibility for technical colleg, students can find it in Shkodra, mainly in the field of forestry, technology, veterinary, foreign languages and art.

The population over 15 of age with the lower educational level is mostly employed in Shkrel, 71.6% of them, and in Kelmend, 63.5%, more than the country average; only in Koplik they are the smaller group of employees. The most educated part find employment more in Koplik compared to other neighboring units, 30.1%, which is above the national average of 23% of the population.

**Table 12: Employment in FA Malësia e Madhe by level of education(%)**

<i>Level of education</i>	Koplik	Qendër	Gruemirë	Kelmend	Kastrat	Shkrel	Malësia e Madhe FA	<i>Country Average</i>
<i>Secondary school</i>	24,72	59,45	59,11	63,47	49,17	71,57	54.6	38.1
<i>High school and technical college</i>	44,89	30,56	31,62	29,02	35,49	20,32	32.4	38
<i>University</i>	30,1	9,7	8,6	6,5	14,4	6,7	12.3	23

Source: INSTAT, Web Atlas, statistic for MM FA it is calculated by author

Again based on the data of Labor Office of Shkodra, it can be obtained an overview of unemployment in Malesia e Madhe District (that matches to the functional area), with the data of the first semi-annual of 2012, depending on age factors and educational level.

On this basis, it is noted that the highest number of unemployed seeking for work in the Labor Office of Shkodra, are of the age 30 to 44 years old, but also to the age of 45 to 50 years old, and are less young people and workforce over age 50.

**Table 13: Unemployment in FA Malësia e Madhe by age-group**

<b>Unemployment 2012 (First semiannual)</b>	<b>By age groups %</b>							
	<b>15 - 19</b>	<b>20 - 24</b>	<b>25 - 29</b>	<b>30 - 34</b>	<b>35 - 39</b>	<b>40 - 44</b>	<b>45 - 50</b>	<b>mbi 50</b>
Malësi e Madhe	5.2	6.9	14.2	16.1	18	16	13.8	9.6

Source: Shkodër Region

Regarding to the educational level, unemployment in Malesia e Madhe affect less the specialized labor force and is higher among population less educated or unskilled.

**Table 14: Unemployment in FA Malësia e Madhe by level of education**

Unemployment 2012 (First semiannual)	By level of education %					
	less than elementary	elementary	9-years school	secondary	professional	high
Malësi e Madhe	1.2	22	40	27	8.5	1.7

Source: Shkodër Region

## 2.2. Economic interactions of the functional area

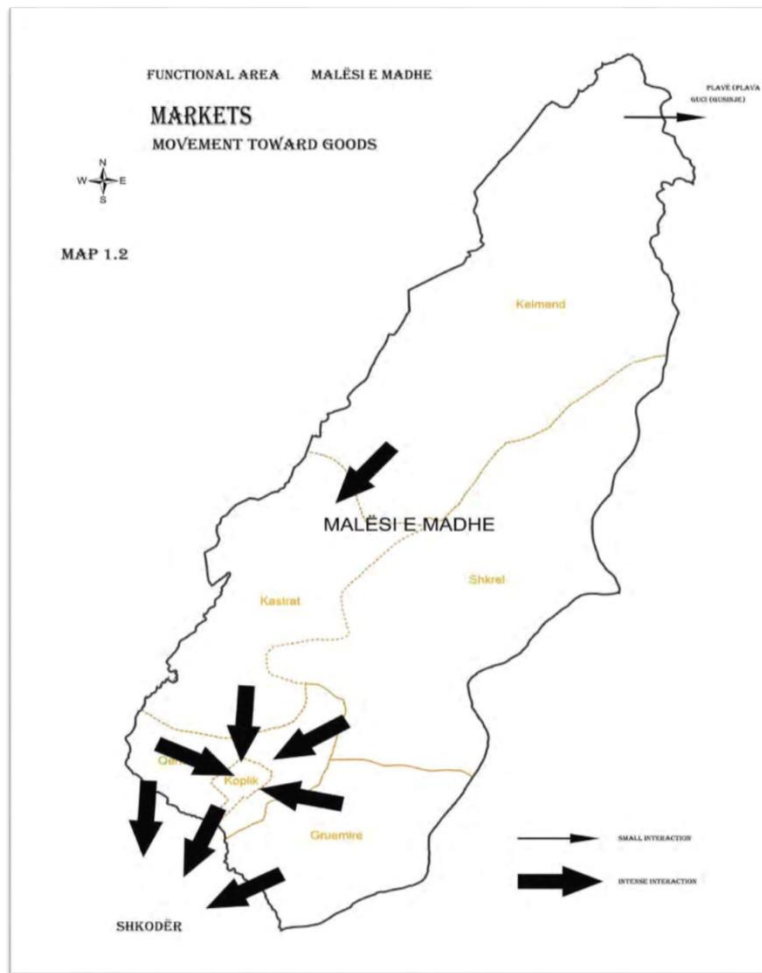
The most important shopping centers (*consumption*) of Malesia e Madhe functional area is Koplik Municipality, where are concentrated the largest number of businesses and the service units, where are directed residents of neighboring communes; the most intense interaction comes from Kastrat, Shkrel, Gruemirë and Qender Communes.

Shkodra is also a key market even for Koplik Municipality and some of the surrounding communess, which interact with almost the same density.

Kelmend Municipality is distinguished for its commercial interaction (less dense) with the cross-border area of Plava and Gucia through Vermosh cross border point.



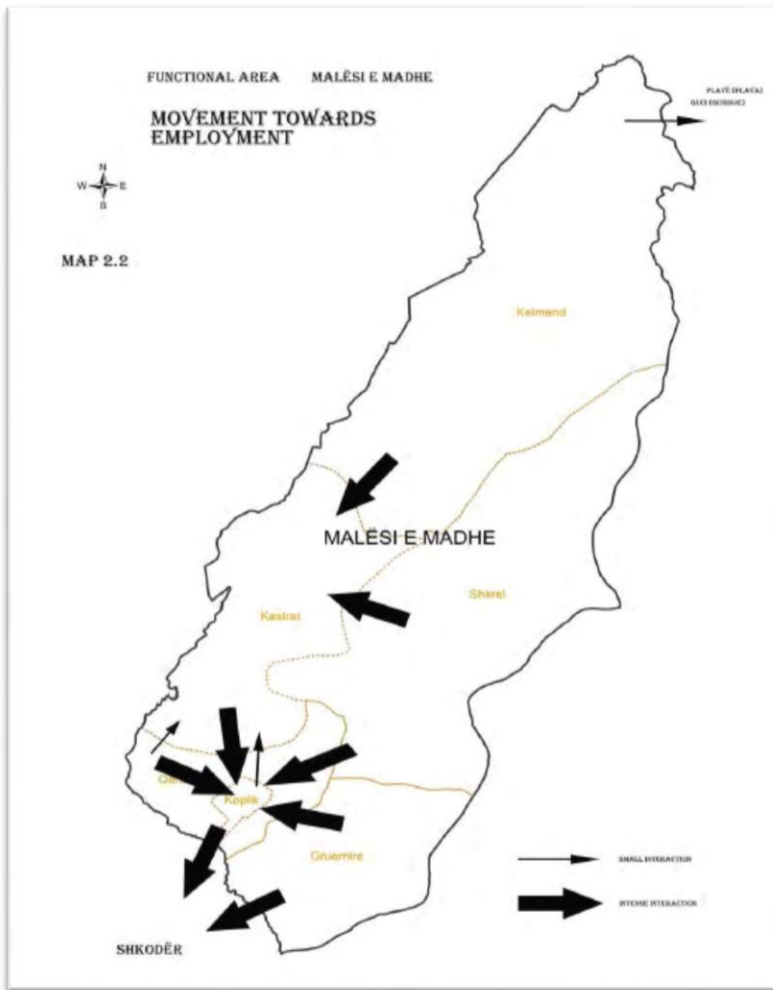
**Map 4: Interaction for consumption in FAlMalësia e Madhe**



Source: DLDP (2014), Study on functional areas in Albania

In Koplik and Shkodra market residents of Malesia e Madhe are primarily directed for wholesale goods, clothing or furniture and household equipments; for everyday food products, usually commune centers and villages are generally self-sufficient. Exactly for this reason, the demand for agricultural and livestock products within Malesia e Madhe is not high, and therefore, farmers find an important market in Shkodra. On the other hand, deeper villages interaction with Shkodra it is more difficult due to unpaved roads.

**Map 5: Interaction for employment in FA Malësi e Madhe**

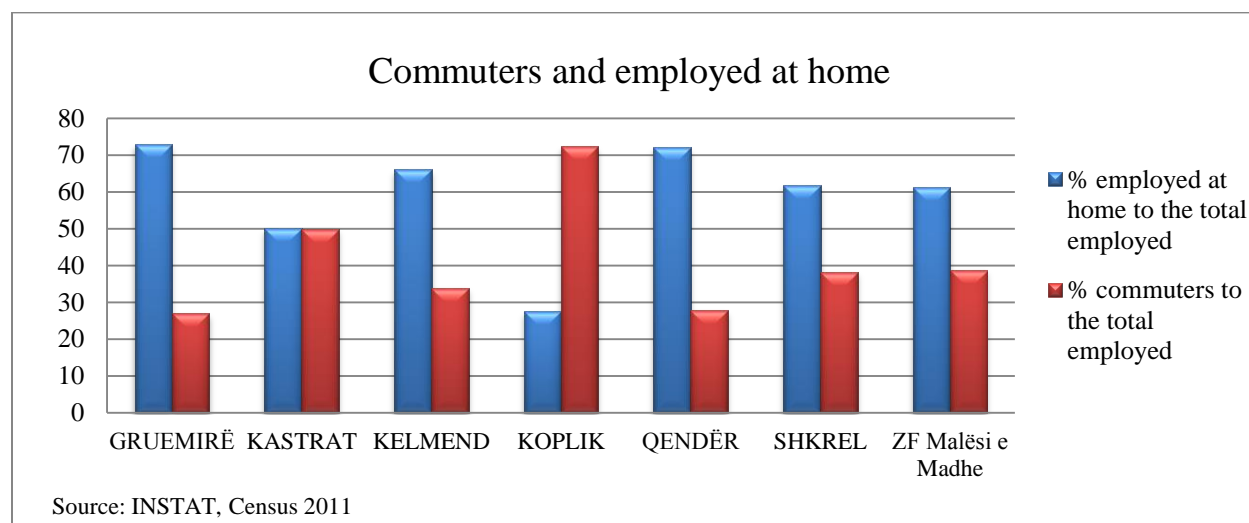


Source: DLDP (2014), Study on functional areas in Albania

The main **employment centers** (*services*) within the functional area are Koplik Municipality and Kastrati Commune. Shkodra still remains an important employment center through the activities of clothing and shoe manufacturing in the industrial area in the north of the city, where are directed mainly residents from Municipality of Koplik and Gruemirë Commune, as indicated in the map above.

The highest percentage of employees who travel daily to work is in Koplik, 72% of the total employees. In contrast, in the Gruemirë, Qender, Kelmend and Shkrel Communes, 70% and not less than 60% of employees work at home, showing the agricultural nature of employment that prevails in these areas. In Kastrat Commune there is an equitable distribution of this indicator.

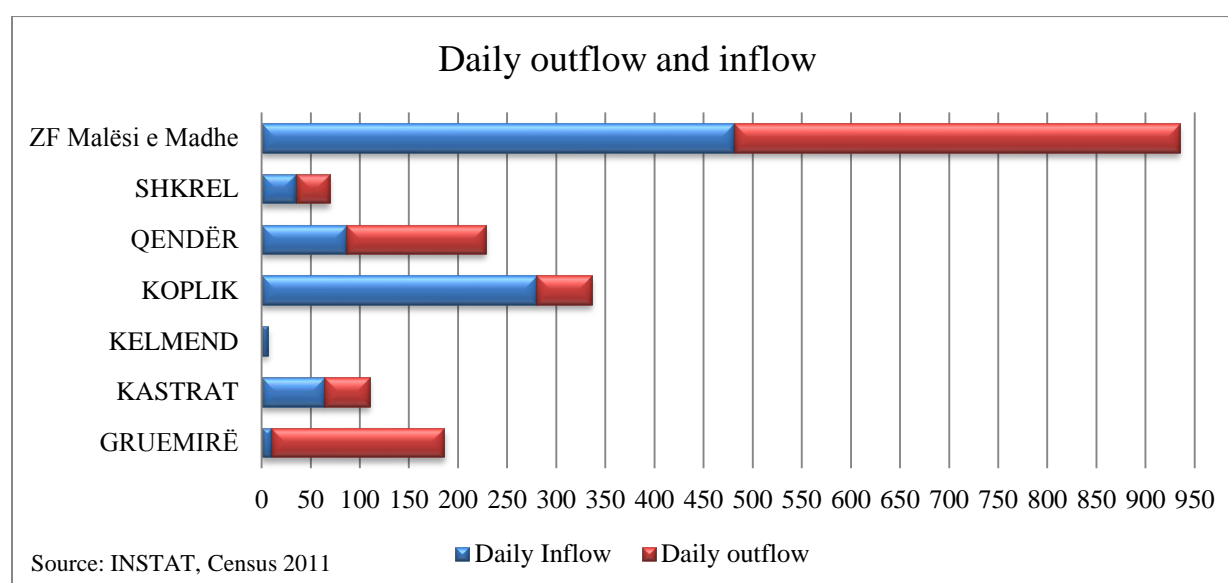
**Graph 6: The employed at home and commuters in FA Malësia e Madhe**



The most daily entries of employees occur in Koplik Municipality, with a significant difference with other local units; on the other hand there are less daily exits by Koplik Municipality. Taken together, the indicators highlight the particular importance of Koplik area in the employment of neighboring communes and also to its residents.

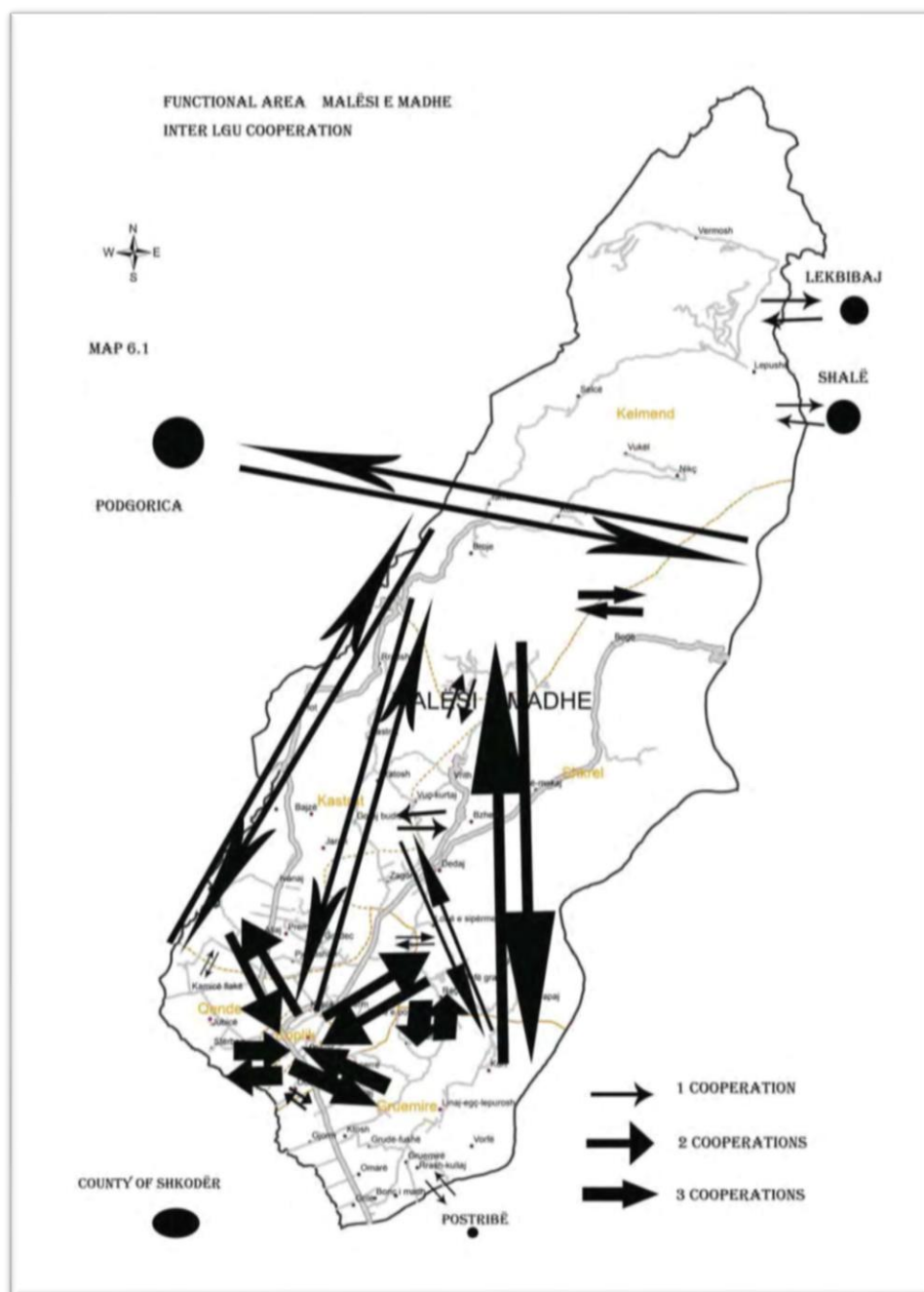
In contrast, Gruemirë Commune has the greatest exits of employees. This fact may reflect lower employment opportunity compared with other communes and the concentration of small businesses with a person employed or self-employed.

**Graph7: Daily movements of employees in Malësia e Madhe FA**



Kelmend Commune registers only a very low number of daily exits, reflecting the isolated nature of its economy due to the mountainous landscape, focusing on agriculture, livestock and tourism guesthouses activity.

**Map 6: Inter LGU cooperation in FA Malësia e Madhe**



Source: DLDP (2014), Study on functional areas in Albania

In general, the level of cooperation between present local units within Malesia e Madhe is high as much we approach to the lowland area, while it slump in high mountain areas. Cooperation is

centered in Koplik Municipality, as a local unit key to trade and services, but does not extend to Kelmend Commune and to the northern part of Shkrel Commune; here interaction is directed to the centers of the neighboring country of Montenegro as Podgorica, Plav and Gucia.

## 2.3. Detailed analysis of the functional area

### 2.3.1. Economic analysis of the agricultural sector

In Malesia e Madhe area, agriculture sector is developed in the following groups of cultures:

- *Field plants* including: cereals (maize and wheat), vegetables, potatoes, legumes (beans), industrial plants (tobacco), fodder, among which medicinal plants.
- *Fruit trees* including: fruit trees, table and oil olives, chestnuts, citrus (oranges, lemons, tangerines), vineyards for table grapes and wine.
- *Livestock* including: cattle, poultry and bee hives.

Agricultural land surface is 15.955<sup>4</sup> ha. The number of farms is 8.222, mainly with family nature and small average size, about 1.85 ha. Most of them are found in low-land areas of Gruemirë Commune, Shkrel, Qender, but also in Kelmendi Commune, in which, even the population is mostly employed in the agricultural sector, as noted in 2.1.2 paragraph.

Only 10% of agricultural land is covered by the irrigation system, while the potential of this system currently reaches 60%<sup>5</sup>. Vehicles used by farmers are as follows. Number of some of them (tractors with wheels, minitractor & milling machine) is especially increased in 2013, however missis detailed information on the level of mechanization that they show or to usefulness of each machinery in production processes of one or more culture. In general, the specialization of vehicles is low because the machinery are used for more than one type of crop; manual labor and pets are still an important part of production processes in agriculture.

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<sup>4</sup> 700 ha of former Agricultural Enterprise have been added up to the agricultural land surface

<sup>5</sup> 2013 data from the Regional Directory of Statistics, Shkodra

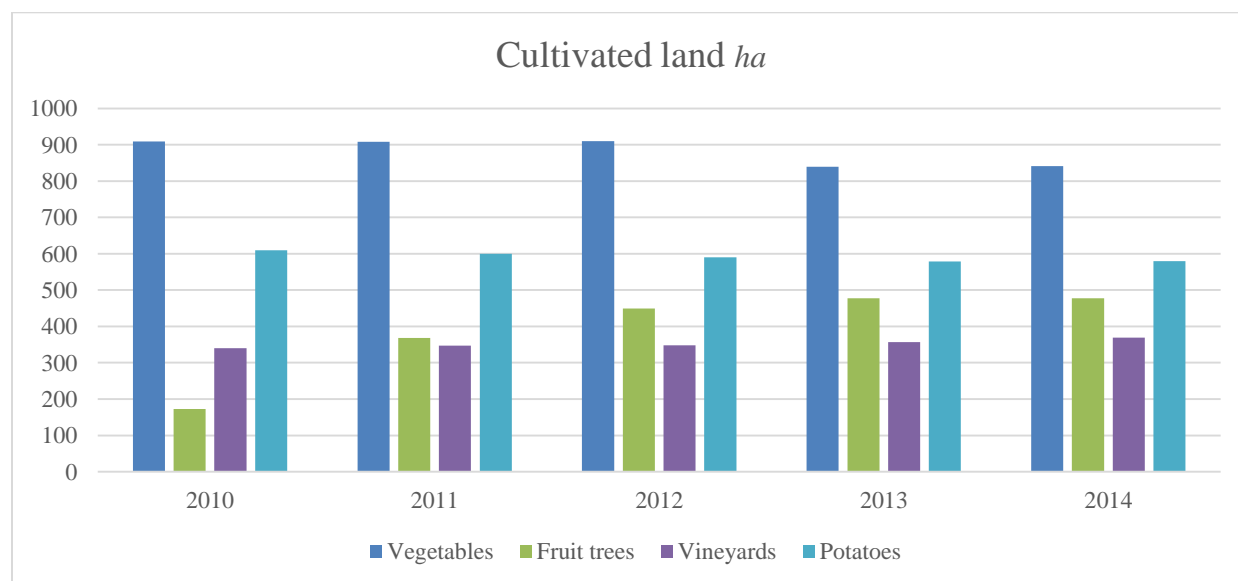
**Table 15: Mechanical vehicles used in agriculture sector in FA Malësia e Madhe**

Nr.	Emërtimi	2010	2011	2012	2013
1	Traktor me rrota	104	101	105	175
2	Minitraktorë	62	62	64	73
3	Makinë mbjellëse	6	4	5	5
4	Motokorrëse	38	41	43	48
5	Autokombajna	8	7	7	8
6	Traktor me zinxhir	1	1	1	1
7	Freza	32	52	52	73

Source: Regional Directory of Agriculture, Shkodër

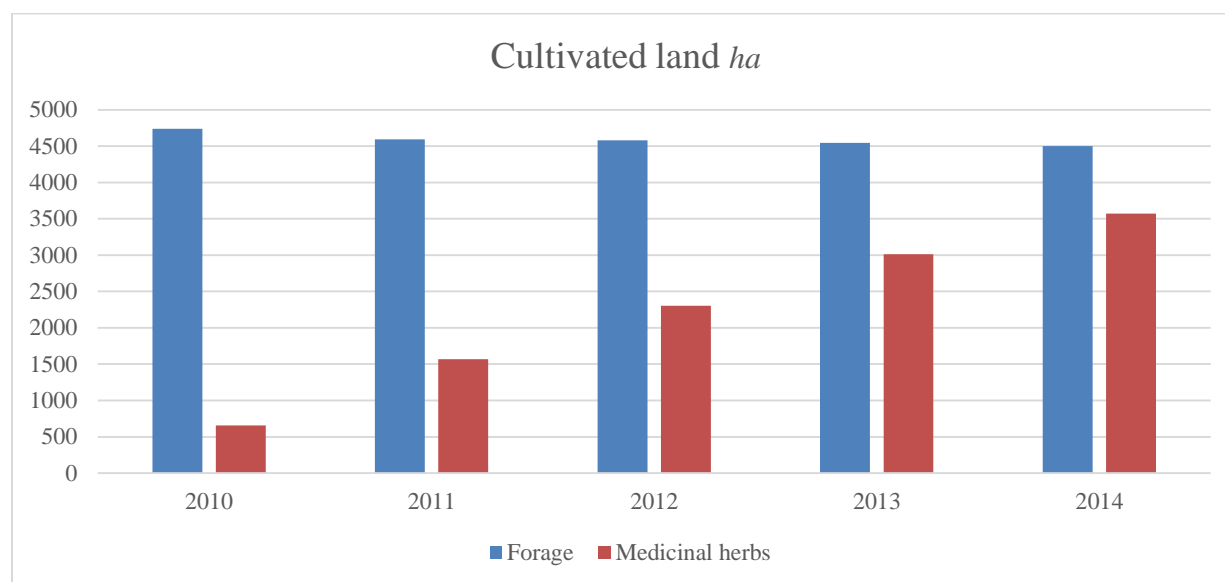
In 2014, the agricultural land farmed is 12.227 hectares, thus it is used at around 80%. The following graph is presented in detail its use over the years by some of the most significant cultures:

**Graph 8: Agricultural land use in FA Malësia e Madhe**



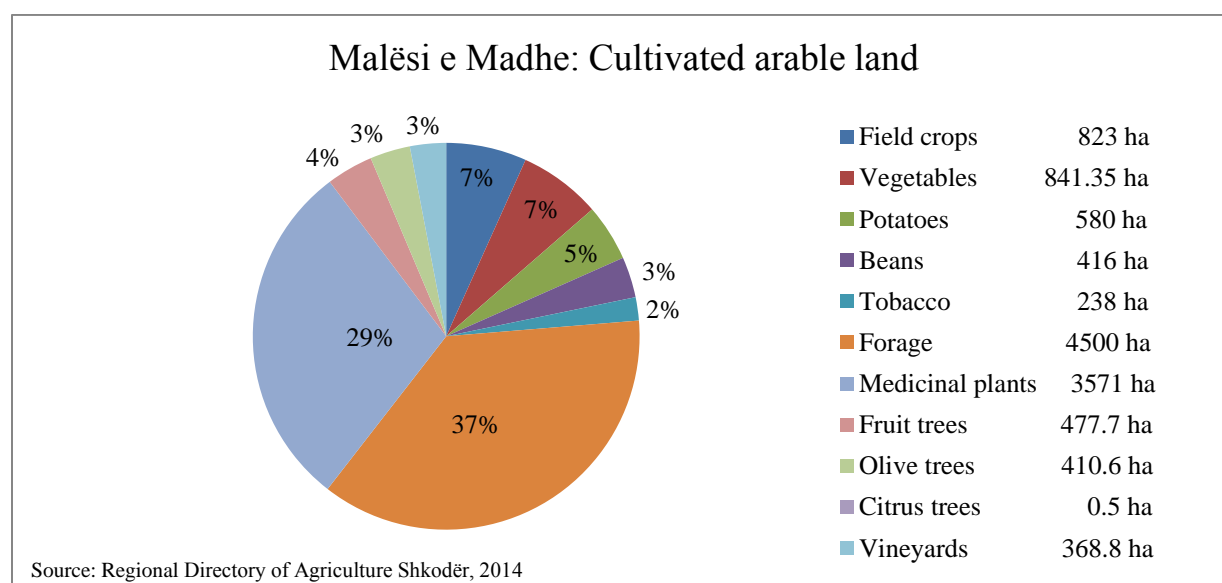
Source: Regional Directory of Agriculture, Shkodër

**Graph 9: Agricultural land use, forage and medicinal plants in FA Malësia e Madhe**



Source: Regional Directory of Agriculture, Shkodër

**Graph 10: The current use of agricultural land in FA Malësia e Madhe**



Forage, which is food for pets of work occupies about 37% of cultivated land, on 29% of its are cultivated medicinal plants and about 22% is used for wheat, corn and vegetables, mostly for family use and for the regional market; in the smaller remained parts are cultivated fruit trees, olive trees, vineyards and tobacco.

Uncultivated land size is about 3,700 hectares, most lying in Gruemirë and Kastrati Communes.

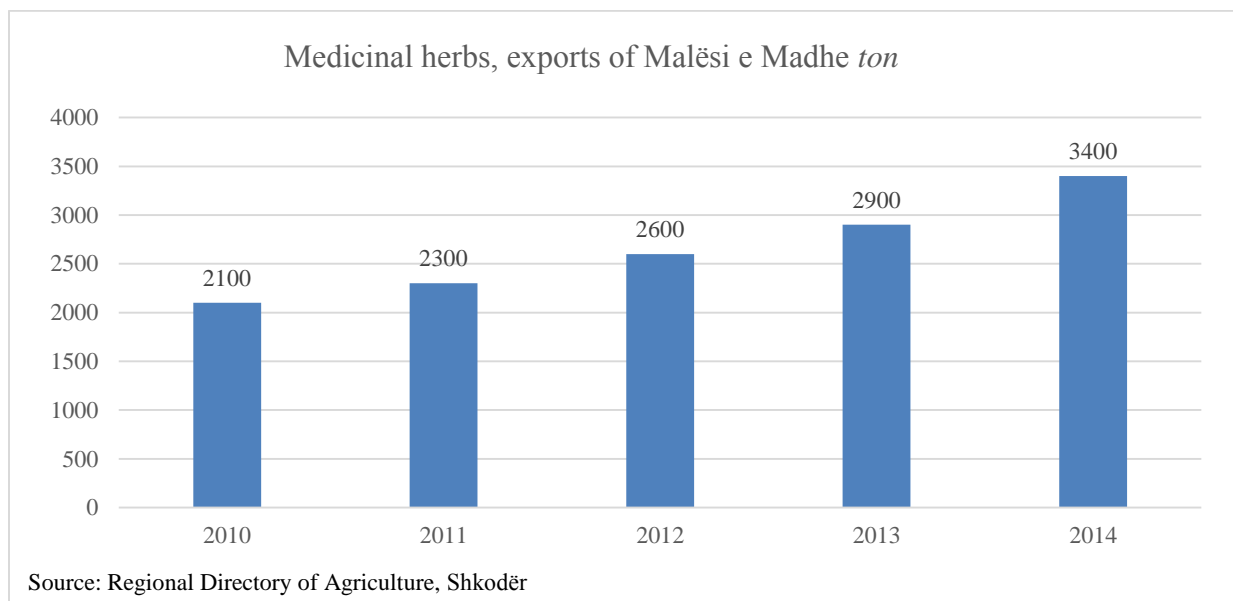
### ***Medicinal herbs***

Medicinal plants are cultivated on about 3,571 ha, widespread in the area of Koplik (Qender Commune) and in the Municipality of Kastrat. Among several types of medicinal plants in Malesia e Madhe traditionally is cultivated sherebela, which today is particularly specialized the workforce and land. Another autochthonous type of the area is makthi, while climatic conditions are also favorable for the growth of lavender and rosemary.

The production of medicinal plants is collected from farmers from four collecting firms and than it is marketed mainly in foreign markets; one of them also processes sherebela, from which, through a distillation process is extracted oil.

Medicinal plants of Malesia e Madhe area are recognized in the foreign market. The demand is particularly high for traditional sherebela - estimated for the very good quality, thanks to the high oil content; in the recent years the demand is increased also for makth. The selling price in the domestic market of medicinal plants in the period 2011 - 2014 has fluctuated from 120 ALL/kg in 200 ALL/kg. Meanwhile, the export price for the same period has varied from 70 ALL/kg for the lowest quality, up to 200 ALL/kg for the best quality.

**Graph 11:Exports of medicinal herbs from the produce of FA Malësia e Madhe**



Note: These is the amount of net production, which constitutes about 60% of the gross production of medicinal herbs.

The goodwill of autochthonous sherebel production in foreign markets during 2014 was damaged due to cultivation of a variety of external sherebela, genetically modified, in green color, which grow faster but significantly contains less oil that the traditional Albanian wild sherebela. Consequently, the price has dropped to 120 ALL/kg and about 60% of the production of the year is still stock to farmers.



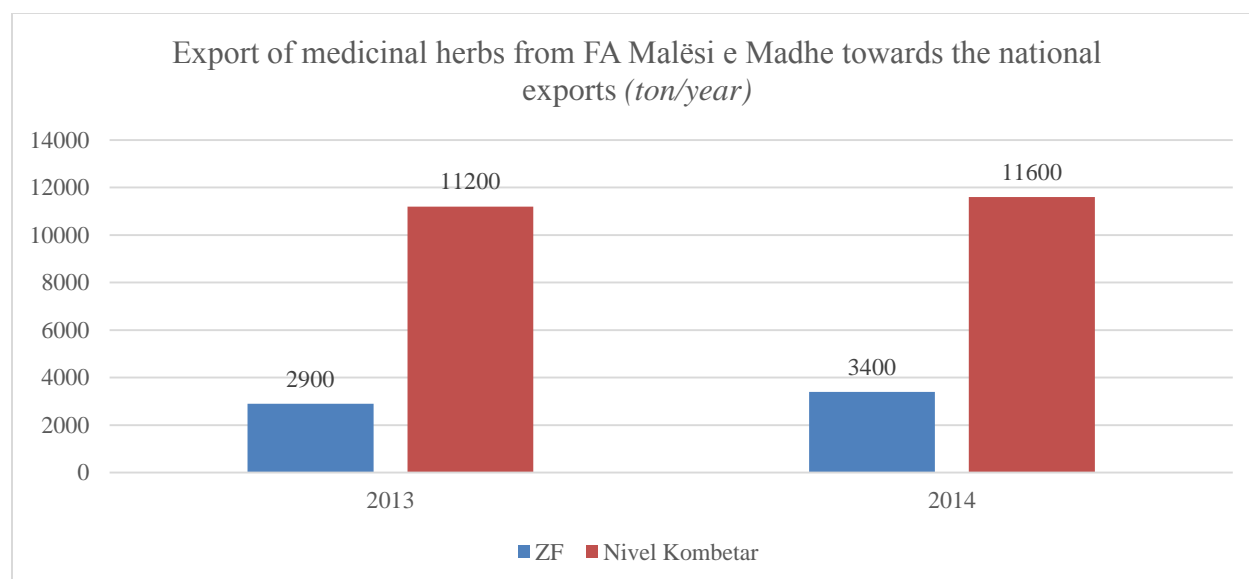
Exports of medicinal plants have increased considerably during 2014 compared with a year ago.

According to the department of Agriculture, the positive performance of this sector continues to confirm the trend of success in this business by putting exports of medicinal plants in the top of agricultural export.

Thus, for the period January to December 2014, the export of aromatic and medicinal plants has reached around 11,600 tons from 11,200 tons compared to 2013, with a respectively worth of 3.5 billion from 3.3 billion in 2013.

Exports of this business go mainly to the United States of America markets, European countries etc. The main cultivator of medicinal plants are found in the region of Shkodra, which employs a high number of residents who produce, gather, dry and process it. This industry for years has made very positive steps, playing an important role in economic growth.

**Graph 12: Export of medicinal herbs of FA Malësi e Madhe compared to the national level**



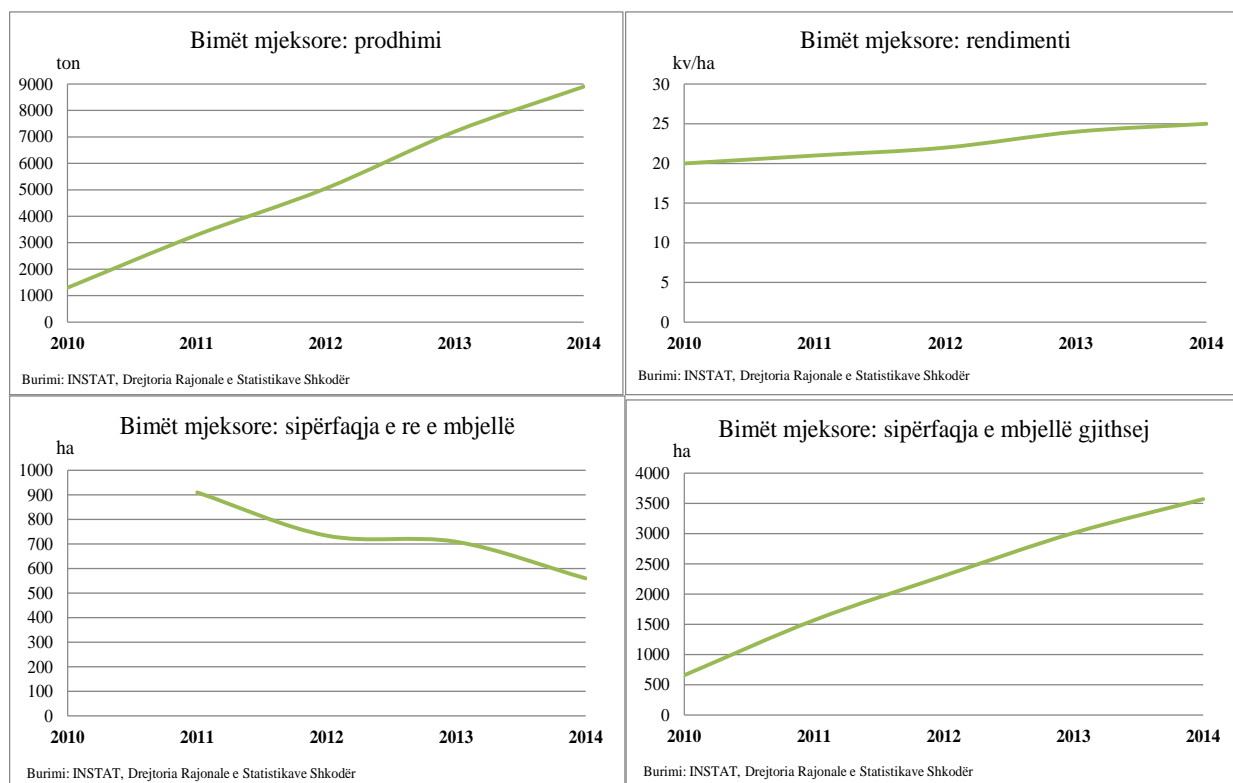
Source: Ministry of Agriculture, Rural Development and Water Administration, referred to ATSH

According to the data shown in the graph above, the product of medicinal plants from FA constitutes respectively 26% and 29% of the total exported by the country, which shows the great potential of this area related to this product so wanted to foreign market.

By extrapolating data on income from the export of medicinal plants at the national level for 2013 and 2014 for the amount of this product which is offered for export by the Functional Area, it turns out that this area has generated 854 million Lek and 1.02 million Lek or 25 % and 29% of the total income respectively in 2013 and 2014.

In support of the above view, the collected data show that, over the course of the years 2010-2014, the amount of agricultural land planted with medicinal plants has increased five-fold, land

productivity has increased steadily from 20 to 25 quintals/ha and production is today at least six times higher<sup>6</sup>.



By analyzing this trend naturally it is arisen the recommendation that the surface planted with this plant and the productivity should be a primary goal of the economic development of Malesia e Madhe FA.

In general we recommend that the development of agriculture in the FA should focus on those products which are required in the foreign market and which are secured in this market, because so FA will provide increased incomes and a sustainable economic development.

In relation to medicinal plants, surface and production efficiency should be increased; This initiative should be accompanied by supportive measures which include, but are not limited to, as follows:

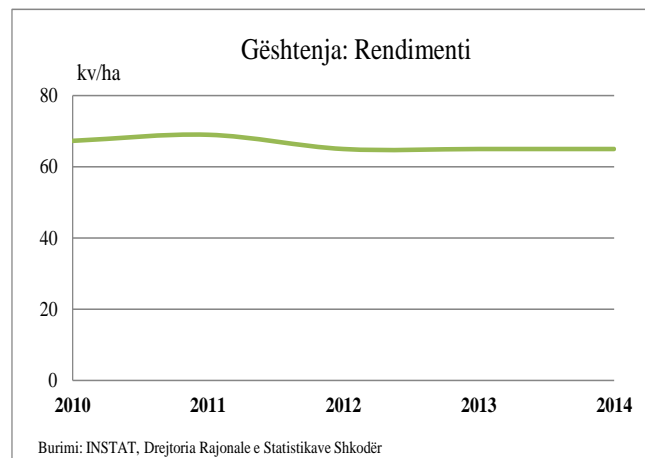
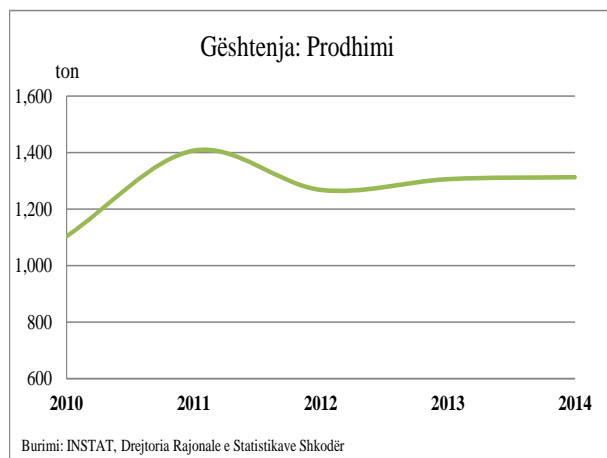
1. Consolidation of agricultural plot and the organization in large joint farms of producers;
2. Rehabilitation of irrigation system to achieve the existing potential from 10% to 60% of agricultural land;
3. The preservation and cultivation of the "autochthonous" variety of these plants.

<sup>6</sup> Numerical data of Statistical Regional Directory change from the data of Agriculture Directory of Malesia e Madhe Distric, however, they show an upward trend in each case, and approaches here are made in the lower mass in order to avoid overestimation.

## Chestnuts

Fruit trees are well grown in the forest areas of Malesia e Madhe, currently focused on Gruemirë, Kastrati and Shkrel, at 477.7 ha of agricultural land. Based on data for 2011 and 2012 in nationwide, Malesia e Madhe differs for high yield in fruit trees, about 34-35 kg/root, which is not only above the national average of about 23 kg/root but also among the highest in the country besides the District of Mat and Peqini, respectively 40 kg/root and 31 kg/root.

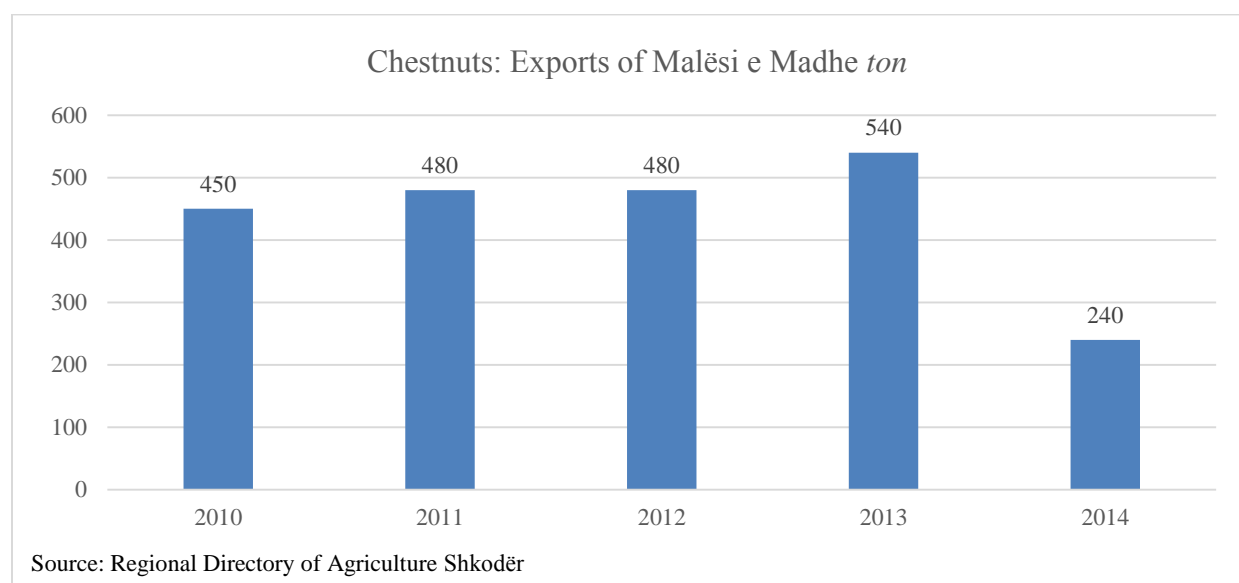
Among fruit trees, chestnut tree is of high quality and well-known in the country. The largest massif of chestnuts on Malesia e Madhe is the one in Reci area in the Commune of Shkrel, which dates back to 200 years ago. The massif lies in an area of 450 ha, of which 350 hectares are still available.



This is the second massif, as for the area as well as for the production, after the one of Tropoja with about 2,000 hectares, which is the largest massif in Balkan.

Production of chestnut is addressed to the external market, where the demand is high. The Selling price ranges from 1 Euro/kg to 1.2 Euro/kg with an average price of 0.93 Euro/kg or 130 ALL/kg.

**Graph 13: Export of chestnuts from the produce of FA Malësia e Madhe**

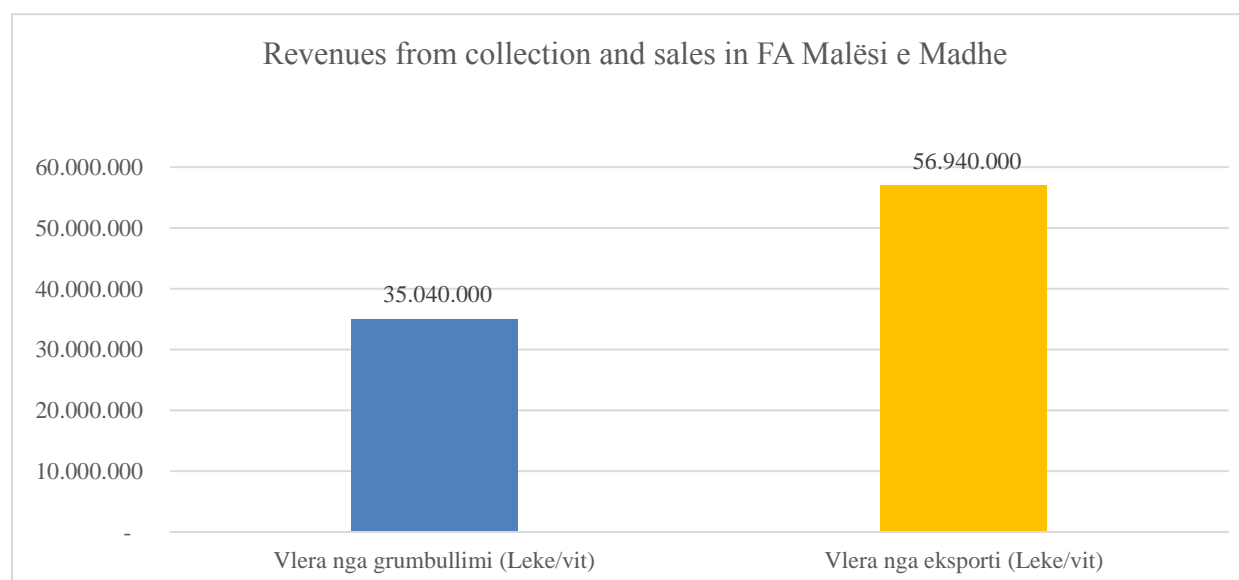


Source: Agriculture Directory of Malesia e Madhe District

The last year decline was due to unfavorable climatic conditions, however, the potential in the foreign market is estimated to be high.

Referring to the information above, for an annual output average of 438 tons/year and the average price in the collection of 80 ALL/kg, incomes for families dealing with this business in Malesia e Madhe can be calculated approximately 35 million/year, while the value from export is estimated at approximately 56.9 million/year.

**Graph14: Assessment of current revenues from collection and sale of chestnut, FA Malësi e Madhe**



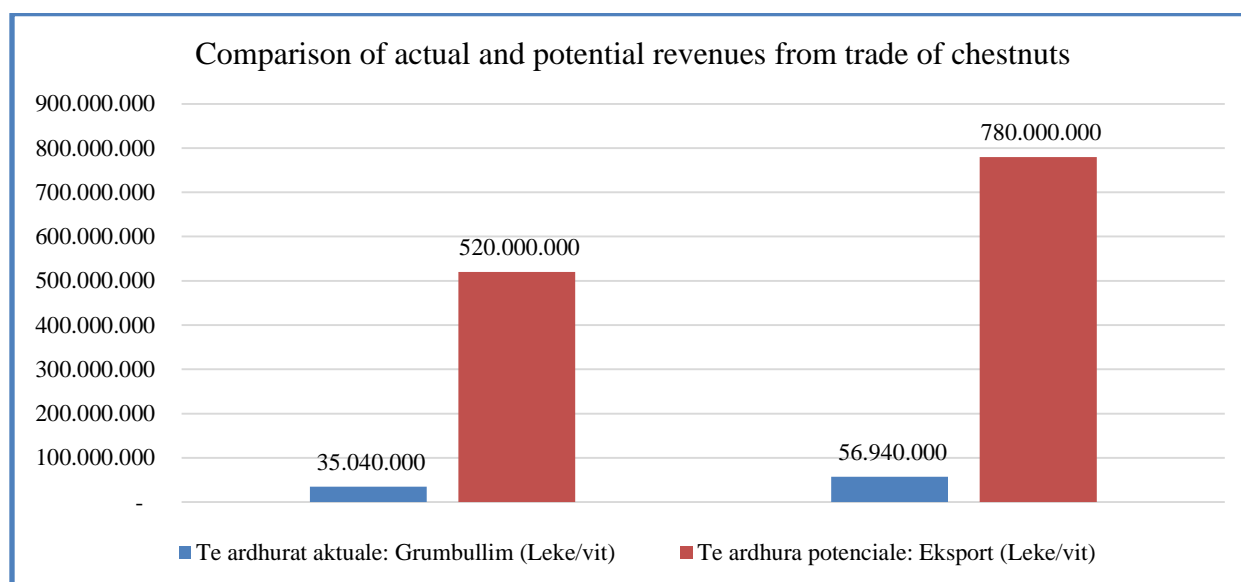
Source: Data on production by the Regional Directory of Agriculture; The average sale price in collection and export according to association "Reçi Production".

Referring to the data of the "Reçi Production" association, reported by the magazine Monitor, in 2014 the price of chestnut collection has fluctuated from 50 to 110 ALL/kg with an average of 80 ALL/kg, while exports are estimated at about 130 ALL/kg. Only this association owns about 200 hectares to 450 hectares of the massif of Rec and during 2014 has traded about 170 tonnes of which 100 tonnes for the Italian market and 70 tons for the domestic market.

Always on the same source of information, the association administrators report that their goal is to reach to use the maximum capacity the of space that they own which is estimated at about 4000 tons/year versus 6000 tons/year which is estimated as the capacity of all the massif.

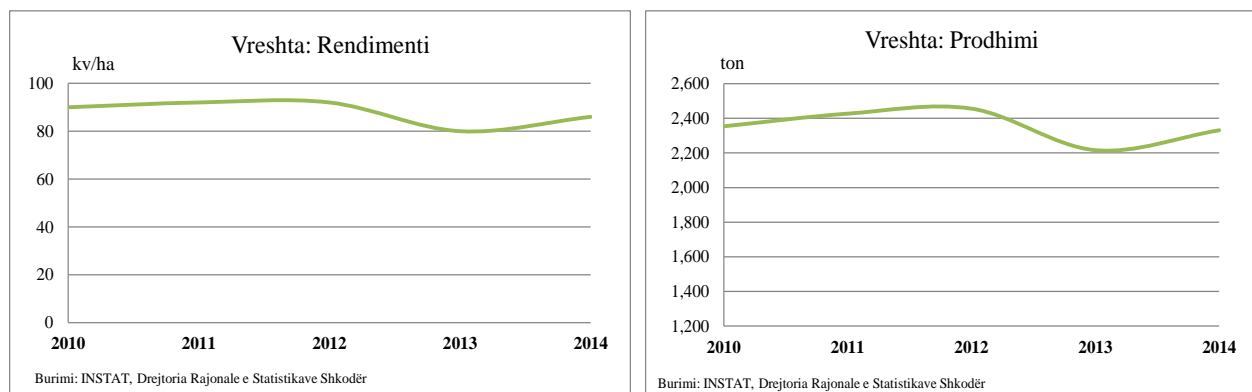
Referring to these data, for an average price of 80 ALL/kg in the collection, by this crops, in the current conditions, it can be generated from 320 million ALL/year to 490 million ALL/year; while export value, based on the current average price of 130 ALL/kg could reach from 520 million ALL/year (3.7 million Euro) to 520 million All/year (5.6 million/year). The graph below illustrates relatively the current incomes from the sale in the collection (wholesale) with the potential revenues from the export of chestnut.

**Graph 15: Actual and potential revenues from collection and sale of chestnut in FA Malësia e Madhe**



In these circumstances the first recommendation would be about:

1. Extension of use to the optimum limits to the potential production of chestnut in Malesia e Madhe, and secondly
2. Extension of chestnut cultivation is advisable although the time needed to establish a new plantation with chestnut tree is a few years, therefore the impact on production and incomes from the sale will be extended to a longer period.



### ***Vineyards***

Malesia e Madhe area, made from red terrains and limestone rocks, with height from the sea level, is very favorable for the growth of vines.

Vineyards occupy 369 hectares of agricultural land, lying on Kastrat, Gruemirë and Koplik (Qender Commune). They belong to Kallmet variety of autochthonous grape, which is a registered trademark in Albania.

Years ago the existence of Wine Factory in Shkodra increased the areas cultivated with Kallmet grape. After the 90s the factory went bankrupt and a good part of the vineyards were destroyed and only then appeared many small private wineries which continued to produce, but in lower quantity and quality. Over the past years it was worked hard from foreign organizations to protect Kallmet as an autochthonous variety grape.

Kallmeti is known for its unique and rare qualities, it is in red pomegranate with purple shades and has a rich bouquet of aromes, among which dominate violet and cherry.

The quality of variety Kallmet grape is stated even by experts<sup>7</sup>, on the other hand, it is worth mentioning that the production of the area is not particularly high compared to other areas of the country specialized in the production of grapes and wine. Again based on the data of 2011 and 2012, the yield of Malesia e Madhe is fluctuated to 92-96 kg/root while the national average is around 123 kg/root, and the higher levels reach over 200 kg/root.

In recent years, the production of the vineyards has been comparatively stable, on the average of about 2,400 tons, directed mainly for the domestic market, and a smaller part for wine production.

Currently, in Malesia e Madhe area there is a wine canteen which uses as a raw material grapes from vineyards owned by the same firm, and sells under the registered trademark of variety Kallmet. Production of this canteen is directed to the domestic market so far. The rest of the farmers produce wine without a registered brand, also brandy or table grapes for the domestic market. To use this potential are needed other wineries in the area, which, in turn, are investment of a high value.

<sup>7</sup> According to the opinion of L.V.I.A experts

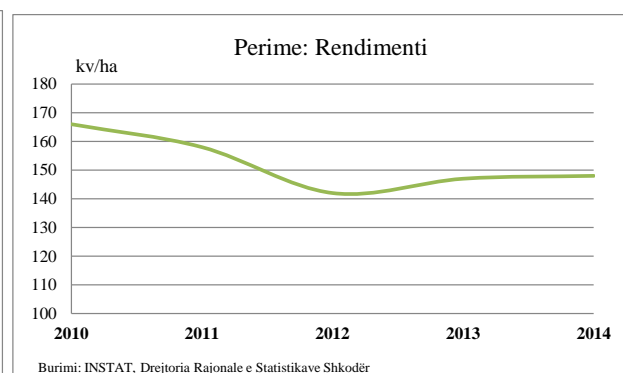
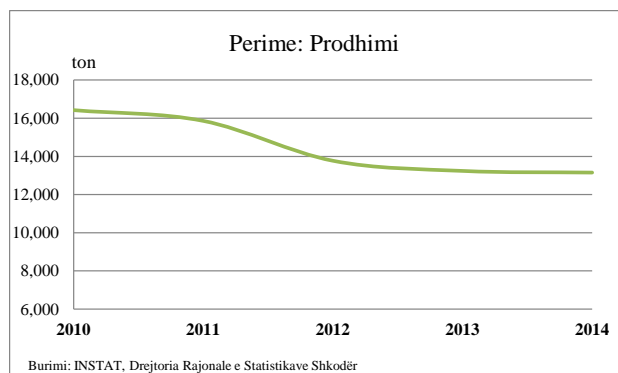
In these circumstances, an opportunity for the area farmers may be selling vineyards production in the neighboring areas, meanwhile, to strengthen their financial position or to find fundings to set up their own small wineries.

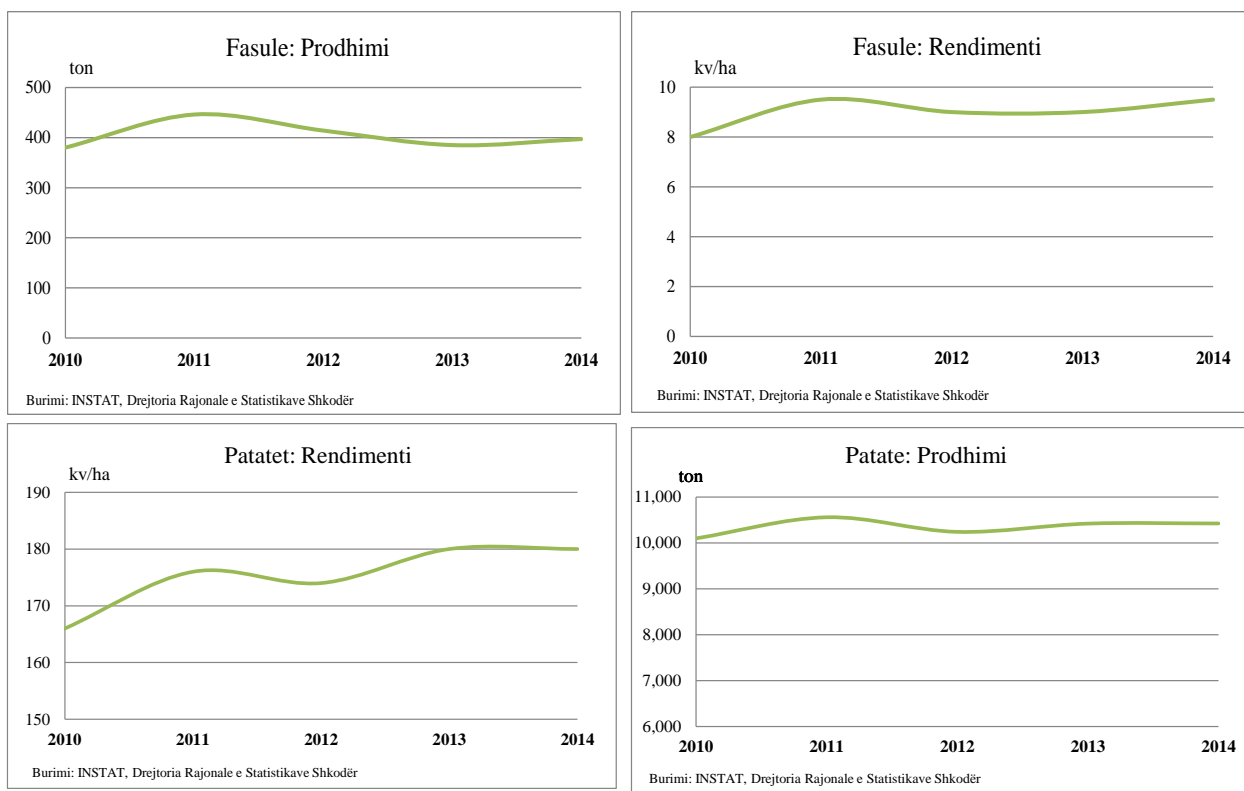
Over the past years in the domestic market the variety Kallmet grape it is marketed wholesale for wineries with 80 ALL/kg. Increase of surface with 500 ha of Kallmet vineyards, which produce about 90 quintals/ha, would bring an income of about 360 million ALL. However, it remains a lot to be done for the registration of the variety, the awareness of farmers to add surface of vineyards with kallmet and foreign varieties, to introduce them to innovative techniques of production of grape and wine, with the marketing techniques or the organization of promotional activities.

### ***Vegetables***

Vegetables together with beans and potatoes are ranked in the third place for the size of agricultural cultivated land, a total of 1,837.35 hectares. Areas of Gruemirë Commune are suitable for planting vegetables, especially peppers (village of Dober), potatoes and beans, while in the mountainous Kelmendi area, comparatively a small part of agricultural land is specialized in the cultivation of potatoes and is the leading manufacturer in Malesia e Madhe area.

Currently, the majority of vegetables production, beans and potatoes of the functional area are sold in the local market, and despite the specialization of this area, it is not ranked among the most profitable crops. The yield of potatos has been rising over the years 2010 - 2014, but remains below the national average. Likewise, the yield of beans, which has been comparatively constant in these years, is still below the national average. The yield of vegetables, on the other hand, has been declining, while there is a sensitive lower level compared to the national average.





The development of this sector shows some problems that are identified generally by specialists of agriculture and are dealing with as follows:

- Products are delicate and are easily damaged, have a short sustainability after harvest and are required every day in the market;
- Production and marketing of vegetables are a global activity and consequently the law of competitiveness of the sector is present and inevitable;
- Facing the demands of the market as: variety and continuity in the production of fresh vegetables;
- Completion of the consumer tastes and security for healthy product;
- Increasing the value of the product by providing post-harvest handling;
- Standards of transportation, storage, trading to customer desk

Production of vegetables can be added but the yield in this delicate culture is about finding immediately and in the proper time shown, as well as the conditions of storage and conservation. In these circumstances it is recommended that the focus of activity along adding the surface to these cultures should be:



1. The concentration of vegetable production near or in the suburbs of urban areas in order to localise close to the market,
2. Expansion of greenhouse vegetable production,
3. Stabilization of connections with traders and market

In long-term we would recommend to the sector to focus on:

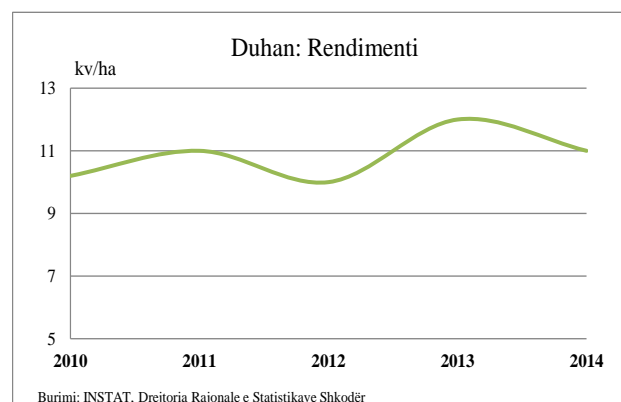
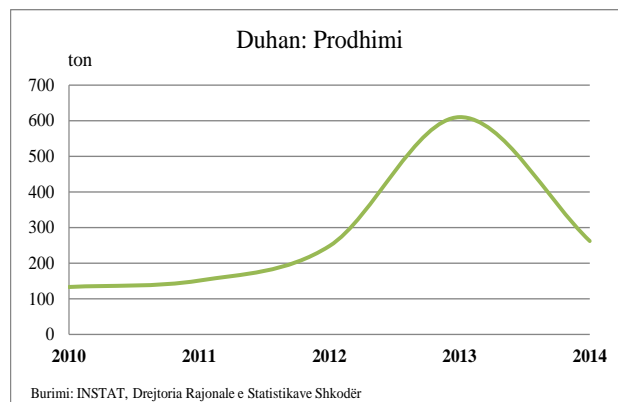
4. Improvement and increase of storage and conservation capacity,
5. Development and connection of producers to the processing industry.

***Box 1: Report on the Forum for the Economic Analysis and Public Service of February 27, 2015***

Present specialists argue that, besides tobacco, the entry of imported agricultural products at very competitive prices has hindered the development of vegetable and fruit crops where Malesia e Madhe area has a tradition but today the domestic demand is very low. Specifically here are mentioned peppers, traditionally cultivated in the village of Dobër, and potatoes, in Kelmendi, who constitute a potential that fails to be used today. në mbrojtje të prodhimit vendas të përfshihen në dokumentin e analizës dhe ti bëhen prezent qeverisë. In conclusion, they believe that these arguments about the need for central trade policy to protect domestic production should be included in the document of analysis and should be made presents to the government.

## ***Tobacco***

In about 238 ha of agricultural land currently is cultivated tobacco, a industrial plant which is traditional for the area and widely cultivated in Gruemirë. Despite this old tradition, the tobacco quality is not estimated as competitive in the foreign markets. Production is targeted mostly to the domestic market, where the price is low and the demand during 2010-2014 has been unstable.



The demand for this culture has increased only during 2013 in response to a general increase in the price of imported cigarettes as a result of increased imports.

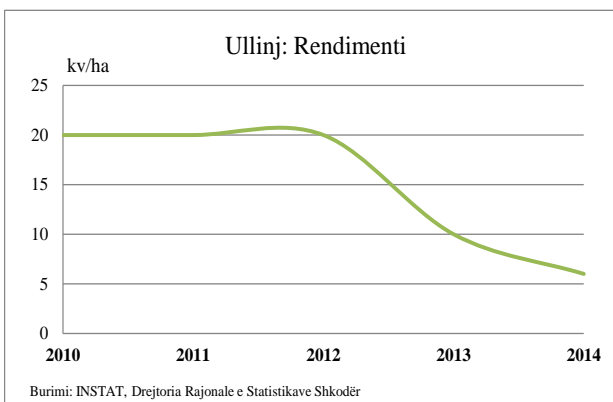
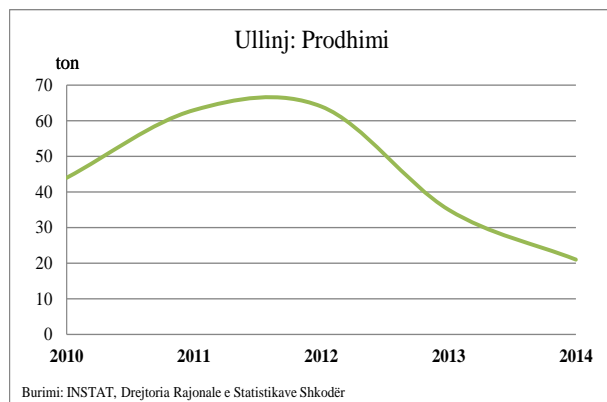
**Box 2: Report on the Forum for the Economic Analysis and Public Service of February 27, 2015**

Specialists attending the Forum are to the opinion that the absence of protectionist government policies for domestic manufacturers is one reason that explains more specifically the decline of production and sales of tobacco of Malesia e Madhe producers in recent years. Participants in the forum recommend that these arguments about the need for central trade policy to protect domestic production should be included in the document of analysis and should be made presents to the government.

It is recommended the concentration of local producers in quality tobacco varieties. This approach directs manufacturers to a quality product and not to higher production quantities. Such an approach could be changed after several years if the high product quality results finding sustainable markets within and outside the country, which may lead to the need of increasing the area sown. For this it is necessary to present manufacturers with quality varieties and modern cultivation techniques in coordination with the Directory of Agriculture and the Centre of Transfer of Agricultural Technologies.

## Olives

Olive trees have been planted in recent years under a government pilot initiative, mainly in the Commune of Qender and Kastrati, and less in Gruemirë and Koplik, a total of 410 hectares of land. Production increased until 2012, to a maximum, has been in steady decline until today, as well as yield, which was initially unchanged. Most of the olive trees did not survived to the climatic conditions of the area of Malesia e Madhe, and the same is expected in the coming years, concluding that this culture does not fit to this area.

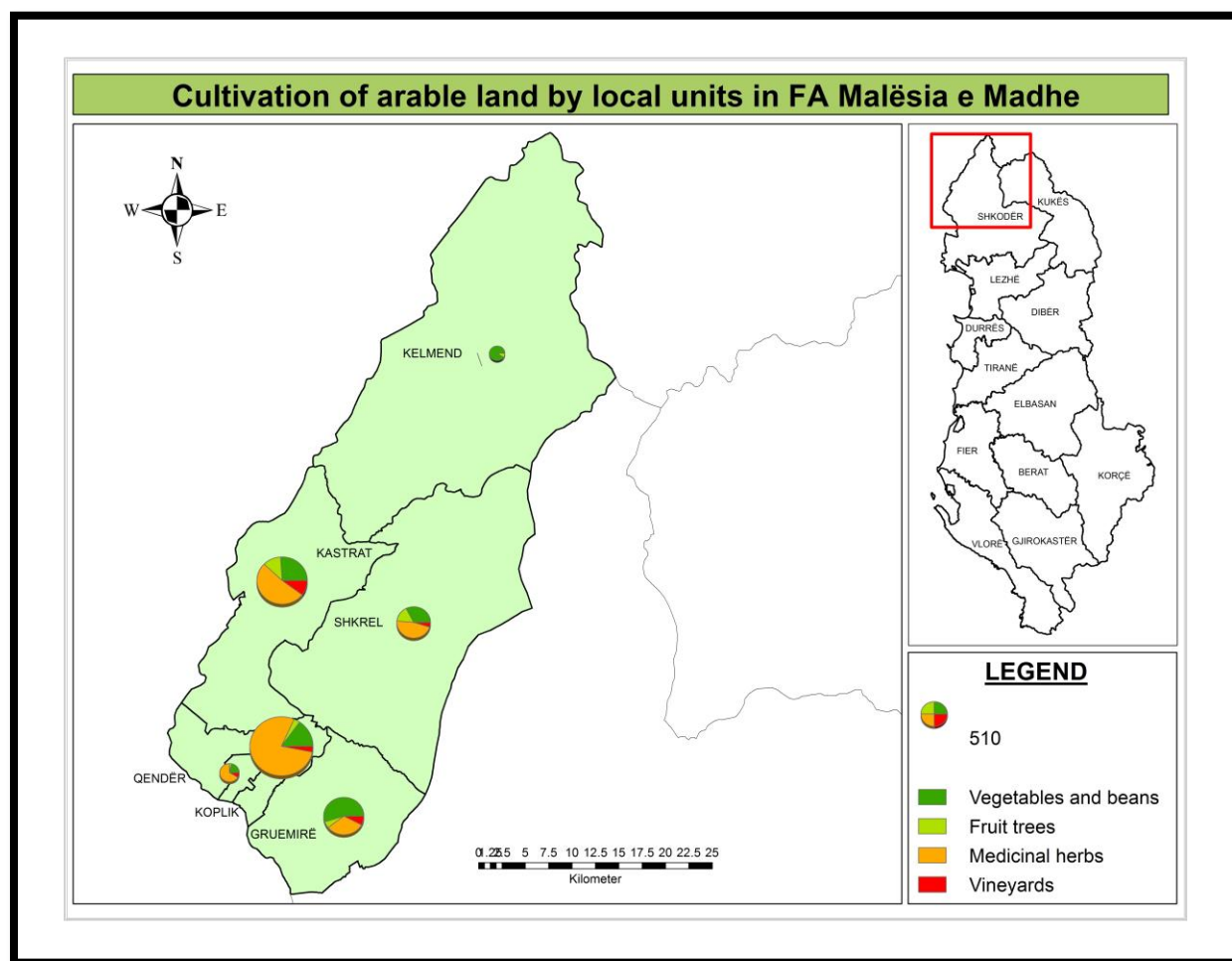


Finally, it is important to note that the agriculture sector data show overall production decline for almost all cultures, during the period of years 2010 - 2014, which was due to the economic crisis and reflects negative GDP at regional level for 2011 and 2012<sup>8</sup>.

**Box 3: Report of the Forum for Economic Analysis and Public Service February 27, 2015**

Specialists attending the Forum share the opinion that fishing is an activity with income potential for those areas of Malësia e Madhe which are located close to water sources, as River Cen, the source of Rjollë and Shkodra Lake. Several businesses have already ventured in activity, which, experts argue that can be supported and further developed, in order to create alternative sources of income for inhabitants of specific areas.

**Map 7: Cultivation of arable land by local units in FA Malësia e Madhe**



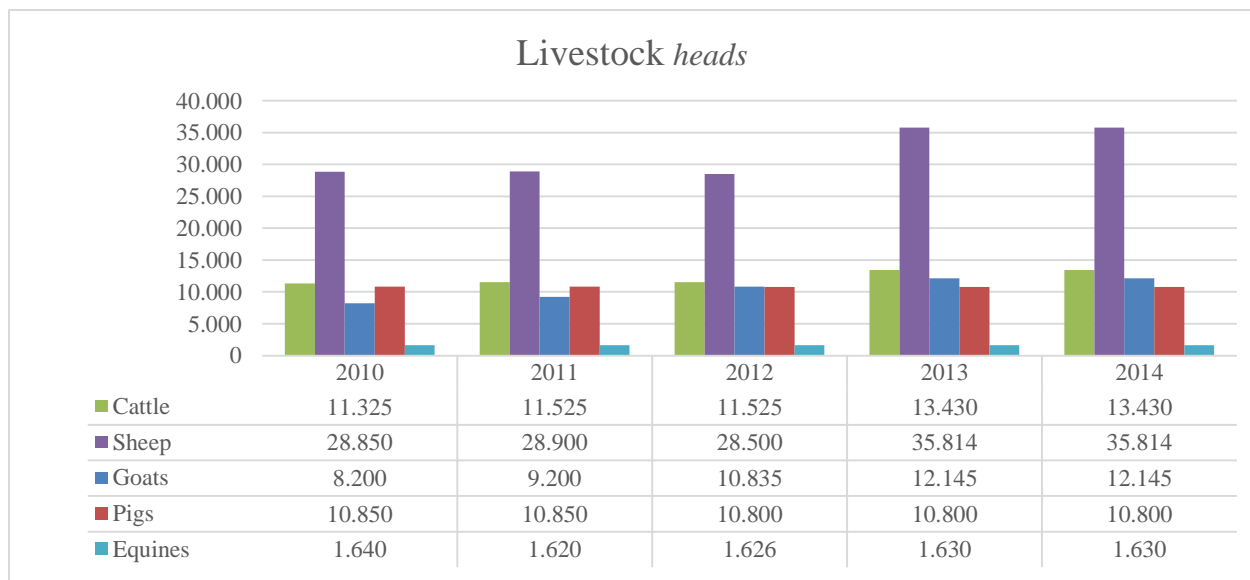
Source of the map: Author

<sup>8</sup> GDP indicator at the regional level is not yet published for 2013 and 2014

## Livestock

Current policies of Sector of Livestock Production have focused mainly on increasing the number of livestock (cattle and small ruminants) in the livestock farm aiming the consolidation of farms and the orientation of these farms towards the market. Also, the support of heifers breed production aimed creating and promoting of racial associations and creating the domestic market for animals with an identified racial value.

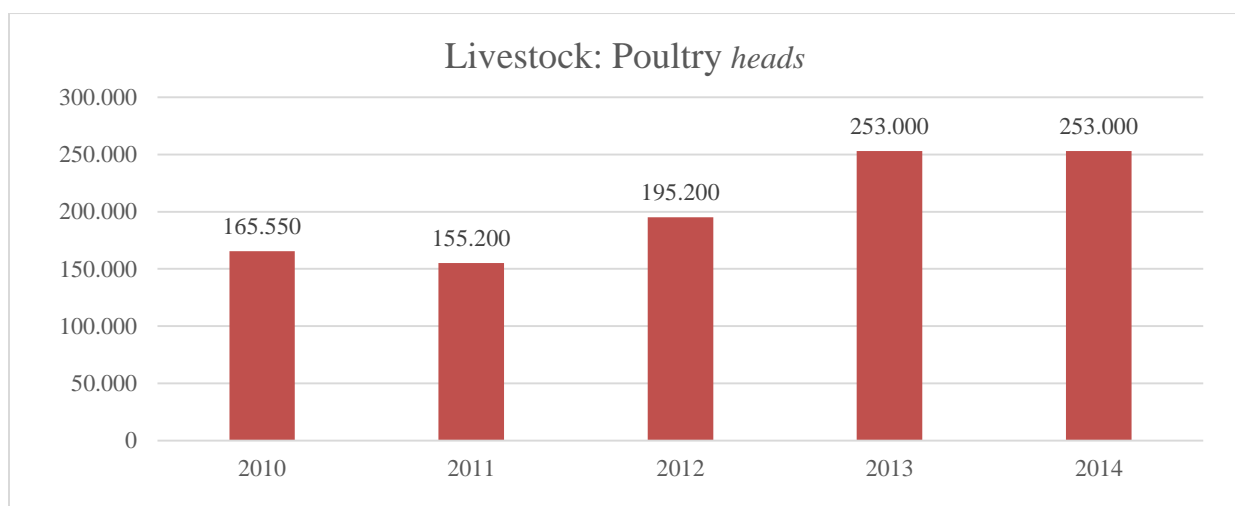
**Graph 16: Number of heads of livestock in FA Malësia e Madhe**



Source: Regional Directory of Agriculture, Shkodër

From the data presented in the graphs above it present that there is stability in the growth of the number of livestock heads, as well as the birds.

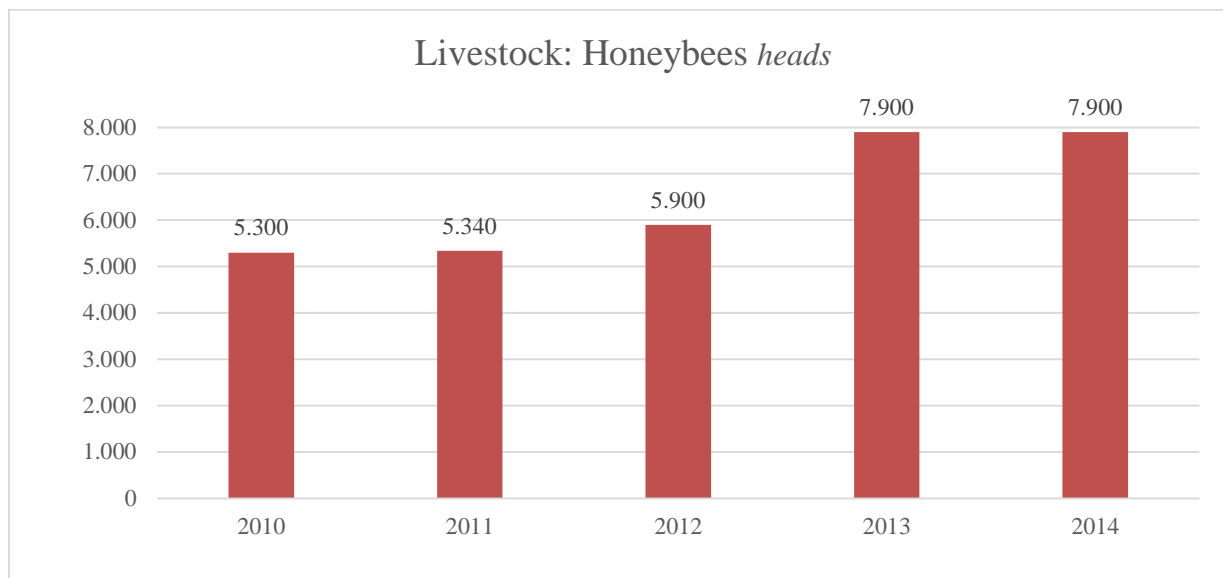
**Graph 17: Number of heads of poultryin FA Malësia e Madhe**



Source: Regional Directory of Agriculture, Shkodër

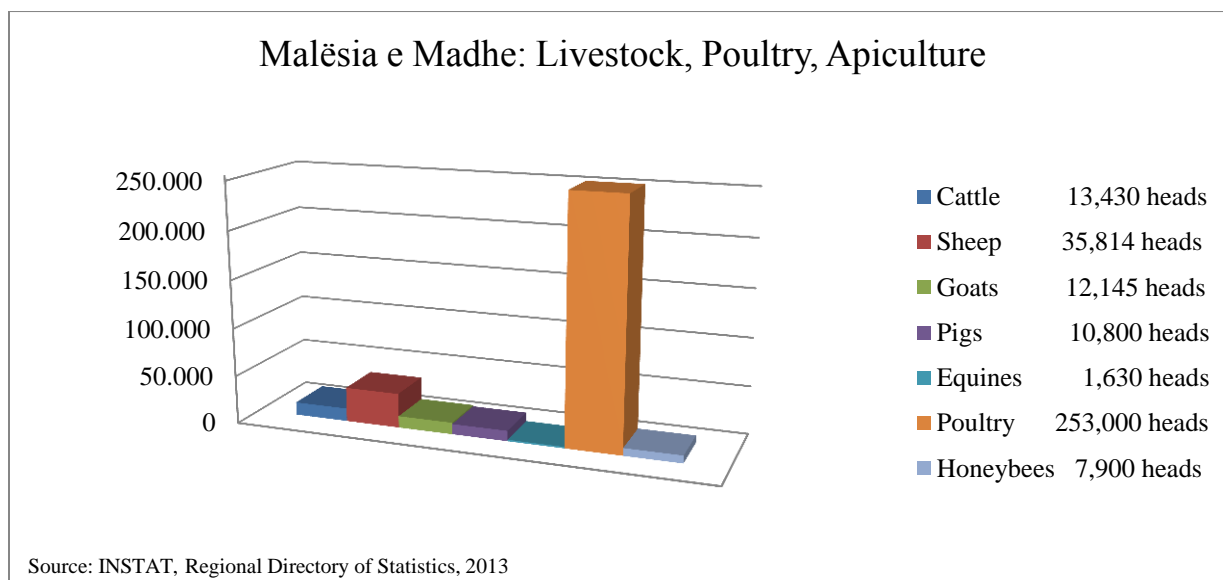
In Malesia e Madhe FA livestock development in years (2010 - 2014) is presented in the graphs below:

**Graph 18: Number of heads of bee hives in FA Malësia e Madhe**



Source: Regional Directory of Agriculture, Shkodër

**Graph 19: Condition of livestock in Malësi e Madhe FA, 2013**

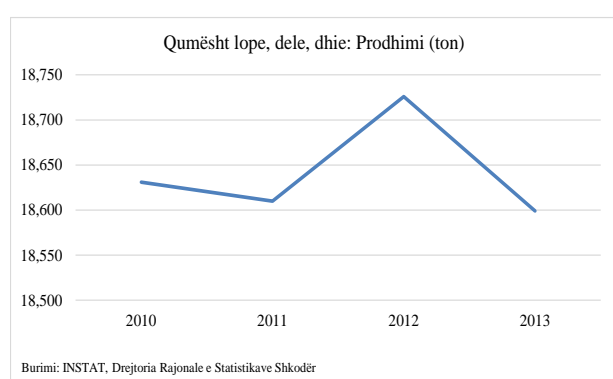
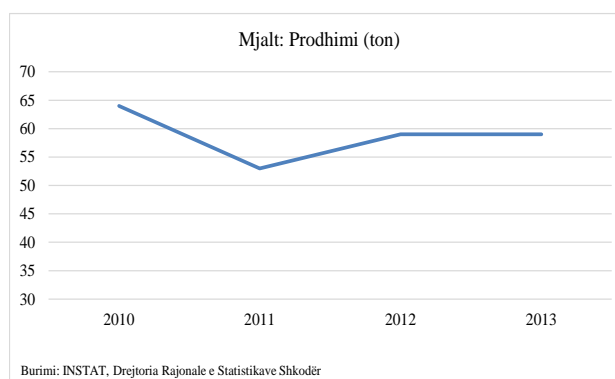
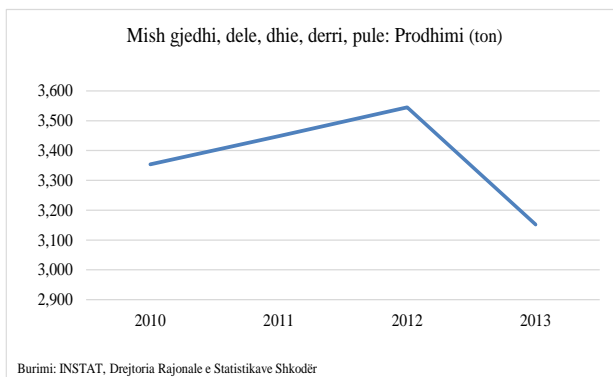
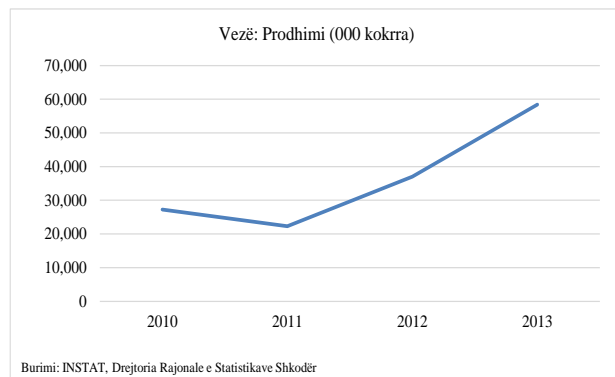


Source: INSTAT, Regional Directory of Statistics, 2013

Livestock production in Malesia e Madhe functional area is mostly for family use. Three dairies have a significant trading activity in Gruemirë, Shkrel (Village of Rec) and Kastrati.

Based on statistical data of 2011 and 2012, Region of Malesia e Madhe is distinguished for a performance above the national average in the production of sheep milk, goat and eggs. The largest number of heads over the years is exactly the sheep and poultry.

In the graphs below are provided the main production of livestock products of the area in recent years. Milk and meat production declined in 2013, after a continuous growth in the period 2010-2012; eggs are increasing while production of honey is relatively stable.



Cross-Sectional Strategy for Agriculture and Rural Development in Albania, 2014-2020 notes the demand for food products in the domestic market is growing; consumers are more aware of the country or origin area of food products that they purchase and consume, furthermore they choose domestic products, showing preference to specific areas and their traditions<sup>9</sup>. This trend is an important signal for regions of the country as Malesia e Madhe, as for the increased potential of production, and for the focus on traditional products and the revitalization of early or late specialization of the region on crops or livestock.

The sector of aquaculture started to find territory in Malesia e Madhe FA. Agriculture experts opined to include aquaculture (trout growth in reserves) among potential income sectors, important, mainly in the mountainous area of Kelmendi, where it is possible to use water resources as Cem River and the source of Rrjolli. Currently, the fish reservoirs seem to have taken an initial development in Tamara and experts think it should be encouraged.

<sup>9</sup>Cross-Sectional Strategy for Agriculture and Rural Development in Albania 2014-2020, Official Gazette 2014, No. 169, page 8491.

Some general recommendations can be derived from this analysis:

1. The increased trend in the demand for domestic livestock products is an important signal for regions of the country as Malesia e Madhe, as for the increased potential of production, and for the focus on traditional products and the revitalization of early or late specialization of the region on livestock.
2. Strengthening the small and medium farm for sheep and cattle breeding will increase livestock production which is currently required especially in the domestic market.
3. Improvement of infrastructure for breeding of these animals is necessary to be done, along increasing the heads and livestock products.

## Recommendations on the development of agriculture and livestock

### General recommendations

1. Authenticity of seeds and traditions in cultivation of agricultural crops and livestock and health values of natural products are important qualitative basis for the development of agriculture and livestock of Functional Area of Malësi e Madhe in the main orientation of domestic and foreign markets
2. In general, crops and livestock and their products can find an expansion space and supporting the development of rural tourism sector, nature and culture for which traditional foods, organic and cooking 'slow-food' are one of the factors and the main attractions of rural and mountain tourism.
3. For the functional area of the Malësia e Madhe the growth of agriculture sector is done through the addition of arable area by introducing the use of about 3,700 ha of agricultural land available.

**Table16: Distribution of agricultural land, cultivated and uncultivated land in FAMalësi e Madhe**

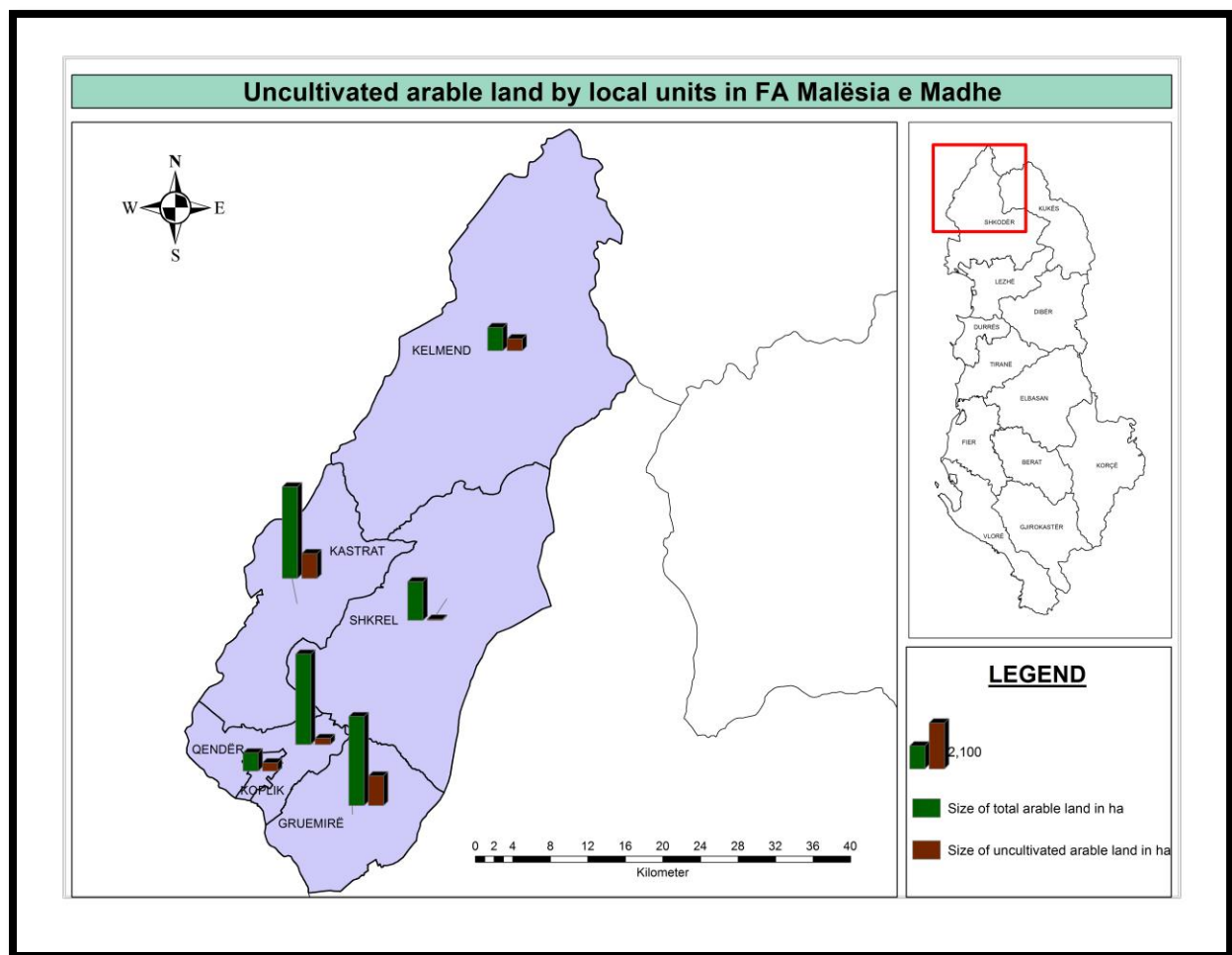
LGU	Agrucultural land ha	Cultivated	Field crops	Vegetables, beans	Forage	Fruit trees	Tobacco	Medicinal herbs	Olives	Vineyards	Uncultivated
Koplik	830	452.9	40.0	65	80	10.5	1	196	35.2	25.2	377.1
Qendër	4,112	3,830.7	185.0	346	1,120	76.6	50	1,850	131.5	71.6	281.3
Gruemirë	4,045	2,697.4	215.0	577	1,235	57.2	142	342	49.3	79	1,347.7
Shkrel	1,759	1,704.6	123.0	256	800	121.9	5	363	0	35.7	54.4
Kastrat	4,163	3,033	202	413	1,015	192.1	40	820	194.6	156.3	1,130.0
Kelmend	1,046	508.4	58.0	180	250	19.4	0	0		1	537.6
Fa Malësi e Madhe	15,955	12,227	823	1,837	4,500	477.7	238	3,571	410.6	368.8	3,728.1

Source: Directory of Agriculture of Malësia e Madhe District

4. Agricultural development planning should aim to expand the cultivation of more profitable plant, with a competitive advantage in foreign markets and in the domestic market, compared to other areas of the country. Among the most important are:

- a. medicinal plants, with priority the traditional wild sherebela
  - b. fruit trees, with priority chestnuts
  - c. tobacco
5. Priority should be the expansion of vegetable production on the basis of authentic varieties and particularly:
- d. vegetables, with priority peppers and potatoes

**Map 8: Uncultivated arable land by local units in FA Malësia e Madhe**



Source of the map: Author



6. A careful planning of distribution of the uncultivated agricultural land surface in terms of these cultures and in accordance with specific areas of Malësia e Madhe is needed.
  - a. Consolidation of agricultural parcels to increase the use of mechanics, reduce of costs and increase of the production efficiency.
  - b. Further mechanization of labor in the agricultural sector, improving infrastructure and the capacity of the irrigation system are the key objects investment to enable the increased efficiency of a more profitable production and competitive edge findings from this analysis.
  - c. In relation to medicinal plants, is estimated that the market demand and agricultural land can support almost two-fold more production than the last year 2014, but also it requires the expansion of collection and storage capabilities of farmers and gatherers.
  - d. Also, given to the problems that emerged in 2014 from the entrance of non-autochthonous seeds of sherebela, it is necessary the awariness of farmers for maintaining domestic seeds but not only. This would require a government intervention with a defense policy for the local farmers through ban import of foreign seeds and similar measures.
  - e. In connection with viticulture, support for the certification of the geographical origin of products is particularly valuable for the development of the subsector. In the absence of wineries that work with small farmers in the area, their direction towards the wineries of the neighboring areas should be considered as a possibility extension of their income in the short and medium term. Also important is the awareness of farmers to add surface of vineyards with kallmet and foreign varieties, in recognition of their innovative production techniques of grape and wine with the techniques of marketing or organizing promotional activities.
  - f. Products of processing ether plant and chestnut, but also livestock products like cheese, are estimated to have potential in the domestic and foreign market; therefore, project investments in the processing industry can be supported in the future.
  - g. At the same time, we estimate that it is important for the functional area completion of the project area for the establishment of Koplik Industrial Park, in order to reassume the procedures for the implementation of the respective decision from the Ministry of Ekonomisë Tregtisë and Energy, we believe that it is necessary financial and legal specific advising

## *Specific recommendations*

### *Medicinal herbs*

1. In general we recommend that the development of agriculture in FA should focus on those products which are required in foreign market and which are secured in this market, so FA will provide increased income and sustainable economic development.
2. In relation to medicinal plants, the surface and production efficiency should be increased; This initiative should be accompanied by supportive measures which include, but are not limited to, as follows:
  - a. Consolidation of agricultural parcel and the organization in large joint farms of producers,
  - b. Rehabilitation of irrigation system to achieve the existing potential of 10% to 60% of agricultural land,
  - c. Preservation and cultivation of the "autochthonous" variety of these plants

### *Chestnuts*

1. Extent of use to optimal borders of potential production of chestnut in Malësia e Madhe, and secondly
2. Expansion of chestnut cultivation is advisable although the time required for setting up a new plantation chestnut tree is several years, therefore the impact on production and incomes from the sale will be extended to a long period.

### *Tobacco*

1. Is recommended concentration of local producers in quality tobacco varieties. Such an approach can be changed after a few years of high quality if the product delivers results to increase the surface and producing and finding sustainable markets inside and abroad.
2. Authorities of agriculture in FA, District and the Ministry of Agriculture should help and support manufacturers to present qualitative varieties and modern cultivation techniques.

### *Vegetables*

1. Production of vegetables can be added but the yield in this delicate culture is associated with finding the immediate and proper time of the market, as well as the conditions of storage and conservation. In these circumstances it is recommended that the focus of activity along the surface added to these cultures, are:
  - a. The concentration of vegetable production near of urban areas or suburbs in order to be positioned close to the market,

- b. Expansion of greenhouse vegetable production,
  - c. Stabilization of connections with traders and the market
- 2. We recommend in long-term the sector to focuses on:
  - a. Improve and increase of storage and conservation capacity,
  - b. Development and connetions of producers with the processing industry.

### *Livestock*

1. The growing trend of domestic demand for livestock products is an important signal for regions of the country as Malësia e Madhe, as the growth potential of mass production, and to focus on traditional products and revitalize earlier or later specializations in the farming region.
2. Strengthening the small and medium farms for cattle and sheep breeding will increase livestock production which is currently required especially in the domestic market.
3. Improvement of the infrastructure for breeding of these animals is necessary, along breeding of heads and livestock products.

### *Fishing*

1. Fishing is an activity still in the initial phase in the functional area, and it is recommended to be supported financially aiming at the exploitation of water resources of the Malësia e Madhe as an alternative source of income for the inhabitants of areas near these sources.

### 2.3.2. Economic analysis of the tourism sector

According to the evaluation made by the World Council of Tourism and Travel to Albania, in 2011 the tourism sector amounted to 6.1% of the GDP of the country, paving approximately 51,000 to 183,000 jobs; the number of international visitors has been growing since 2001 and in 2012 reached 3.45 million, despite the upward trend has slowed during 2013<sup>10</sup>.

National Tourism Draft Strategy 2014-2020 in Albania (NTSA) distinguishes rural tourism and ecotourism as the most suitable type for Albania, which is expected to take place due to a general increase in demand in foreign countries where visitors come from<sup>11</sup>; the conclusion is drawn from the surveys and assessments conducted in 2012, which states exactly the wild and unknown character to some regions of Albania, geographic diversity, natural and cultural heritage and traditions with a great potential for creating incomes. Typical forms of accommodation for this type of tourism are camping, hostels or similar alternatives with basic conditions, which, consequently, need a smaller initial investment compared to the establishment of coastal tourism

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<sup>10</sup> Draft - Strategy of Tourism Development in Albania for 2014-2020, page 8.

<sup>11</sup> Ibid, page 13

hotels. Among the typical activities are sailing in rivers, walking with bicycles, fishing, mountain climbing, horseback riding, etc.

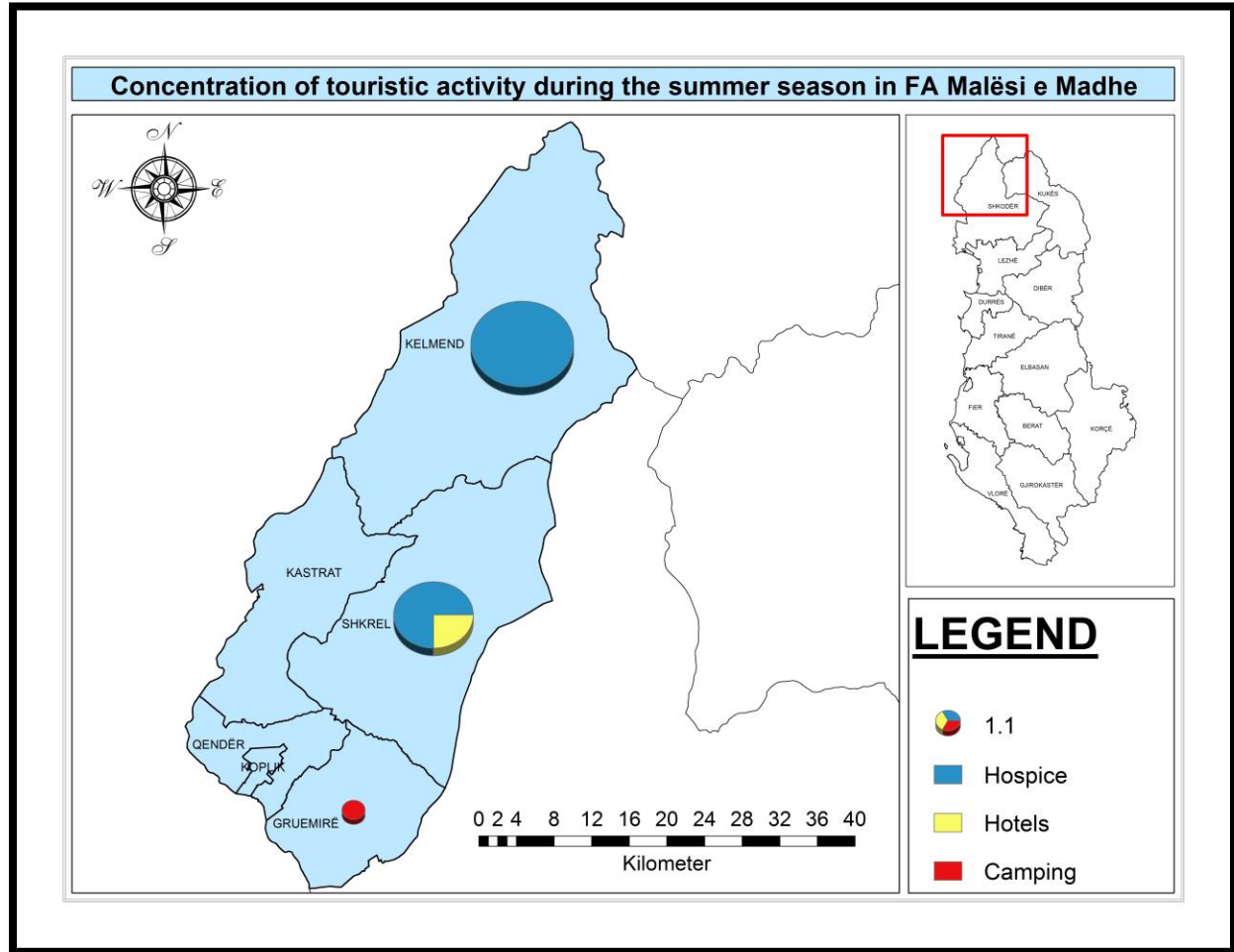
On this basis, different geographical and physical characteristics of Malësia e Madhe province, bring opportunities for tourism development in the lake shore of Shkodra Lake, and the rural and mountainous tourism in Alps of Kelmendi.

#### *Accommodation*

In the municipality of Kelmend, are found today about 20 inns with an average capacity 10 to 20 beds (not less than 7 beds), mostly concentrated in villages of Vermosh, Lepushë and less in Tamara and Nikç. They offer the service "Bed and Breakfast" for an average price of 13 EUR per visitor. Since 2010, in this area the Italian company V.I.S supports sustainable tourism development. According to the data of this company, in 2009, there were only 2 inns in Kelmend. In the municipality of Shkrel, villages of Bogë and Razëm were early prominent tourist spots and visited in the country. In Boga, the number of hostels currently amounts to 4, while 5 others are expected to be included in the 2015 summer season in tourism development projects of the company V.I.S. In Razëm are found 3 hotels with a capacity of up to 200 beds.

Most of the hostels in the municipality of Kelmend have the legal form of society with mutual cooperation, a form of administration which includes in the decision all the families of hostels, 3-4 traditional producer of the area, and the tourist guide, all with an equal weight. This society organizes marketing activities that include connections with tourist agencies, presentations of "hot foods" (Slow Food) to promote traditional dishes of the area and participation in trade fairs or food fairs, providing information even for accommodation options in Kelmend. It also offers delicatessen courses and hotel management courses for people of different ages, to sustainable development of the tourism sector in the area through human capacity building.

**Map 9: Concentration of touristic activity during the summer season in FA Malësi e Madhe**



Source of the map: Author

### *Lake Tourism*

The only business in the lake area of Malësia e Madhe is located in the municipality of Gruemirë, on the shore of Shkodra Lake, in which is set up a camping resort. Investment involves a minimal infrastructure and only a few bedrooms. The campsite offers tours in the province of Malësia e Madhe and in other neighboring areas. From the business data, in the latest summer tourist season of 2014, the number of tourists arrived in 4000 (most of them foreign) creating incomes averaging to 4 EUR per tourist. In the context of the mountain development tourism, besides resources and natural beauty, the area offers other important items such as the attraction of natural products and natural farming.

The economic development of the area affects and is affected by the exploitation of natural resources of the lake and its sustainability. Economic development plans of local governments by him should consider a vision and an adopted concept and lake administration should participate and monitor these developments.

A study funded by GiZ to prepare a Management Plan for Shkodra Lake notes that:

- Proposals for economic development alternatives for the basin of the lake should be carefully evaluated, because they can affect the level of the lake, hydrology, and the very fast characteristic flow, undermining the ecological integrity and water quality of the lake;
- Water quality is generally good, but only if the economic revival and growth in the lake basin is managed in an environmentally sustainable way, otherwise the quality may deteriorate;
- There are some hot areas contaminated by sewages especially the untreated settlements on the shores of the lake;
- Fish populations, including migratory species with commercial value, are declining, probably partly due to the large number of active fishermen who use illegal methods such as electric shock and fish traps, and partly due to the localized pollution and habitat destruction;
- Dramatic cutting of the trees, over-grazing, and destructive construction practices have eliminated or degraded the vegetative buffer.

With the implementation of the moratorium on land hunting is significantly improved bird population traditional inhabitants of the area around the lake. Still remains a problem felling of vegetation around and fishing.

The same study concluded that organic pollution which comes from sewage spills of villages and towns around Lake is the second most important pollution of the lake after the pollution caused by chemical pollution that comes from factories as Aluminum Combine Podgorica (ACP) and steel Refinery of Nikshiq.

In addition to national institutions which have general jurisdiction over the Lake related to the development and protection, the area is also in the responsibility of the municipalities/communes, where are the parts of the area of Shkodra Lake : Shkodra, Koplik, Rrethinat, Gruemirë, Kastrati and Qendër. In addition to governmental institutions, important players in regulating this area are enterprises and public agencies, nongovernmental organizations, international organizations and the private sector (entrepreneurs) increased.

Two of the main objectives of the Management Plan of the Natural Reserve of Shkodra Lake have been:

*1) Support the sustainable use of the lake area, fishing, forestry, organic farming, farming, eco-tourism, medicinal plants, handicraft and other traditional products with a focus on:*

- a. Preparation and/or adaptation of strategies, plans (management plans, action plans), arrangements and specific agreements to each of the main economic activities.
- b. Ensure that the use of PA will not adversely affect the health and wellbeing of the natural environment, residents and visitors.
- c. Promoting Shkodra Lake as one of the primary tourist attractions in the region.

*2) Improvement of information, promotion, education, and strengthening community relations for the management of the lake. with a focus on:*

Provision of facilities, services and information to improve the visitor experience within the PA as well as to enhance visitors understanding and appreciation of the natural and cultural values of Shkodra Lake.

Recognition of the importance of Shkodra Lake from community and to encourage participation in effective management, protection and development of the PA.

Villages of Malësi e Madhe FA lying around the lake (Communes Qender, Gruemirë, Kastrat) are:

Villages (Kamicë-Flake, Jubicë, Stërbeq, Kalldrun, Gril, Shtoj, Dobër, Vukpalaj, Kosan) are mainly located at a distance of 1-2 km from the shore of the lake, which means it does not have a significant impact.

The main activities are agriculture, forestry, fishing, and some bar-restaurants on the edge of the lake (Stërbeq).

The coast across the lake (known as "Buza e Ujit"), in contrast to the hither side, has a significant agricultural area which is quite suitable for growing crops, especially vegetables, tobacco, forage, viticulture, ethereal plants, etc.

Recently it is well developed the livestock (cattle). The villages, which are situated close to each other almost in line with the bank, look like neighborhood of a giant coast. These villages are traversed vertically by a new road. The roads lyes through the old two-floors houses built of stone with a traditional characteristic architecture for Malësia e Madhe district.

Kosanin: a small village with a few houses, is located in an area about 1 km from the coast and with the same distance from Kastrati which is located in the surrounding hills. Residents in this area deal mainly with livestock (cattle), especially with cows. They also deal with fishing due to its proximity to the shore of the lake. In the afternoon, fishermen guide their boats on the lake to cast nets, return to the village and than come back to the boats the next morning to collect the nets.

Flaka: is located near Kosanin and has almost the same features as Kosanin but is more open and more populous. Houses are located in groups, side by side, in the middle of the field going down to the lake. During rainfall, water covers little by little the valleys and some of the houses. The high and thin hardwood forest makes the lake shore more attractive. In this village there are several fishing boats used for fishing.

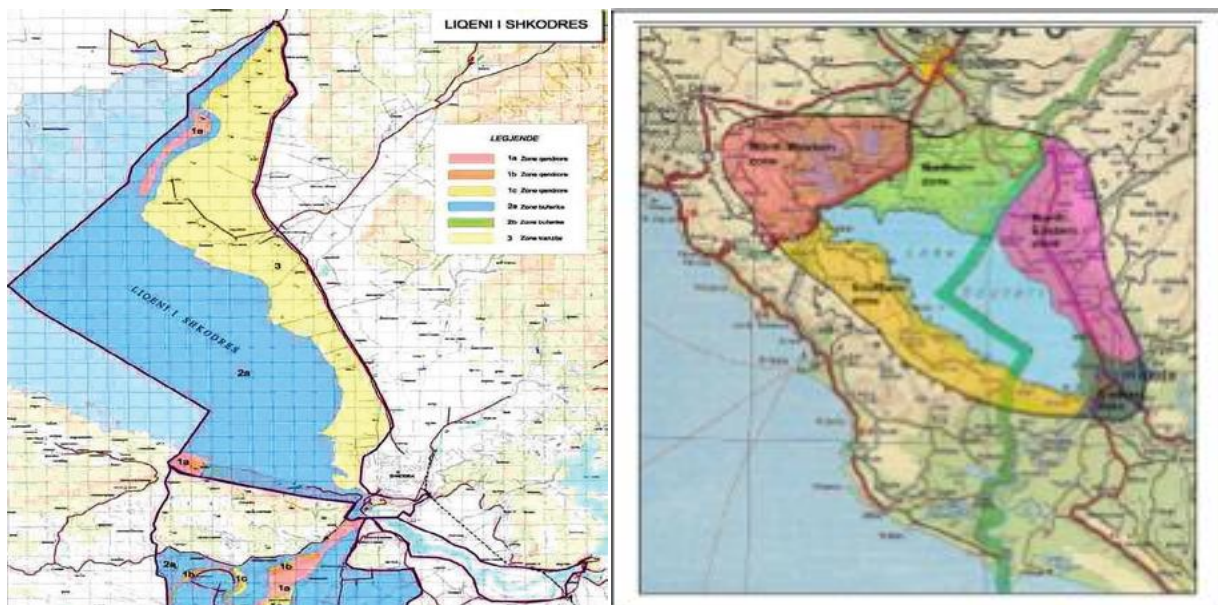
Kamicë: is one of the largest villages on the east coast. There are old stone houses and among them there are new houses recently built with red rooftops, with brightly colored walls and white handrail. There are also side streets that go down to the lake. In the valley there are plenty of sheep and cows. The flooded forest has thin woods creating so space for small fishing boats. This village is known for its dairy products. Traditional cuisine consists of some dish with roasted meats and fish, fresh cream and vegetables associated with brandy and homemade wine.

Jubica: is an extension of the village of Kamica. During the recent years there was built a wonderful church in the roadside with a lovely architecture and elegant tower. Many new houses are built, creating a mixture of old ones and that along with the runway, water tanks, fishing tools and straw stack create an attractive mosaic to foreign tourists.

Sterbeq: is another village along the coast with beautiful houses. The shore of the lake is covered by layer less dense willows and other water trees. The new brightly colored boats have replaced the traditional black boats. Bars and restaurants were built along the coast, serving local products such as fish, meat, cheese, brandy, wine, etc.

Kalldrun: Kalldrunit Village is the oldest locality on the bank of the lake and is located between the waters and craggy mountains. According to archaeological data, in that place there are signs and traces of early Roman settlements (II-IV E.R). Residents are engaged mainly in agriculture (corn, tobacco, fodder and viticulture). The village has several canteens that deal with the production of wine and brandy from local grapes, which has high value and quality. There is also a tradition for fishing and hunting of wild birds. In recent years is distinguished a progressive economic growth, also an important factor are the remittances.

**Map 10: Lake areain FA Malësia e Madhe**



Source: Management Plan of Shkodra Lake

Stable generating of incomes is a challenge that must be faced by the Managed Natural Reserve of Lake of Shkodra to balance and protect the exploitation of natural resources of the lake. Based on surveys with local residents, fishing and tourism are considered as areas with potential activity. Tourism is seen as an important area for future planning of the city of Shkodra. But the current models of tourism that are followed so far are problematic for the environment.

Tourism is still considered as the solution to all economic problems due to lack of experience in tourist sector and incorrect understanding of it.



The sustainable development of the area requires careful planning, cooperation among stakeholders for creating and promoting alternative sources of income and economic activity.

### ***Infrastructure***

As mentioned above, the improvement of transport infrastructure in the recent years has been the subject of public investment by local governments. Relationship between municipalities and the city of Shkodra, but also the connection between the main villages was significantly improved. Particularly noteworthy has been the reconstruction of the road to the village of Tamara and Razëm.

Further development of access and transport in the regions with potential tourism is one of the objectives stated in the draft NTSA 2014-2020; strategic measures for development of nature and rural tourism are planned to be supported by around 600,000 EUR.

Regarding to the health service, currently in Kelmend there are two medical centers and in Tamara there are two doctors on standby 24 hours a day.

Currently, inns and hotels have activity only during the summer season; winter tourism, especially in the Alps, is still untapped due to the lack of necessary infrastructure: (i) the warming is one of the main disadvantages, as hostels and houses have a fireplace only in the main room, (ii) the removal snow service by local units is not complete and equipments are often missing; (iii) ambulances who are on standby are usually not suitable for mountain roads.

There are absents or a very few roads that connect the national road Shkoder - Hani Hoti with Shkoder Lake, this has hindered the access of the interested, but has also hampered the interest of local and foreign businesses. On the shore of the lake there is only a few isolated entrepreneurial initiative that provides access to the waters of Lake. By building roads access, these initiatives will be increased, but there should be care to built according to regulatory plans that respect the ecosystem and fauna and are in harmony with the protected areas.

A particularly sensitive issue are the houses builded with asbestos roof (based on asbestos), a material which is wide used in previous decades in construction, but that was later evaluated as detrimental to the health of people that where directly exposed during the work or living at home. In Kelmend, today are found 105 homes with roofs made of this material. If the functional area aimes to develop a sustainable tourism, but not only, and especially ensuring the health of residents of these facilities should take measures as soon as possible to replace these asbestos roofs with roof in other traditional materials or contemporary.

This is an urgent matter and the area should be considered as an environmental hot - spot and one of the priorities for the new local unit and the government. In terms of a limited budget of the local unit, functional area authorities and the Ministry of Environment should lobby to find sources of funding and projects by various donors, which in co-financing with residents living in these conditions change quickly this situation. Deposition of asbestos material should be made into the prescribed landfills by law for harmful materials to human health.

## ***Recommendations***

In general, the tourism sector must be well developed in Malesia e Madhe region as a whole, where tourist packages should include a range of tourist points starting from the shore of Shkodra Lake to the mountain villages of the Alps and to the northern part the country. A special attention should be paid to the shore of the Lake, a protected natural area, included in the list of "Ramsar" convention, left over the years into oblivion.

Traditional dishes and natural foods are need to be promoted as a complementary part of tourist visits. Encouraging farmers to cultivate the natural local agricultural products as well as for the production of traditional dairy products also is an important singergjie element between the two analyzed sectors.

For the natural and rural tourism, bicycle routes and/or paths which connect villages and the main tourist points are an important investment that increases the possibility of using the potential of Malesia e Madhe area as a whole.

In this context, it is necessary that:

1. To be developed an integrated plan for tourism development which should provide a complete tourist offer and that will connect the Lake - rural area - Alps which gives to Malesia e Madhe a unique advantage in the tourism market in Albania.

Among the main priorities of this plan should be:

2. Functional zoning for tourism development according the potential in this area:

- a. Lake,
- b. Rural
- c. Mountain.

3. Planning to improve the infrastructure related to functional zoning for tourism development in order to access the tourist attractions,

4. Establishment of floating infrastructure at the shore of Shkoder Lake in order to increase recreational activities for tourists.

5. Increase of host capacity building and facilitate the construction of a winter resort and conditions for the development of ski sport and entertainment on snow conditions,

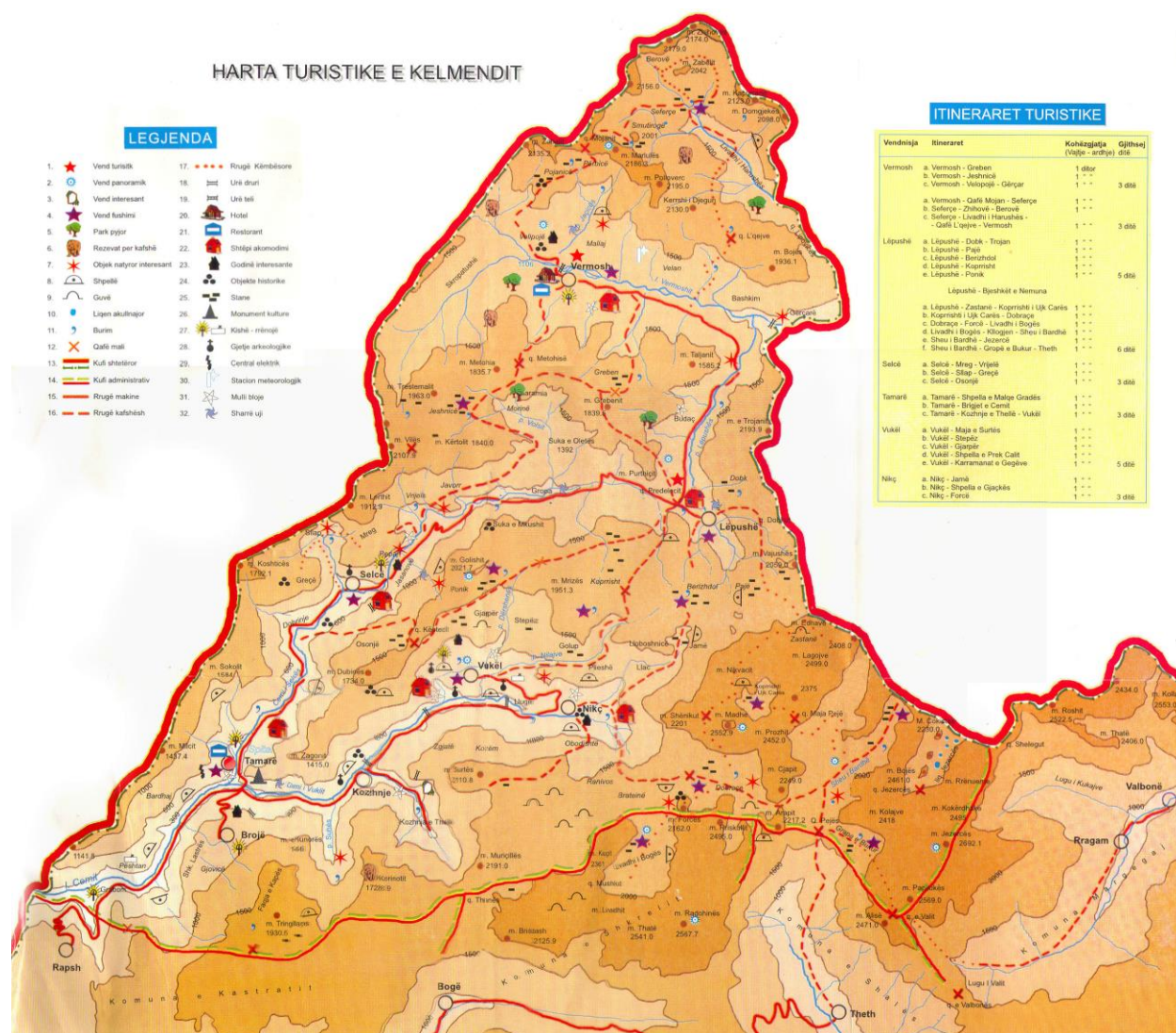
6. Improvement of road signs and objects of tourist attraction,

7. Establishment of safety and health standards in the inns and restaurants,

8. Building a safe and functional system for medical emergency, but not the last,

9. Develop a marketing strategy for the turist area offer.

Map 11: Touristic map of Kelmend



Source: Kelmend Commune

### 3. Mapping of public services in the functional area Malësia e Madhe

#### 3.1. Water and Sewerage Supply

##### **Water supply**

The territory of Malesia e Madhe functional area is covered with water supply service from Water and Sewerage Supply shareholder company under license given from Water Regulatory Authority in 2014. This association is created at the end of 2013 as a result of the merger of two existing companies: WS Utility Malesia e Madhe and WS Utility Shkodra Village. The new company is licensed to waste water disposal service, license which was previously not received by any of the constituent companies.

The new entity named WSS in Malesia e Madhe has 18 existing shareholders of Local Government Units, 6 of which are local units constituting of Malesia e Madhe functional area.

The first data received from the management of the WSS Utility in Malesia e Madhe present these service indicators for all areas covered by this enterprise (18 Local Units):

##### **Service coverage**

1. About 75% of approximately 320 villages under the jurisdiction are supplied with water from WSS in Malesia e Madhe.
2. The duration of water supply is 8-15 hours a day. In areas where gravityflow supply systems operates they have 24 hours supply.

##### **Description of the state of resources and infrastructure**

The location of resources is difficult to be determined accurately because in the service area of WSS in Malesia e Madhe there are many natural resources some of which are almost on individual use from several villages in the mountainous areas. Some of the main sources are the following:

*Rrjolli source* which is the largest in the service area of WSS in Malesia e Madhe and the most important for Malesia e Madhe FA.

*As part of Malesia e Madhe FA*, Kelmend and Kastrat communes and a part of Shkrel Commune are supplied with gravity flow local systems from the local resources and in some cases use pumping stations of WSS in Malesia e Madhe. There is no information for the metering systems, charging and billing of independent systems that operate in these Local Units.

Condition of existing pipeline networks and reservoirs is evaluated as good or as satisfactory.

The number of contracts signed with the user currently is in all MA WSS service area which is over 7,000.

## Services management in the Service Area of WSS Utility in Malesia e Madhe (new)

The following indicators provide a general view of the water supply service management from WSS Malesia e Madhe in the united area by WS Shkodra Village and WS Malesia e Madhe.

- The volume of produced water by gravity flow system is 51,000 m<sup>3</sup>/month.
- The volume of produced water with mechanical lifting system is 40,000 m<sup>3</sup>/month.
- The volume of unmeasured water (without meters in the population) is 61.500 m<sup>3</sup>/month.
- The volume of water on which are collected neto incomes is 50 000 m<sup>3</sup>/month.
- The price of water (without VAT) is 50 ALL/m<sup>3</sup>.

These data are not separately available for the units of Malesia e Madhe FA.

In general terms, providing service revenues through contracts manage to cover up to 60% of the operating costs. The water supply service costs do not include in a sensitive measure the electricity of pumping stations, because the main sources - among them Rrjolli source - are gravity flowing. Consequently, the low coverage of service costs is due to low collection of water tariffs among residents.

## Service coverage in Malesia e Madhe FA

A more accurate approach to service quality for the territory of Malesia e Madhe FA is given from the performance indicators of former WS Utility in Malesia e Madhe, for 2013 the service area coincided with the territory of Malesia e Madhe FA.

Performance indicators for WS components are among the lowest for the relevant category (category less than 3,000 contracts). Although positive indicators in terms of the ratio between revenues and operating costs WS in Malesia e Madhe has suffered the consequences of the low level of water billed, measure water and collect water which affected the total performance of this WS Utility.

**Table 17: Performance indicators 2013, WS Utility Malësi e Madhe, WS Utility Shkodër Village**

	No. Contracts	Costo Coverage O&M	Total Costo Coverag	Collection Rate	Unbilled water	Duration of water supply	Total points of performance (max 100)
<b>WS in Malësi e Madhe</b>	2 093	120%	60%	50%	75%	6	19.62
<b>WS in Shkodër Village</b>	2 287	40%	25%	55%	59%	15	33.69

Source: Water Regulatory Authority, WSS Performance Report, 2013

WSS in Malesia e Madhe aims to improve service over the years targeting:

- a. increasing the coverage area,
- b. increasing the number of contracts,
- c. reduction of illegal connections,
- d. increasing the quantity of water charged,
- e. increasing collections,
- f. efficient use of resources by choosing free fall towards the pump whenever possible.

Besides the ambitious targets to bring the number of contracts to 12,000, the created WSS has limited finances to make new investments in order to extent and the improvement of the service, the addition of metering and integration of local systems in the core network.

The new investments depend entirely on the central government and foreign donors which are conditional on a certain level of performance and with a sustainable and efficient management.

Decisions on the Governing Board of WSS with representatives of 18 actual local units is difficult and therefore even the management.

A part of the Local Units in several mountainous areas of Malesia e Madhe as Kelmend Commune, Shkrel Commune, Kastrat Commune, Qender Commune do not pay energy costs for the use of pumping stations owned by WSS in Malesia e Madhe which are in function of local water supply systems. These systems are not integrated into the overall scheme of licensed WSS management.

## **Collection service of wastewater (sewerage)**

### **Actual situation**

- For the first time in 2014, WSS is equipped with a license for the wastewater service. Consequently there are no historical statistical data for this service.
- It is confirmed the existence of the pipe in the center of Koplik but there is not a map and an inventory of the network. In villages this service is made with primitive septic holes and improvised sewer, without standards and with environmental consequences (sensitive to pollution of rivers and the lake and possible consequences for health and tourism).
- Velipoja is the first city within the WSS service area of Malesia e Madhe, which is equipped with sewer and wastewater treatment system (EU investment).
- The costs of maintaining functional the UN treatment system are high and will aggravate the financial situation of WSS if it is not applied the charge for this service. Malesia e Madhe functional areaa currently is not connected and does not benefit the service of this tratment plant.

## Recommendations

In addition, we recommend that the authority of FA, firstly:

1. To establish and to license an enterprise which take over the administration of water supply service, collection and disposal of wastewater in the entire territory of FA, ie: a FA - an entity:

Advantages

- a. Simplified management and direct responsibility to the local leader (a single LGU shareholder of the entity).
  - b. Easy decision-making and direct interest to residents.
  - c. Reliable partnership with foreign investors.
  - d. Simplified and stable communications and relationships with the central government.
  - e. Unification of the service across functional area in the parameters of access to service, the standard and tariffs,
  - f. Opportunities for less developed parts of FA to acquire quality service.
2. To inventory the assets of WSS Utility within the territory of Malesi e Madhe and also to consolidate the data on the service.

A deeper understanding of the situation of providing these services is necessary because lots of data are missing or are based on conjecture. This recognition will come in the order below is recommended:

- I. The supply through centralized systems
  - a. Identification of water sources, type, quantity of water, location
  - b. Identifying the population in city and villages covered by the water supply service through centralized systems,
  - c. Type of the centralized systems (with gravity flow system and/or mechanical lifting),
  - d. Staff engaged under the category of work,
  - e. Measuring the amount of service including, duration of water supply for each system.
- II. Identification of the population in villages/city covered with water supply service directly from natural resources and identification of these resources.
- III. Data entry into GIS.

Within the organization and operation of a new enterprise, other tasks will be considered immediately, including, but not limited to the following as recommended:



1. Designing of the Capital Investment Plan, in short, medium and long term, in accordance with the current resources and to the Masterplan of Water and Sewerage Supply in Albania,
2. Calculation of costs and tariffs,
3. Establishment of a billing and revenue system for the collection,
4. A continuous system for capacity building of human resources.
5. All these requests for data are valid even for the sewer system and sewage system.

### 3.2. Waste management

The urban waste management service provided in the six LGUs is limited or very limited: the coverage of the population of Malësia e Madhe is not complete; the frequency of waste collection, in those areas where the service is provided, is low; no technological treatment of waste is performed at the landfill site; separation at source or recycling is not applied. These shortcomings are due to lack of sufficient vehicles, equipment, management capacities and, above all, of sufficient public investment funds. The actual service is provided by the local governmental units; in a few cases, the provision of the service is subcontracted.

The actual standard of the waste management service provided in each LGU is outlined in Table 16, while the main aspects are described below:

The Municipality of Koplikdisposes of the following own assets: 100 wastebins, one waste collection self-discharging vehicle of 7 ton, one transport vehicle of 7 ton dhe one digger. Urban waste is collected once in two days - from 50 bins every day-considering the capacities of the vehicles; inert waste is collected with the digger once in a week, on Sundays. Waste is transported to an open site in the vicinity, where they are not treated further, with the exception of the few cases when they are burned. The service with these characteristics covers approximately 90 % of the families and 100 % of the businesses in Koplik. The remaining 10% of the families are those living in peripheral areas, where the poor road infrastructure doesn't allow a direct collection of waste; they use the nearest bins where vehicles reach.

Commune Shkrelhas subcontracted the service of waste management in 2014. Own assets of the Commune are 96 wastebins and one collection vehicle. The service covers 6 of 14 villages, with frequency 2 times/week, and waste is disposed at the same disposal site used by the Municipality of Koplik.

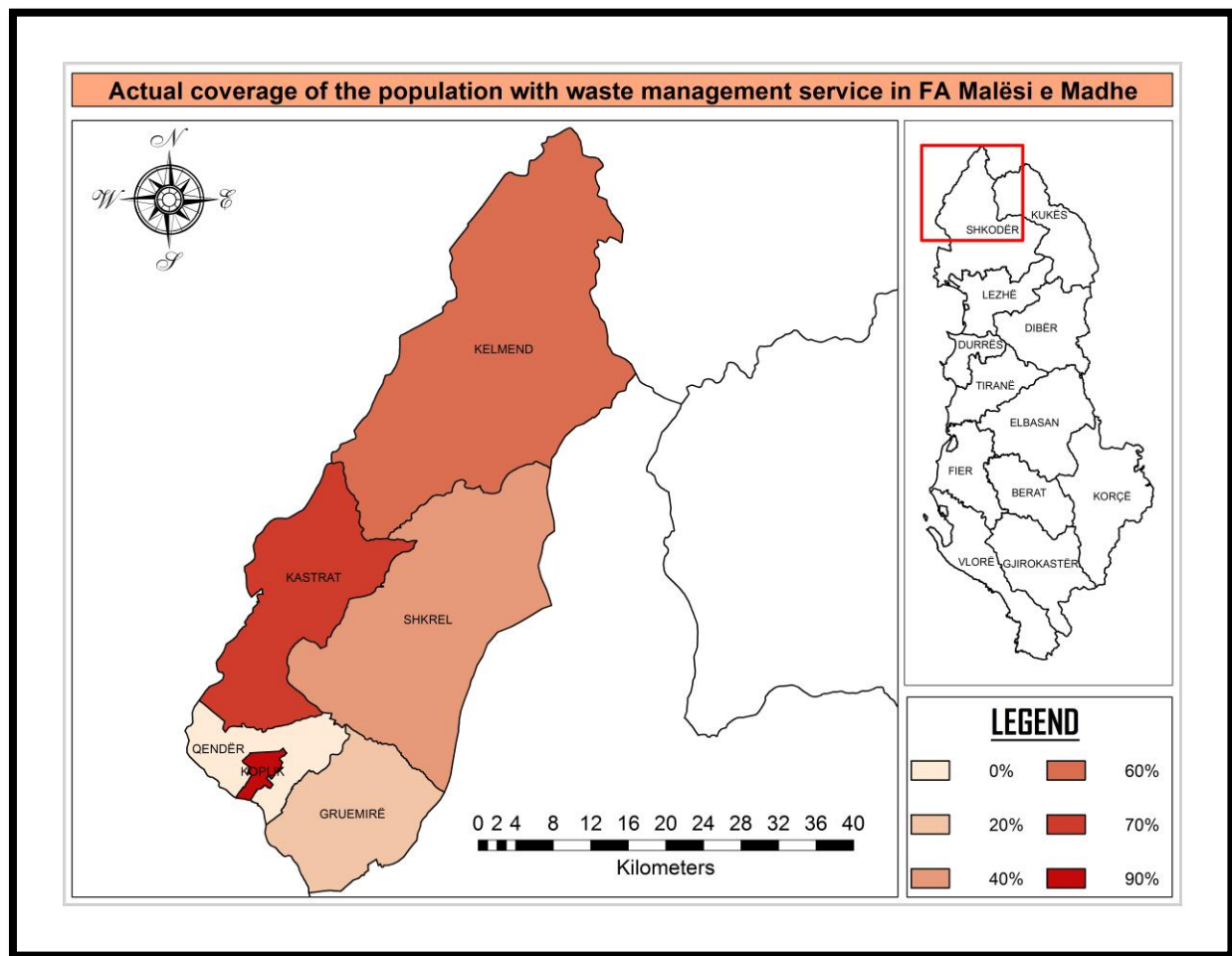
Commune Kastrat provides the waste management service by use of 220 wastebins, one collection vehicle of 4-5 ton, with frequency 2 times/week, covering approximately 10 of the 13 villages that the Commune comprises. Waste is transported to an open site where no further treatment is performed.

Commune Kelmendprovides the waste management service using baskets, a total of 30; waste is collected from baskets 2 times/month, fulfilling the needs of its centre Tamara and the villages Lëpushë and Selcë, which constitute around 50-60 % of the total population of the Commune. Waste is here again disposed of in selected sites where they are covered.



Communes Gruemirë and Qendërdo not provide waste management service, otherwise in a very limited coverage and frequency. Own vehicles and equipments are not available, and specialised staff is also missing. Commune Qendër has lately acquired 40 wastebins, which are expected to be functional during 2015.

**Map 12: Actual coverage of the population with waste management service in FA Malësi e Madhe**



Source of the map: Author

**Table18: Summary of data on the waste management service provided in each LGU of the FA**

<b>Menaxhimi i mbetjeve</b>	<b>Bashkia Koplik</b>	<b>Komuna Kastrat</b>	<b>Komuna Kelmend</b>	<b>Komuna Shkrel</b>	<b>Komuna Gruemirë</b>	<b>Komuna Qendër</b>
Popullsia <sup>12</sup>	10 968	11 973	6 257	5 891	12 658	5 864
% e popullatës që merr shërbim	90	9-10 nga 13 fshatra	50-60% (Tamarë, Selca, Lepusha)	6 nga 14 fshatra	20	
<i>% zona periferike të cilat nuk kanë kazanë, mbetjet I bashkohen pikave ku ka kazanë.</i>	10					
<i>% e bizneseve me shërbim</i>	100	nuk bëhet dallim	nuk bëhet dallim		50	
<i>Gjenerimi i mbetjeve nga kg/banorët/ditë</i>	0.6	0.33-0.5		0,4		
<i>Gjenerimi i mbetjeve kg/biznes/ditë</i>	1.2					
<i>Gjithsej njësia vendore ton/ditë</i>	7.2	5.0	2.6	2.5	5.3	2.4

Source: Local Governmental Units, 2014

Based on the data presented in Table 18, with an estimated average waste generation of 0,42 kg/inhabitant/day and full coverage, the functional area of Malwsia e Madhe generated around 25 ton urban waste/day.

The following tables present the costs of waste management service in 2014 and the tariffs applied on the same year. Tariffs clearly do not cover the cost of service provision and moreover, in the Communes Kelmend, Qendër and Kastrat, tariffs on families stand much lower accounting for the poor ability to pay of households in these areas. The Municipality of Koplik collects around 60 % of the tariff revenue; the same rate might be approximated also for the other LGUs, on which data are missing.

Commune Shkrel has not applied a service tariff on households or businesses for 2014, as the service during this year was subcontracted. Data on costs are only an approximation and therefore should be used carefully.

<sup>12</sup> Sipas Regjistrisë të Gjendjes Civile

**Table19: Tariffs on waste management service in the LGUs of the FA Malësi e Madhe**

Service tariff 2014 (ALL/year)	Koplik	Kastrat	Kelmend	Shkrel	Gruemirë	Qendër
<i>on families</i>	1,500	600	100	-	1,200	500
<i>on small businesses</i>	3,000	8,400	6,000	-	4,000	1,500
<i>on large businesses</i>	60,000		30,000 - 50,000	-	60,000	20,000 - 50,000

Source: Local governmental units

**Table20: Cost of waste management service in the LGUs of the FA Malësi e Madhe**

Cost of service 2014 (ALL/year)	Koplik	Kastrat	Kelmend	Shkrel	Gruemirë	Qendër
<i>Total</i>	3,120,000	800,000	1,956,000	1,600,000	n.a	300,000*

Source: Local governmental units

\*Paid in total for 2012-2013

### ***Integration of the service***

The extension of the service in several local units allows a more efficient and effective use of vehicles and equipment, reducing the collection and transportation costs of waste.

The integration of the waste management service is an alternative already evaluated from the local authorities in collaboration with Co-Plan<sup>13</sup>. The designed scheme for the integration of the service comprises the Municipality of Koplik and Communes Qendër, Gruemirë and Shkrel.

The scheme is extended here to include also **Commune Kastrat and Commune Kelmend**. The covered area is the one for which the service is actually provided by the two LGUs. Regarding frequency, the needs of Commune Gruemirë serve as an approximate for Commune Kastrat, as the surface and population number of the two communes are similar to each other; for Commune Kelmend the needs of Commune Shkrel serve as an approximate, considering the physical and geographical similarities and of the population number.

The integrated waste management service for Malësinë e Madhe, according to this scheme, is performed with the following vehicles and equipment:

- wastebins 1.1 m<sup>3</sup>, allocated to the local units as shown below:

LGU	Koplik	Shkrel	Gruemirë	Qendër	Total
Wastebins 1.1 m <sup>3</sup>	87	97	95	40	319

- one technological vehicle of 10 ton
- one waste collection vehicle of 7 ton, ownership of the Municipality Koplik
- one waste collection vehicle of 10 ton, ownership of the Commune Shkrel

<sup>13</sup>Study of Co-Plan: Development of an inter-LGU cooperation on waste management in the FA Malësisie Madhe.

**Table 21: Scheme of the waste management service in the FA Malësi e Madhe**

LGU	Population Civil Service	Coverage area	% of coverage	Frequency
Municipality Koplik	10,746	Koplik	100%	7 times/week
Commune Qendër	6,229	Dobrë, Bogicë+Polvar, Koplik i sipërm, Kalldrun, Stërbeq, Jubicë, Kamicë + Flakë	79%	3 times/week
Commune Gruemirë	13,076	Gruemirë, Boric i Madh, Ktosh + Balshaj, Boric i Vogël, Grudë, Grill, Gjorm, Omaraj, Demiraj + Kcar + Cezmë,	90%	3 times/week
Commune Shkrel (9 months)	6,271	Dedaj, Bzhëtë, Zagorë, Bogë, Razëm + Vrith, Reç	56%	1 time/week
Commune Shkrel (3 months)				2 times/week
Commune Kastrat*	11,994	9-10 villages out of 13 in total	80%	3 times/week
Commune Kelmend* (9 months)	6,239	Tamarë, Selcë, Lepushë	60%	1 time/week
Commune Kelmend* (3 months)				2 times/week
<b>FA Malësi e Madhe</b>	<b>54,555</b>		<b>81%</b>	

Source: Municipality Koplik, Co-Plan

\*Approximated

In the three months of the tourstic summer season in the area of Shkrelthe integrated waste management scheme considers the need for a greater coverage with the service because of a higher generation of urban waste during this period. For the additional service, around 56 wastebins are needed, which is around 60% more than in non-touristic periods of the year.

Extending here the scheme, the same considerations are applied in the area of Kelmend, which touristic activity during the year is simmlar to Shkrel.

**Table22: Indicators of the waste management service in FA Malësi e Madhe**

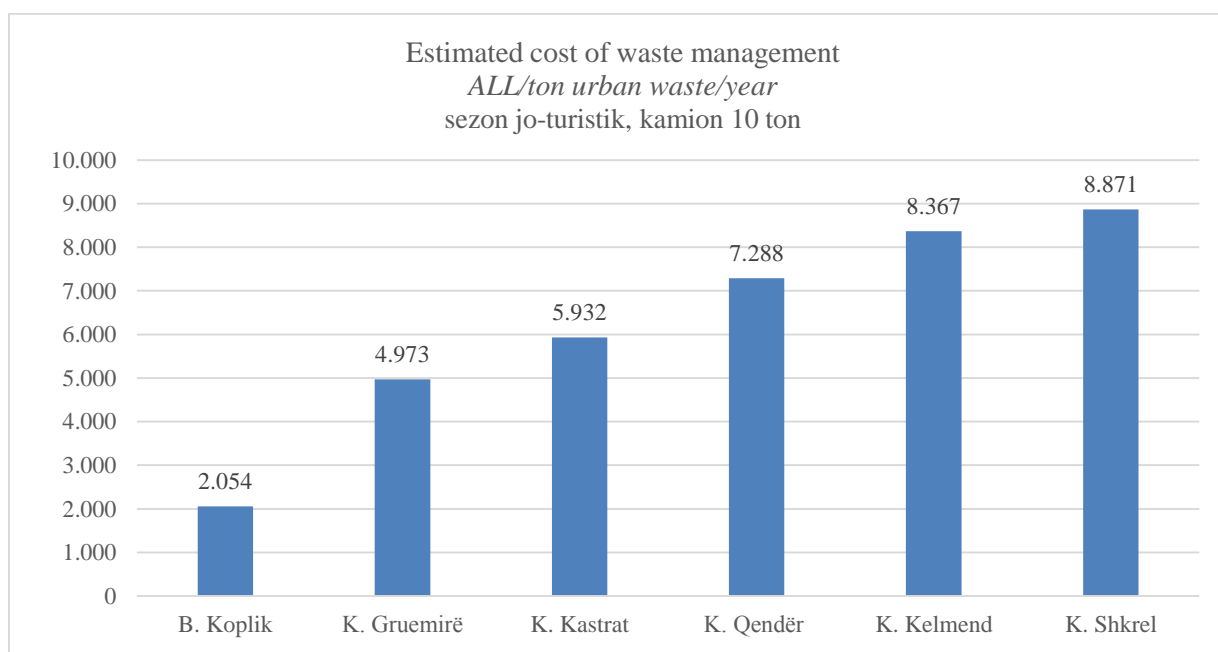
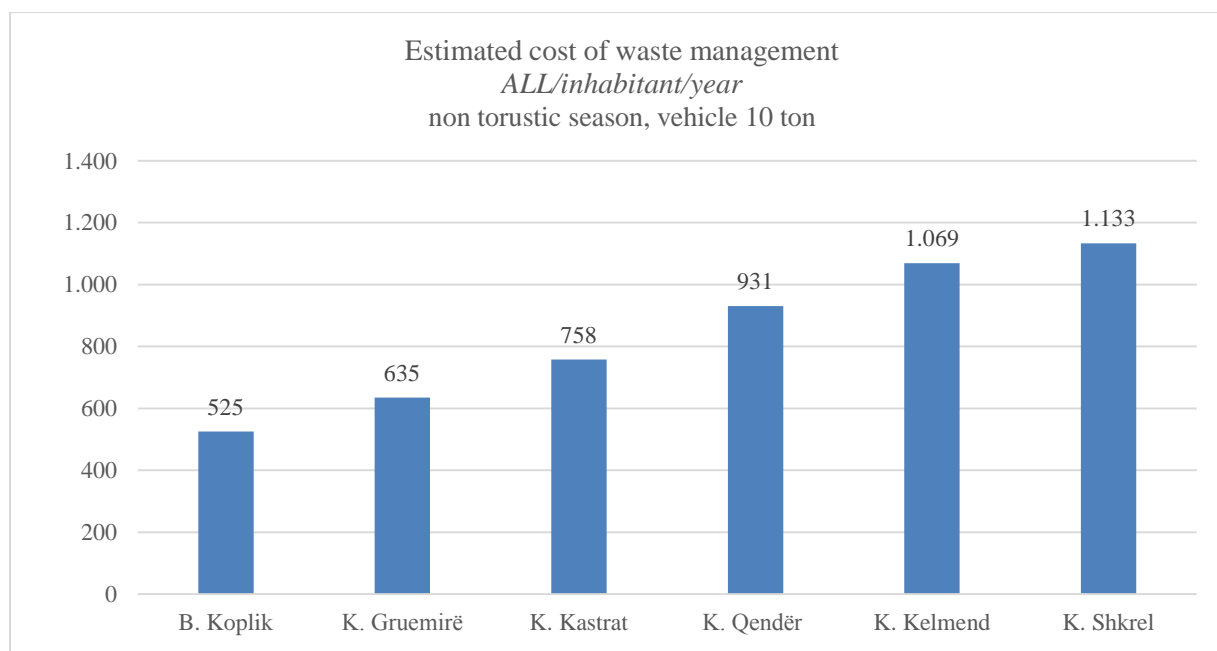
No.	LGU	Amount of waste kg/inhabitant/day	Amount of waste ton/week	Frequency times/week	Number of wastebins 1.1 m³	Distance of collection to M. Koplik km/way	Distance of transport from M. Koplik to the disposal site km/rrugë	Discharge time of the bins hours/week	Collection time hours/week	Transport time hours/both ways	Discharge time of the vehicle hours/vehicle
1	Municipality Koplik	0.70	52.66	7	87	4	6	25.4	0.9	0.12	0.25
2	Commune Qendër	0.35	12.06	3	40	27.8	6	5.0	2.8	0.12	0.25
3	Commune Gruemirë	0.35	28.83	3	95	45.5	6	11.9	4.6	0.12	0.25
4	Commune Shkrel (9 months)	0.35	8.60	1	97	88.3	6	4.0	2.9	0.12	0.25
	Commune Shkrel (3 months)	0.60	14.75	2	56		6	4.7	5.9	0.12	0.25
5	Commune Kastrat*	0.35	23.51	3	95	45	6	11.9	4.5	0.12	0.25
6	Commune Kelmend* (9 months)	0.35	9.17	1	97	88	6	4.0	2.9	0.12	0.25
	Commune Kelmend* (3 months)	0.60	15.72	2	56		6	4.7	5.9	0.12	0.25
Discharge time of a wastebin 2.5 min											
Discharge time of a vehicle 15 min											
Speed of the vehicle during collection 30 km/hour											
Speed of the vehicle during transport 50 km/hour											
	FA Malësi e Madhe	0.53	165.30								

Source: Municipality Koplik, Co-Plan

\*Based on indicators of Commune Gruemirë and Shkrel, respectively

The graphs below present the estimated costs of the integrated waste management service in FA Malësinë e Madhe, for each local governmental unit comprised. The greater the population number that is covered, in other words, the greater the extension of the service, the lower is the cost of its provision. By employing common vehicles, equipment, and employees in the whole FA, it is expected that the annual cost of the service be lower, which is the objective of the integration of the service.

**Graph20: Estimated cost of waste management for FA Malësi e Madhe**



Source: Author's calculation based on the methodology of DLDP



**Map 13: General scheme of urban waste collection in FA Malësi e Madhe**



Source: The author, data from Municipality Koplik

## Recomendations

The waste management service in the FA poses two main issues:

- Extension of the coverage area: collection of waste in all the administrative units (former communes and municipality)
  - Transport and final treatment of waste
1. In relation to the first issue, one possible solution is the one proposed from DLDP in the study of Co-Plan.
  2. In relation to the second issue, the solution would be the nearest certified landfill: the one in Bushat. This landfill is situated about 34 km away from Municipality Koplik. The distance generates high costs of transport therefore the integration scheme of Co-Plan considers the alternative of disposing the waste of the local units comprised in a collection site (a hole). The site is situated 3 km away from the centre of Koplik along the road axe Shkodër-Han i Hotit, with the capacity of operation until 30 years. On the other hand, it is not a technological construction and no further treatment of waste would be performed.
  3. In our opinion, the above alternative is neither an ecological nor a sustainable solution to the integrated public service of waste management in the FA of Malësi e Madhe. Transport of waste to the landfill in Bushat is the only long-term solution. The construction of a new landfill operational only for the FA of Malësia e Madhe would not be recommendable considering the high initial capital investment funds necessary as also the inefficiency of the landfill for its population size.
  4. The largest amount of waste that the area generates in case the service would cover 100 % of the territory, is estimated around 25 ton/ditë. The amount can be transported by one vehicle, in one way per day, from the central point of the FA, around 30 - 35 km towards the landfill in Bushat.
  5. While the local governmental unit manages the issue of transport of wastes to Bushat, authorities should introduce and raise awareness among inhabitants – who are mostly living in rural areas – about composting of organic waste, especially those of the garden, individually or in group of families. Guesthouses might be initiators of this activity giving the good example. Composting of organic waste would reduce significantly the amount of waste which needs to be transported to Bushat and likewise the cost (gate fee) payable for waste treatment.
  6. Furthermore, a middle waste collection point (Transfer Station) may be a temporary solution for the local government considering the transport distance to the landfill in Bushat.



7. To this purpose, it is needed a moving container with a capacity of 20-25 ton and the head of a transport vehicle which should transport wastes of the FA once in two days to Bushat. In this way, transport costs would temporarily be affordable.
8. Besides this, during the first three years, because of the limited financial funds, it is suggested that the central government subsidize the transportation costs and treatment costs (gate fee), while the local government prepare an integrated waste management plan, concentrate on the extension of the area covered with the service and stimulate composting of organic waste or alternative methods of waste collection.

### 3.3. Roads, railroads and public transport

#### **The access of the functional area**

The center of functional area Malësi e Madhe/Koplik Municipality is connected with the main cities in the south-western direction through interurban roads. The road is constructed in the last years, and is relatively in good conditions, and facilitates in a significantly the drive. The Koplik Municipality is located 112 km away from the capital of the country Tirana. This could be done for a 2 hour and a half road trip. In this direction the road also pass through the city of Shkodra and Lezha, and also it has a 70 km distance from the Durrës-Kukës-Morinë highway (Rruga e Kombit). The interurban road goes across Tirana in the south-west of the country making possible the connection with the other cities.

The national road of Hani Hotit-Shkodër, 39 km which traverses the area and connect it from north to south with the national network road.

The distance from the National Nënë Tereza Airport in Rinas is nearly 100 km away , while from the Port of Durrës is nearly 125 km; both of these infrastructures are reachable through roads that are in a very good condition.

The nearest border cross point is Hani i Hotit nearly 18 km away from the Koplik Municipality in the north-west direction of the functional area, while the Vermosh border cross point is nearly 80 km away and is difficult to arrive due to the absence of paved roads.

The Functional area of Malësi e Madhe, due to its location in the west part of the country, has a better connection with the big cities and main infrastructures of it along the south-west part. In the other part, in the north direction the connection gets difficult with strategic points such as Vermosh and also with villages that are located deeper.

The railroad Shkodër-Hani i Hotit with a length of 34 km connect this area with the national and international railroad network via the border cross point through the intermediate station in Bajz.

The sector transport strategy 2008-2013 has identified that the transport interruption of goods with Montenegro through Hani Hotit its one of the most important factors in the decreasing general volume level of railroad transport in Albania. Despite of the work that is done in repairing this line in 2002 the transport volume through this line it's in a continual decrease. As it was emphasized above the decrease of the transport volume of goods and the absence and at the same time the increase of maintenance costs have lowered in a significant way the efficiency and performance of this sector in insignificant level or almost total absences of usage.

### **Movement within the functional area**

The functional area of Malesi e Madhe actually has poor network roads. The mountain villages are connected through unpaved roads and the link-up between them and urbane area it's done with difficulties during the winter. The basic reasons of the absence of road network are the funds insufficiency of LGU, due to the low receivables from local taxes and tariffs.

In the upcoming map it will be introduced the complete roads network based on their categorization by giving a general view of present road infrastructures that make possible the economic and social interaction of LGU with each other.

**Map 14: Road infrastructure of FA Malësi e Madhe**



Source: Ministry for Local Affairs, Functional area rapport

The network is composed by the main interurban road Shkoder-Hani i Hotit from the secondary interurban road which is extended from this segments and headed to Tamare and Shkrel and to Razem and National Park of Theth, the other parts are local roads which are extending through all communes<sup>14</sup>.

<sup>14</sup>This description of road network of functional area its designed based on the definition of categorized roads according to Albania Road Code. In comparison with road categorization according to map legend the description more approaching to real standard of the network

So the Koplik Municipality and the city of Shkodra ,related to their function as active commercial activity centers and employment for functional areas are reachable from the Kastrat ,Kelmend dhe Shkrel communes center through national segment road Shkoder-Hani Hotit and secondary urban roads (map legend: category 1) .

Gruemire Commune relates with the Koplik Municipality through main rural roads (map legend: category 2) but it has a densely economic interaction, the highest number of population among functional communes with over 13 000 habitants and the mostly daily exist of employees toward Koplik and Shkoder centers. The movements is difficult due to the fact that nearly 85 % of this roads are unpaved.

The remote villages of each commune are connected between them with secondary rural roads (legend map: category3).

The extend of network road its more restricted in the north part of functional area which as a result its more isolated from the economical and social activity with the south part , as is described in paragraph 2.2 above.

The area of Malesia e Madhe its one of the most potential areas for the development of the tourism. In the Kelmend Commune the Investment in the road infrastructure for years 2013-2014 have occupy the greater part of investments respectively 61% and 44% of total investments done by the commune which is responsible for the construction of Makaj-Velipojë (Vermosh) segment with a project worth of 260 000 000 ALL which is part of Koplik Municipal Road that connect it with the alps part of Kelmend commune. Also there exist a project for the reconstruction of Vermosh-Pjetroje Center with a worth of 76 000 000 ALL.

The union in one single administrative of the territory of Malesi e Madhe is expected to increase the efficiency and effectiveness of administrative local mechanism which might bring an increase of investment funds ,of efficiency of their usage , the congestion of interaction and movement of inhabitants which can justify higher transfers from central governments.

### **Public transport**

The public transport in the functional area is mostly done by minibuses. Through them all the local units are connected with the city of Koplik and Shkodra. In addition to these the usage of public transport for going to work remains in low levels due to the fragmented infrastructure between local units. Most of the populations in all local units go at work on foot by car, bike or motorbike and only a small part that does not rise above the 12 % travel by bus or taxi. The buses are not so used due to the difficult road infrastructure.

**Table23: Commuting vehicles in FA Malësi e Madhe**

Vehicle	Koplik	Qendër	Gruemirë	Kelmend	Kastrat	Shkrel
<i>bus, minibus, train, taxi</i>	8,70	7,26	11,82	3,24	11,33	5,22
<i>car dhe motobike</i>	29,27	45,81	35,05	13,89	35,39	18,82
<i>on foot and by bike</i>	58,07	33,71	37,50	66,67	42,15	69,84

Source:Instat, Web Atlas ,census 2011

Actually only a small number of vehicles are licensed to operate by their Local Units. Licensed from the Municipality of Koplik are 37 vehicles , From Gruemire commune are 25, and from the Kelmend commune are also 25 vehicle.

Two main lines of interurban transport licensed from Shkoder region are Shkoder-Koplik with a frequency of 7 days a week , every one hour from 8.00h until 16.00h. The Shkrel-Koplik line is also licensed from the region for the transportation of the teachers and student and is regularly operating 7 days a week. This public transport line use minibuses that are registred as taxi.

Minibuses stations for public transport lines are not generally equipped with appropriate signage and travel plans that contain schedules, departure, final destination and intermediate stops. This hinders the movement for residents who do not know the area well, and especially for tourists.

**Table24:Public transport line of FA Malësi e Madhe**

	to	Koplik	Kastrat	Kelmend	Shkrel	Qendër	Gruemirë	Shkodër	Tiranë
from									
Koplik			Ditor Mb	Ditor Mb	Ditor Mb	Ditor Mb	Ditor Mb	Ditor Mb & B	Ditor Mb & B
Kastrat	Ditor Mb			Stop route from Koplik	Nga Kopliku	Stop route to Koplik	Nga Kopliku	Stop route to Kelmend	Nga Koplik & Shkodër
Kelmend	Ditor Mb	Stop route to Koplik			Nga Kopliku	Stop route to Koplik	Nga Kopliku	Ditor Mb	Nga Koplik & Shkodër
Shkrel	Ditor Mb	Nga Kopliku	Nga Kopliku			Nga Kopliku	Nga Kopliku	Ditor Mb	Nga Koplik & Shkodër
Qendër	Ditor Mb	Stop routes from Koplik	Stop route from Koplik	Nga Kopliku			Nga Kopliku	Nga Kopliku	Nga Koplik & Shkodër
Gruemirë	Ditor Mb	Nga Kopliku	Nga Kopliku	Nga Kopliku	Nga Kopliku			Ditor Mb	Nga Shkodër
Shkodër	Ditor Mb & B	Ditor Mb	Ditor Mb	Ditor Mb	Nga Kopliku	Ditor Mb			Ditor Mb & B
Tiranë	Ditor Mb & B	Nga Koplik & Shkodër	Nga Koplik & Shkodër	Nga Koplik & Shkodër	Nga Kopliku	Nga Koplik & Shkodër	Ditor Mb & B		

Source: DLDP, 2012: Report for the second delineation of the functional areas

Note: Mb = Minibus, B = Bus, the specification 'from' shows that there isn't a direct connection

## Road management and financing

Actually in the Malesi e Madhe and its communes zone inventory are 103 km regional roads and 317.5 communal roads, in total 420.5 km summarized in the table below. The names and the respective lengths of segmented roads inventory are attached in the annex document.

**Table 25: Rural roads under the administration of FA Malësi e Madhe, 2012**

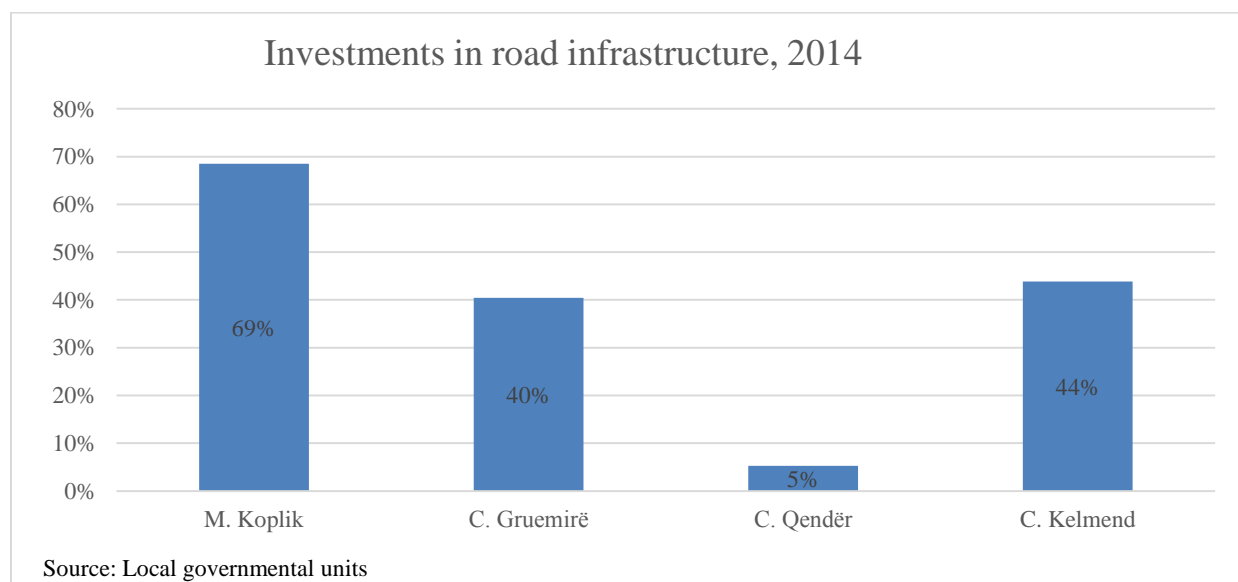
LGU	No.	Regional Roads (km)	Communal roads (km)
COMMUNE KERMEND	1	36	
COMMUNE SHKREL	2	12	
COMMUNE GRUENIRË	1	5	
District (Rrethi) MALËSI E MADHE	5	50	
COMMUNE SHKREL	23		56.8
COMMUNE KERMEND	17		67.0
COMMUNE QENDËR	10		36.6
COMMUNE GRUENIRË	10		68.1
COMMUNE KASTRAT	35		90.4
FA MALËSI E MADHE		103	318.9

Source: Ministry of local government and decentralization

\*the total km sum of communal roads has a variance of 1.35 km with the sum calculated from adding the km of each road segment

For 2014, the investments in increasing and improving the road infrastructure have had a weight in the total local investments as it follows:

**Graph21: Total investment in road construction in FA Malësi e Madhe, 2014**



**Table26: Expenses in road maintenance in FA Malësi e Madhe, 2014**

Local budget 2014	M. Koplik	C. Gruemirë	C. Qendër	C. Kelmend	FA Malësi e Madhe
Maintenance	-	-	959,068	3,945,181	4,904,249

Source: Local government units

The main sources of investments are unconditional transfers from the central government and in a small percentage from the income of local government unit. This fact emphasizes the need for the rise of efficiency of local government through the integration of road network administration that hopes to achieve it through the extension of administrative unit at the borders of functional areas.

**Table27: Evaluation of maintenance costs of FA Malësi e Madhe**

Administration	Category of the road	Length km	Costs ALL/km/year	Road Maintenance ALL/year
District (Region)	Regional roads	50	130,550	6,527,500
Municipality Koplik	Local roads (urban)	19.3		
	paved (new, no maintenance during winter)	15.1	414,000	6,251,400
	not paved secondary	4.2	44,000	184,800
Communes	Local roads (communal)	370.5		
	paved (old, with maintenance during winter)	74.1	809,000	59,946,900
	not paved	296.4	156,000	46,238,400
FA MALËSI E MADHE	Rural roads	420.5		<b>119,149,000</b>
	Urban roads	19.3		

Source: author calculation

Note: In "rural roads" are included according to inventory of 2012 of Local Government and Decentralization Ministry. In "urban roads" are included roads according the Koplik Municipality inventory in 2014 except the segment with a 3 km length of the secondary interurban road and the 4.4 km of main interurban road by pass of Shkoder-Hani Hotit road.

### **Recomendation for integration of public service**

1. The main interurban segment road Shkoder-Hani i hotit its in a good condition and provides a sustainbale connection with the other parts of the country and also with the international market of cross point border of Hani i Hotit.

2.Taking in consideration the rugged and difficult terrain of FA of Malesi e Madhe, the improvement of internal road network is basic for the uniform economic and social development;the social development is especially more important for north mountin and alpin area, which until now is more isolated with these interaction compare with the other parts.In these context in the capital investment plan of FA should plan the gradual increase of secondary interurban road network to link up all the municipal centers with the FA center.

3.Also,the construction of interconnection roads has a special importance for tourism development, which according to the above economic analyse , its defined as a key sector of the whole FA development. An important incentive element for the tourism development its precisely the opportunity to visit at the same time the touristic destination of Malesi e Madhe , including the lake part ,and the alpin parts. This needs a susstantional road network extended in all local government units that include this touristic destination.

In these context , the capital investment plan of FA should plan the gradual extension of local road network to make it more accessible the touristic attractions in the inner parts of Functional Areas.



4. The extension of local road network enables an cohesion and integration of the comparative advantages of each single LGU towards a common development : The integration of villages in the FA Malesi e Madhe through the local network roads its a necessity.
5. With the creation of one unit, the public transportation will be projected in such way that will include the benefits of more habitants by improving the connection of villages with the urban centers.
6. The establishment of minibus stations or bus lines in defined locations and regular plans travel are necessary for delivering the public transport service within contemporary standards, which facilitate the movement of citizens in Malësia e Madhe. Stations of the public transportation lines are also necessary for the reception of local and foreign tourists who do not know the area.
7. Related to the infrastructure maintenance , based in the average cost evaluation of road maintenance from " Fondi Shqiptar i Zhvillimit, we can approach the annually maintenance expenses for the Functional are of Malesi e madhe for the total rural road network that can be in administration as a local unit.
8. In comparison with maintenance cost expenses of 2014 spend from all the local unit together, the amount for the Functional Area is much more higher.
9. The administrative unit must be able to generate enough money to cover the operative expenses for the maintenance and make possible the minimal public transport for the main road axes, and the other segments will be covered from the privat public transportation. In these point it is needed a carefully evaluation of taxes and tariffs of functional area Malesi e Madhe and the policies that can increase the receivables from the payer subject.
10. While the capital investments for the road condition improvement and the connection of FA with periferical units will be under the supervision of state budget, Fund For The Regional Development or donation on this sector.
11. As a result of high operative and maintenance costs, population density and volume of goods, being part of the national railway system, and as long as there will be a national plan for the revitalization of the railway system in Albania, we can not look to the rail segment of Shkoder - Hani i Hoti to work as an efficient system of long-distance communication and transportation separate from the national system, thus, at least of a period time of medium term (3-10 years). In these conditions the rail segment is not likely to serve as a development incentive for FA, otherwise substantial subsidies would be required from the state budget to make it functional and useful.

## 4. Organization of the current local government

### 4.1. The structure and human resources

A summary view of the structure and human resources of six local units integral part of FA Malesi e Madhe by main areas of action given in the table below:

Funksioni	Koplik	Qendër	Gruemirë	Kelmend	Shkrel
Kryetar	1	1	1	1	1
Nën Kryetar	1	1	1	1	1
Sekretar Kryetari/Keshilli	1	1	1	1	1
Juridike	1	-	-	1	1
Finance/Tatim Taksa	4	1	3	3	3
Tatim Taksa	2	1	1	1	1
Ndihma Ekonomike	2	1	1	1	2
Bujqesia	-	1	2	1	-
Sherbime Publike	1	2	1	3	11
Urbanistike/Kadaster	2	-	1	1	3
Inspektoriat i Ndertimeve	3	-	-	-	-
Administrim Pyjesh	-	-	-	-	4
Kontroll Veteriner dhe I Ushqimit	1	-	-	-	1
Kultura, Sporti	2	-	-	1	-

Burimi: Njesite e Qeverisjes vendore

Koplik Municipality, besides the executive, is composed of the following departments, significant in relation to the scope of this analysis:

Legal Office / Internal Audit  
 Office of Finance / Tax Office  
 Economic Assistance Office / Office of Civil Emergencies  
 City Planning Office / Office of Cadastre  
 Inspectorate office building  
 Office of Veterinary and Food Control  
 Office of Culture

Work in these departments is covered by one to three employees. Also it is employing a superintendent of public services and the rest of the staff are maintenance workers .

Through this current structure, Koplik Municipality covers its functions as follows:

*In the field of infrastructure and public services*, offices Planning and Cadastre cover respectively the function of urban planning and management of land owned by Koplik, and are composed of only one employee.

Construction Inspection Office consists of its three employees and is responsible for building inspection within the administrative territory of Koplik.

Service and supply the population with drinking water is carried out by JSC Water Supply and Sewerage Malësi e Madhe, where Koplik Municipality is a shareholder along with 17 other local units and therefore has no employees as part of its scope; likewise, the Municipality does not have employees in connection with the sewerage system service.

Waste removal service is contracted to a private company. Supervision of quality of service performance is covered by a single inspector public services.

*Services of a social, cultural and sports* are covered by the Office of Culture, with a total of two employees - one responsible for the library, culture and sport as well as a social worker.

Veterinary Service of food products control units or farms within the territory of Koplik as meat, milk etc. Control is provided by the Office of veterinary and food, which is covered by a single employee.

It is noted that the structure of Koplik does not cover the management of protected areas and national parks, which is necessary given that the unit is under the administration of a part of the shore of Lake Skadar.

Although agriculture is the main sector of economic development of the municipality, currently has no employees to cover this area in terms of development policies both in terms of information assistance to farmers.

Commune Qendër, besides the executive, is organized according to the following key departments:

Finance Office  
Tax Office  
Office of Economic Assistance  
Agriculture Office  
Office of Public Services

Each of the above departments is covered by a single employee.

Through this structure the commune covers its functions as follows:

*Infrastructure and public services* are covered primarily through the Office of Service and contract employees.

Commune Qendër employs one worker for water supply services with secondary education. It is one of 18 local units shareholders at WSS Utility Malesi e Madhe but is not an actual part of the coverage area of the service provided by this utility. The Commune administers an independent water supply system.

Waste management service has been provided until 2014 by subcontractors in irregular frequencies, or from the local government itself at very low levels.

The Commune's structure does not include a Cadastre Office and neither specialists of agriculture, although the area is typically agricultural and the sector is the main source of income and driver of economic development.

Commune Gruemirë, besides the executive is organized in the following offices:

Finance Office  
Office of Economic Assistance  
Agriculture Office  
Urban Planning Office  
Office of Public Service

Each of the above offices is represented by one sole employee. In addition, there are 4 employees of secondary education contracted for public services.

With this structure, the Commune fulfills the following own functions:

Infrastructure and services are covered by the Office of Public Services and the additional contracted employees.

Water supply and sewage services are provided by WSS Utility Malësi e Madhe, while waste management service has been provided by subcontractors until 2014.

There is an Office of Urban Planning, while in relation to road infrastructure – construction, rehabilitation, or maintenance, there is no office in charge. The population in the area is rural, the road infrastructure is heavily lacking, and consequently, the interactions across villages and with the centre Koplik is poor. For this reason, the lack of specialist in the field of urban planning, road infrastructure and public transport as well as the lack of financial funds in these directions, is significant.

Following the same reasoning, Communes Qendër and Gruemirë (along with Commune Kastrat) constitute the low area of Malësi e Madhe. The lack of a Cadastre Office or specialist of territory management is noticeable in both Communes which, together, administer the biggest surface of agricultural land of the functional area – together 50% and, including Commune Kastrat around 76%.

In both communes there are no specialists of agriculture, although their areas are typically agricultural and the sector is the main source of income and driver of economic development.

Commune Kelmend, includes the following departments, apart from the executive:

Legal Office  
Finance Office/Tax Office  
Office of Economic Assistance  
Office of Public Services  
Office for Territorial Management / Urban planning  
Office of Rural Development  
Office for social service, education, culture and sports

Regarding the fulfillment of own functions, along with the findings from the other structures, for this Commune, we notice the presence of an office for rural development, unique among the LGUs, which collaborates as a local partner on projects of development in the area – especially on tourism.

Although, forest administration is important for Kelmend, which lies in the forest area of Malësia e Madhe, there are no specialist of the field included in the structure.

The Public service Office is responsible for the functioning of local water supply systems and waste management. In the Commune there are several local gravity flow water supply systems which are not under the administration of WSS Malësi e Madhe.

Commune Shkrel, includes the following departments:

Legal Office

Finance Office/Tax Office

Office of Economic Assistance

Office of Public Services (Water Supply Utility)

Office for Territorial Management / Urban planning

Cadastre Office

Office of Tourism

Forest Administration Office

It is important to point out that the forest administration office for Commune Shkrel is a central department, consisting of one engineer and three inspectors of secondary education.

In all the local governmental units, departments responsible for social, sportive and cultural activities are missing.

Among the common functions of the local government, all the LGUs provide for social care and mitigation of poverty through the Office of Economic Assistance, which consists of 1 and 2 employees.

#### 4.2. Common and different characteristic of public service provision

Based on the analysis of the three public services for each LGU (water supply, waste management and road infrastructure and public transport), the following characteristics are underlined in relation to the provision of the services and human resources available:

##### ***Water supply and sewerage***

- At least two of the LGUs, employ staff on water supply and sewerage service; in these respective local units, this service is not integrated and is not part of the coverage area of WSS Utility Malësi e Madhe. Otherwise, the LGUs do not have staff in charge of this service.

### ***Waste management***

- In at least two of the LGUs, contracted staff is in charge of the service; in other LGUs the provision is subcontracted and the local administration staff is only responsible for the coordination and supervision of the standard of the service delivered by the subcontracting company.

### ***Maintenance of roads, squares and sidewalks***

- The LGUs do not employ staff on these services.

Public transport service does not require permanent staff in any of the LGUs.

## **4.3. Recommendations on the organizative structure of the LGU Malësi e Madhe**

The structure of the FA of Malësi e Madhe should be constructed based on recommendations which reflect principles of the functionality of the area, and also, should support the directives of development presented in this document, the implementation of strategic objectives of development and of the strategic projects related.

### ***Regarding the functions, the new structure should:***

1. Maintain the central functions concentrating them at the central headoffice of the new local governmental unit

Concentration of administrative functions (finance, procurement, urban planning, cadastre) in the center of the ZF unit will bring economies of scale, thus, providing the same service with a smaller total number of employees as a result of better division of labor, avoiding hierarchy and specialization of staff. Saving personnel from economies of scale can be reallocated to other sectors sensitive to improvements.

2. Improve capacities of the finance and urban planning office

The work of the next local government should begin with the ***consolidation of the new territory*** recognition that it will be under their administration. For this reason, ***inventorying*** will be a necessary process and especially in the following areas:

- Inventory of the territory of Malësi e Madhe Municipality
- Inventory of assets of Malësi e Madhe Municipality
- Finance Consolidation of Malësi e Madhe Municipality

For this reason, the staff of these units will face the challenge of aggregating information from all parts and managing the financial and official assets for a much larger territory than the one they have managed so far. Consequently staff should include individuals with sufficient experience otherwise training plans should be made for the existing staff in order to ensure a successful initial phase.

3. Extend specific public services in areas where they have not been delivered so far.
4. The services provided by local governments to citizens should be integrated in a single office located in the territory of each local unit.

The purpose of these offices is to facilitate the service receiving by residents of each area of Malësia e Madhe, without the need to travel for each case to the center Koplik. Establishment and the effectiveness requires coordination with the Municipality of Malësia e Madhe in Koplik, first about data and the computer base needed to perform the work. A preliminary study should be useful in this regard.

5. Ensure that services which need to be delivered near to inhabitants, or which, for various reasons, cannot be provided by the central local authority, remain under the administration of the present local units, and under the continuous supervision of the central authority.

Services like Civil Register, distribution of welfare, inspectors and tax payments, food and agriculture inspectors should continue to be close to the people without creating further distance.

6. Public services should be integrated for the whole territory of the new LGU

Current employees of the water supply service in the two LGUs, should join the Water Supply and Sewerage Utility Malësi e Madhe, and these LGUs as well as water supply systems available to them should come under the administration and the coverage area of Water Supply and Sewerage Utility Malësia e Madhe.

Collection service and waste disposal should be done in a unified for all functional area in accordance with the recommendations provided in the PZF services. In this context, the structure of the functional area must contain a central specialists who set service standards and monitor its performance by subcontractor.

Present employees of waste management service should join companies that will perform this service in the future.

Office services must establish standards, frequency and manner of maintenance of streets, squares and sidewalks. This service should be performed and the role of contracted services përkarëse office should be mainly planning and monitoring.

***Regarding strategic development, the new structure should:***

1. Include an office of development of the strategic economic sectors

The structure of the functional area of Malësia e Madhe should include an economic development department whose work be leading and supporting the development of strategic sectors and those important for various areas of the territory (low lands, lake and mountain).

These sectors can be identified in the strategic development concept drafted under PZF, or assess the local unit managers in the future.

Within this department should clearly identify:

a) Farmers' Information Office

b) The Office of Tourism Development, following the good practice of Kelmend and as support for the creation of appropriate products for tourism development and implementation of strategic projects related to this sector.

2. Provide services which are important and have not been provided until at present: supervision of the environment and protected areas

Specialists of environment will be necessary also in relation to the sustainable development of the touristic sector, which is a strategic one for the functional area.

***Box 4: Report on Forum for project ideas for investments in FA Malësia e Madhe April 3, 2015***

The forum for the presentation and discussion of project ideas on the necessary investments in Malësia e Madhe, is of the opinion that, besides the reorganization of the structure of the new local unit, at the same time it is necessary to reconstruct the building of the actual Municipality Koplik - where the new municipal administration will most likely work - in accordance with new departments and staff that it will have in its content. Forum explains that currently this building also includes other institutions except the Municipality and the position of offices is not logistically appropriate.



## PART B: FUNCTIONAL AREA DEVELOPMENT PROGRAMME

### 5. Concept of the functional area Malësi e Madhe

#### VISION

*“Malësi e Madhe developed in a harmonic and sustainable way, with improved infrastructure which supports the economic development of the area and improves the living standards of the inhabitants, of a developed agriculture competitive in European markets, developed lake and mountain tourism.”*

#### STRATEGIC OBJECTIVES

Strategic objectives identified in support of the fulfillment of the vision are:

##### **1- Extension of the agricultural sector and improvement of its standards**

##### **2- Development of tourism:**

a) Capacity building and technology to support agricultural development;

b) Raise the standard of tourism;

c) Establishment of supportive environment for tourist area lake and Alps;

d) Construction of infrastructure to increase access to tourist areas;

e) Build capacity to design and implement products and tourist activities;

##### **3- Improvement of services with the purpose of protecting the environment and improving living standards of the inhabitants.**

### 6. Key projects on the functional area Malësi e Madhe

#### Criteria of selection of strategic projects:

Proposals for strategic development projects ZFGreat Highlands should respond to the following evaluation questions:

1. Is the project in line with the vision of ZF?
2. Does the project contribute to one or more strategic objectives?
3. Does the project contribute to the development of one or more sectors of the economy of ZF?
4. Does the project contribute to the creation of new jobs?

5. Does the project contribute to increasing the access of population in the area of vital services (health, education, markets, etc.)?
7. Does the project contribute to raising the level of living of the population?
8. What part of the population of ZF benefits from this project?
9. How is this project a priority in relation to other needs of ZF?
10. Have there been similar projects in the past for any of NJ.QV and what experience does she?

## ECONOMIC DEVELOPMENT PROJECTS

Project title	Promotion of the cultivation of medicinal plants in the unused land
Project type	Agricultural strategic sector development
Project location	Villages of Koplik, Qendër, Gruemirë, Shkrel,
Total estimated budget	30,000 Euro

### 1. Problem Analysis

Economic analysis of the operational area has identified about 3,728 hectares of agricultural land that are not used for any types of agricultural activities. Two forms of the agricultural sector development are as follows: 1- increase of productivity and profitability of the traditionally planted land; and 2- cultivation of the currently unused land with varieties demanded on the market and at a satisfactory return rate.

Following the study of market trends in the recent years and based on the professional opinion of agricultural experts in the area, it is reported that medicinal plants are widely known cultures in the area, in terms of which there is a tradition of cultivation and a specific market

The hesitation of farmers to extend cultivation to new lands is linked with initial expenses required for that process (seeds, labor cost), and lack of security of a new product in the market.

In order to ensure sustainable agricultural development (use of the currently unplanted land), there is a need for assistance in the primary phase of that process. The assistance addresses two main issues of the farmers: provision of planting seeds and building a sense of security that the cultivated product will be purchased by large collectors.

### 2. Project objectives

The following are the project objectives:

- Financing seeds of medicinal plants for farmers, growing the quantity of cultivated land, using a new land;

- Security of purchase contracts for the additional quantity produced by the local collectors of medicinal plants.

### **3. Project expected results**

The following are the expected results:

- Sustainable increase of the agricultural land;
- Enhanced sustainability of agricultural sector;
- Increase of farmer's family income;
- Higher employment rate in the agriculture for families that increase the amount of cultivated land;
- Enhanced expertise and tradition for the cultivation of ethero-oil plants.

### **4. Project activities**

1. Study of lands that are currently unused and identification of proper lands for the cultivation of ether-oil plants;
2. Promotion of the program of local/area farmers;
3. Call for applications and estimation of the demand of each farmer for seeds;
4. Provision of seeds or saplings at the right time for cultivation;
5. Monitoring of use;
6. Formulation of the initial contract with the collectors;
7. Monitoring results for the first year;
8. Adaption of objectives and promotion of positive experiences, with a view of increasing the number of applicants in the second year.

### **5. Project maturity**

The supporting program for cultivation of medicinal plants in unused lands and market safety for the product in the initial phase is based on the positive experience for cultivation and trade of ether-oil plants and the positive market trend for those plants during the last four years. Area residents are conversant with the cultivation of those plants. This program is compliant with the subsidy central government strategy for agriculture, which last year, through AGRICULTURAL AND RURAL DEVELOPMENT AGENCY, invested in the increase of storage capacities of ether-oil plants in the area of Malësi e Madhe.

The project implementation does not require additional knowledge by the farmers. There is a need for a financial opportunity to afford costs and cheap labor force in the farmers' households.

Other projects supporting the basic processing industry of ether-oil plants are directly projects promoting the increase of production and area cultivated with those plants.

## **6. Project funding sources**

Agricultural and Rural Development Agency

USAID

EU

JAICA

## **7. Project cost**

The approximate cost for the funding of seeds and program promotion for a three-year period is estimated at around 30,000 Euro.

Project title	Establishment of the Farmers' Information Center
Project type	Agriculture strategic sector development
Project location	Koplik Functional Area- Malësi e Madhe
Total estimated budget	15,000 Euro per year

### **1. Problem analysis**

Economic analysis of the functional area program has identified a number of problems that have so far excluded the use of agricultural sector's revenues in Malësi e Madhe. Some of them are related to the market, lack of information among the farmers about farm diversification opportunities or advantages of native and natural seeds. Setting up an information and management center to farmers is a feedback in response to the need to resolve these issues and allow expansion of agricultural production that finds broad regional or cross-border market.

### **2. Project objective**

The project objective is to provide farmers in the functional area of Malësi e Madhe with information about domestic and foreign market, as well as alternatives to raise funds for the investments needed in response to the market demand.

Taking of accurate information is a key component to reorganize the agriculture sector, which is the primary strategic sector of the area, so as to realize the competitive advantages and potential of income.

### **3. Project expected results**

The following are the expected results:

- Farmers will be well-informed about long-term and solid potentials of their farm development, as well as about opportunities of existing uncultivated agricultural land.
- Redistribution of surfaces of land which is already planted in Malësi e Madhe

Direct beneficiaries are the farmers living in the functional area, where there are currently about 8.222 farms, mostly household run farms. On the other hand, all the residents of the functional area are beneficiaries, about 54.555, given that agriculture is chosen as the primary sector for its overall economic development.

### **4. Project activities**

The following are the main activities of the project for establishment of the farmers' information center:

1. Regulation of legal framework under which this information center will operate for the functional area of Malësi e Madhe;
2. Providing the necessary infrastructure for its operation (working premises, tools);
3. Setting up a group of specialists from the agricultural sector, as well as the center's operating staff;
4. Organization of an information campaign on opening of this center and its purpose.

## **5. Project maturity**

Setting up an information center for farmers is a feedback based on needs derived from the economic analysis of the functional area program and recommendations given, also approved by agriculture experts in Malësi e Madhe.

Preparation of a plan for the agricultural land expansion which is presently uncultivated, as well as the most effective use of the cultivated land actually uncultivated can be considered a prior activity for the successful project implementation, based on the study conducted on the regional and cross-border market. Informing and addressing the farmers living in the functional area, as per a preliminary plan, also provides the basis for cooperation among them.

## **6. Project funding sources**

The potential project donors are identified as follows: Ministry of Agriculture and Association of Farmers that are directly linked with agriculture development and human capacities.

## **7. Project cost**

The key elements of project cost are the salaries of consultants and its organizers, as well as an initial fund to provide adequate infrastructure for setting up the center.

The center's first year cost is estimated at 20,000 Euro, including also the infrastructure cost, and in the coming years the expected costs are 15,000 Euro per year.

Project title	Promotion of investments to set up the processing industry of ethero-oil plants
Project type	Sustainable development of the agricultural strategic sector
Project location	Villages of Koplik, Qendër, Gruemirë, Shkrel
Total estimated budget	300,000 Euro

## 1. Problem analysis

Economic analysis of the functional area has made clear that there are about 3,570 hectares of agricultural land producing on average 9000 kg of ethero-oil plants annually. The main benefit from these plants is extraction of certain elements, i.e., oil, essences and some chemical elements which are then used in the cosmetic, pharmaceutical and food industry etc.

The product cycle goes from the farmer to the local collector, to be delivered then crude to international collectors, being possessors or not of a processing industry for these plants. Almost the entire production of these plants is intended for export since there is not any well-known processing and production industry of products with essence bases extracted from these plants. The volume intended for family use, in the form of tea or spices, is insignificant.

Collection of plants, finding a market and also export must be carried out within a specified and limited period, during which the plant retains its values. Over this period, plants risk rotting and lose value. Production of a year cannot be traded in the coming year.

There are basic technologies for extraction of crude oil from ethero-oil plants. Introduction of plants in this initial processing process reduces their risk of decay and loss of production in cases where there is not any immediate market in place. If this industry existed, the medicinal plant would not be the competitive subject in international markets but the extracted crude oil, which resists time and allows flexibility in finding markets.

## 2. Project objective

The objective of the project is to finance the establishment of medicinal plant processing point, in order to extract oil and other crude essences from these plants for further processing in western specialized manufactories, as per the relevant industrial destination.

## 3. Project expected results

The following are the expected results:

- Development of the area industry;
- Reduction of product wasted;
- New jobs in the factory;
- A new competitiveness approach in the international market;

- Increase of the cultivated land;
- Sustainable increase of the agricultural land;
- Increase of farmer's family income;
- Higher employment rate in agriculture for families that increase the amount of cultivated land;
- Increase of expertise for herb-oil plants processing.

#### **4. Project activities**

- Study on the technological solution and feasibility of setting up a processing factory for herb-oil plants, based on expected production volumes;
- Study of the legal form of existence (PPP concession, grant etc.);
- Study of the international market and competitive advantages of the Albanian product;
- Line design;
- Promotion of the project and finding state co-financers, foreign and private donors;
- Project implementation, setting up the factory;
- Monitoring of the results during the first years.

#### **5. Project maturity**

Collection of medicinal plants and bringing them for export is not a long-term solution for the producers of this plant. Every year, finding or not finding a collector in time, could cause disruption of the production, thus bringing a huge financial effect to the farmers in the region and threatening cultivation of the following year's cultivation. It is time that this subsector enters a new phase of development, which includes preliminary processing of the plant. This development is not premature, as this subsector is lagging behind compared to other similar branches of food industry, such as processing of olive oil, sunflower oil, etc., not mentioning a wide range of canned food products. Use of the processing line may initially require the presence of foreign expertise to ensure certification of the product. At the same time, local experts who work in similar industries can be trained.

Existence of a processing line and its effective use will promote increase of production of these plants, contributing to the parallel project of putting in use existing uncultivated lands in the area of Malësi e Madhe and beyond.

Impact of this investment goes beyond the borders of the functional area of Malësi e Madhe and can be of national importance in its field.



## **6. Project funding sources**

AGRICULTURAL AND RURAL DEVELOPMENT AGENCY

USAID

EU

JAICA

## **7. Project cost**

Project cost will include the design, purchase and installation of processing line totaled at an approximate value of 300,000 Euro.

Project title	Promotion of investments to set up the chestnut processing industry
Project type	Sustainable development of the agricultural strategic sector
Project location	Villages of Këlmend and Kastrat
Total estimated budget	200,000 Euro

## 1. Problem analysis

Economic analysis of the functional area has identified that there are about 450 hectares of land planted with chestnut trees, mainly in the area of “Këlmendi and Kastrati” of which there are collected on average 1,300 tons of chestnuts per year. The main benefit from chestnuts is the sale in the domestic market for direct use by the customer, and the sale in the foreign market for direct use or further processing in the food industry.

The product's cycle goes from individual collector to local collectors, to be delivered then crude to international collectors, being possessors or not of chestnut processing industry. Their export is increased by finding a very pleasant market in Italy. There is not any well-known industry in place for chestnut processing and production of essence-based products for food industry. The volume intended for family use is small in proportion to the total production. Some part of production is not harvested at all from trees, as a result of not having a safe market.

Collection of chestnuts, finding the market and export must be carried out within a specified and limited period, during the period of which the fruit retains its values. Over this period, fruits risk to dry and lose their values. Production of one year cannot be traded in the coming year.

There are basic technologies in place for boiling and conserving chestnuts. Introduction of the fruit in this initial processing process reduces the risk of decay, damage from insects, as well as loss of production in case of unavailability of an immediate market. If this industry existed, fresh chestnuts would not be the only competitive product in the international market, but also chestnuts boiled and canned, as these products resist time and allow flexibility in finding markets.

## 2. Project objective

The objective of the project is to finance the establishment of a chestnut processing point, in order to maintain nutritional values and increase the lifetime of the product for further processing in specialized factories in the west, as per the relevant industrial destination.

## 3. Project expected results

The following are the project expected results:

- Development of the area industry;
- Reduction of product waste;
- New jobs in the factory;
- A new competitiveness approach in the international market;

- Encouraging the increase of chestnut forested land;
- Sustainable increase of the agricultural land;
- Increase of farmer's family income;
- Higher employment rate in agriculture for families that increase the amount of land worked;
- Increase of expertise in processing local chestnut.

#### **4. Project activities**

- Study of the technological solution and the feasibility of setting up a processing plant for Albanian native chestnuts, based on expected production volumes;
- Study of the legal form of existence (PPP concession, grant, etc.);
- Study of the international market and competitive advantages of the Albanian product;
- Line design;
- Promotion of the project and finding state co-financers, foreign and private donors;
- Implementation of the project, setting up the factory;
- Monitoring of the results during the first years.

#### **16. Project maturity**

Collection of chestnuts and bringing them for export is not a long term solution for collectors of this plant in the mountainous area of Malësi e Madhe. Every year, finding or not finding a collector in time, could cause disruption of the production, thus reducing income and bringing discouragement to farmers in the region to cultivate and collect the following year's cultivation. It is time that this subsector enters a new phase of development, which includes preliminary processing of the plant. This development is not premature, as this subsector is lagging behind compared to other similar branches of food industry, such as processing of olive oil, sunflower oil, etc., not mentioning a wide range of canned food products. Use of the processing line may initially require the presence of foreign expertise to ensure certification of the product. At the same time, local experts who work in similar industries can be trained.

Existence of a processing line and its effective use will promote increase of production of these plants, contributing to the parallel project of putting in use existing uncultivated lands in the area of Malësi e Madhe and beyond.

Impact of this investment goes beyond the borders of the functional area of Malësi e Madhe and can be of national importance in its field.

#### **17. Project funding sources**

AGRICULTURAL AND RURAL DEVELOPMENT AGENCY

RURAL DEVELOPMENT FUND

ALBANIAN DEVELOPMENT FUND

USAID

EU

JAICA

### **18. Project cost**

Project cost will include the design, purchase and installation of the processing line and is totalled at an approximate value of 200,000 Euro.

Project title	Program for the replacement of roofs made of asbestos/tin material in Këlmend Commune
Project type	Strategic sector of tourism
Project location	Këlmend Commune, Functional Area-Malësi e Madhe
Total estimated budget	350,000 Euro

### **1. Problem analysis**

Currently, there are 105 houses in Këlmend with roofs made of asbestos material. This material was widely used in the construction sector in previous decades, but later was considered on an international scale very harmful to the health of people directly exposed to work or even at home.

Removal of asbestos roofs is a necessity in two aspects: to ensure safety of residents and to provide sustainable development of tourism in the functional area of Malësi e Madhe.

Additionally, tin sheet roofs are widely used in Kelmend municipality, which are not an attractive element to visitors.

Given that tourism is one of the two strategic sectors resulting from the economic analysis of the functional area and Këlmend is one of the main potential areas for development of the Alpine mountain tourism in the future, it is necessary to provide replacement of these two materials to build roofs with more durable material.

### **2. Project objectives**

The Project can be seen as composed of two components:

1. Replacement of asbestos roofs in tourist areas of the Municipality of Kelmend.
2. Replacement of tin sheet roofs in tourist areas of the Municipality of Kelmend.

Implementation of these two components would bring direct benefit to the health of residents who currently live in these homes. Additionally, they would support the sustainable development of tourism in this area.

### **3. Project expected results**

Under the program, houses will be equipped with roofs made of modern materials, harmless to the health of residents and characteristic of mountain villages of Kelmend municipality.

The number of households that could benefit from the first component of the project (removal of asbestos roofs) is 105.

Building of roofs with characteristic materials of mountainous areas in Këlmend brings benefit to all residents of the functional area of Malësi e Madhe, about 54,555 people in total, thus increasing the number of visitors.

#### **4. Project activity**

The main project activities cover the removal of asbestos or tin sheet roofs from a number of houses and rebuilding them with a material that is harmless to health and characteristic for Këlmend alpine area.

#### **5. Project maturity**

The issue of roofs constructed with asbestos in the tourist area of Këlmend is brought in the strategic analysis of the tourism sector, based on the data received from the Italian company V.I.S, which has for several years supported sustainable alpine tourism development in the municipality of Këlmend and Shkrel. The proposed program is an idea in response to this issue and recommendation to its resolution following analysis. A project is being tendered for replacing asbestos roofs and tin sheet roofs in Tamarë village. The program will be launched in the wake of this undertaking by the Municipality Këlmend, extending further in other villages in the area.

#### **6. Project funding resources**

Regarding the project the following potential donors are identified: EU, state budget allocated from the central government under the National Tourism Strategy 2014-2020, GIZ, and the Ministry of Health. These donors are identified as potential ones, given the size of the project and its nature.

#### **7. Project cost**

According to the information received from Këlmend municipality, the cost of removing asbestos or tin sheet roofs and rebuilding them with wooden material is estimated to be approximately 70 EUR / m<sup>2</sup>, while the average surface of a house in the area is 100 m<sup>2</sup>. Thus, for a house, the cost of this project can be roughly 7,000 EUR.

The estimated replacement cost for 50 houses is 35,000 Euro.

Project title	Promotion of investments to set up the tobacco processing industry
Project type	Sustainable development of the agricultural strategic sector
Project location	Villages of Koplik, Qendër, Gruemirë, Shkrel
Total estimated budget	250, 000 Euro

## 1. Problem analysis

Economic analysis of the functional area has made clear that there are about 238 hectares of agricultural land, which produce in average 250 tons of tobacco per year. Production peaked in 2013 with 600 tons, but was not entirely sold. The main benefit of tobacco is tobacco leaves export after the process of drying and prior collection.

The product's cycle passes from the collection of leaves by individual farmers, drying them and sending to a local collector, to be delivered then crude to international collectors, being possessors or not of a further processing tobacco industry. Almost the entire tobacco production is intended for export, given that the country does not have any well-known processing industry. The volume intended for individual use in the country, known as "pigtail smoke ", is insignificant.

Collection of plants, finding market and export must be carried out within a specified and very limited period during which time the plant preserves its values. Over this period, plants risk of rotting and lose value. Production of a year cannot be traded in the coming year if it is not well preserved.

International market of the Albanian unprocessed tobacco has been downgraded. Therefore, the motivation to cultivate declined. This trend is unacceptable for residents of the area, who refer to the period of the communist economy, where tobacco industry had produced preferable products for domestic and foreign market.

Experts do believe that revitalization of local tobacco products may compete for import expensive products in price and quality, giving Albanians an opportunity to enjoy local tobacco and giving farmers an opportunity to cultivate this plant which once had great tradition and knowledge. In case of existence of this industry, the competitive subject in domestic and international markets would not be tobacco leaf, but rather the traditional brands of Albanian cigarettes.

## 2. Project objective

The objective of the project is to finance the establishment of a tobacco factory, with a view of producing domestic famous brand cigarettes that reverse the previous success or the tobacco

initial processing (drying, grinding, and packaging), for further processing in the western specialized factories.

### **3. Project expected results**

The following are the expected results:

- Development of the area industry;
- Reduction of production waste;
- New jobs in the factory;
- A new competitiveness approach in the international market;
- Increase of the cultivated land;
- Sustainable increase of the agricultural land;
- Increase of farmer's family income;
- Higher employment rate in agriculture for families that increase the amount of cultivated land;

### **4. Project activities**

- Study of the technological solution and the feasibility of setting up a tobacco processing plant, based on expected production volumes;
- Study of the legal form of existence (PPP concession, grant, etc.);
- Study of the international market and competitive advantages of the Albanian product;
- Line design;
- Promotion of the project and finding state co-financers, foreign and private donors;
- Project implementation, setting up the factory;
- Monitoring of the results during the first years.

### **5. Project maturity**

Albania and Shkodër in particular have a long tradition in cultivating and producing tobacco. This tradition is not lost and there is a space in the market for a local product, which can prove successful and competitive in price and more expensive products to import. Every year, finding or not finding a collector in time, potentially disrupts production, bringing a huge financial impact to the farmers of the area and threatening cultivation of the following year. It is time that this subsector enters a new phase of development, which includes preliminary or full processing of tobacco leaves. This development is not premature, as this sub-sector is lagging behind compared to other similar branches of the food industry, such as olive oil, sunflower oil processing, etc., not mentioning a wide range of canned food products. The use of tobacco processing line may initially require the presence of foreign expertise to ensure the product certification. At the same time local experts working in similar industries can be trained.

Existence of a processing line and its efficient use will promote increase of production of these plants, contributing to the parallel project of putting in use existing uncultivated lands in the area of Malësi e Madhe and beyond.



Impact of this investment goes beyond the functional area of Malësi e Madhe and can be of national importance in its field.

#### **6. Project funding sources**

AGRICULTURAL AND RURAL DEVELOPMENT AGENCY

USAID

EU

JAICA

#### **7. Project cost**

Project cost will include the design, purchase and installation of the processing line and is totaled at an approximate value of 250,000 Euro.

Project title	Design of a strategic tourism development plan in the functional area of Malësi e Madhe
Project type	Strategic tourism sector
Project location	Functional Area- Malësi e Madhe
Total estimated budget	20,000 Euro

## 1. Problem analysis

The economic analysis of the functional area identifies tourism as one of the two key sectors for future economic development of Malësi e Madhe. This sector has so far been developed separately as per the local units. Therefore, an important first step for the overall development of its functional area is to design a strategic development plan, to include the entire tourist, natural, cultural, archaeological and historical area as a whole. The plan should be consistent with the National Tourism Draft- Strategy 2014-2020.

## 2. Project objective

The objective is to develop a strategic development document of lake and mountain tourism of the functional area, which coordinates all its tourist attractions.

This document will help the local unit to benefit funds for infrastructure under the implementation of this plan, and serve as an indication for management of investments by entrepreneurs in the tourism area.

## 3. Project expected results

The main outcome of the project will be the strategic plan document for tourism development in the functional area to the benefit of future local administration for management of investment in infrastructure, and its approximate number of 54,555 inhabitants, as a basic tool for development of the tourism sector.

## 4. Project activities

The Project may include the following activities:

- Establishing a working group of experts from the area of Malësi e Madhe, who have knowledge on natural, cultural, archaeological and historical values of the province;
- Preparation of a tourist map of Malësi e Madhe, showing its tourist attractions and road paths and streets;
- Preparation of a strategic plan for tourism development in mountain and lake area;
- Preparation of inclusive tour packages of the functional area.

Implementation of the project can be extended to a period of up to six months.

## **5. Project maturity**

This project is a concept in response to the need to integrate tourism development in Malësi e Madhe within the borders of a single local unit and identifying tourist resorts. There are in place tourism strategic or development action plans, and they are often intended for the Lake of Shkodër and the Albanian Alps. In this regard, coordination of strategic plans of this nature, which have in focus a tourist, functional area or inter-zonal level, or even border area, is a preliminary necessary activity for the successful implementation of this project.

## **6. Project funding sources**

Potential project donors are the Ministry of Economy, IPA and GIZ.

## **7. Project cost**

The expected specialized expertise cost for this study is 20,000 Euro.

Project title	Training in hotel and guesthouse management combined with agro-tourism
Project type	Strategic tourism sector
Project location	Functional Area- Malësi e Madhe
Total estimated budget	30,000 Euro

## 1. Problem analysis

One of the key components of economic and social development of the functional area of Malësi e Madhe, along with natural resources and infrastructure, is the workforce education towards more strategic sectors. In the analysis on the functional area, educational and employment indicators highlight a greater need for specialization of the working age individuals, who have mainly 8 or 9 years education. The analysis also identifies tourism as one of the two sectors with the greatest potential income in Malësi e Madhe.

In order to create proper conditions for the development of this sector, it is necessary to train the workforce in the field of hotel, hostel management or other forms of nature tourism services and gastronomy, leading entrepreneurs towards natural agricultural and animal products or slow-food, typical of the province.

## 2. Project objective

The objective of the project is to provide training in management, service or gastronomy to working age individuals, in the functional area of Malësi e Madhe, who are interested to work in the mountain or lake tourism sector.

## 3. Project expected results

The expected result of this project is to have a more specialized workforce to work in the tourism strategic sector in the functional area, as well as aware of the values of traditional and natural food products and their synergy with tourism development.

## 4. Project activity

The main potential activities under the project areas follows:

1. Launching an informative and promotional campaign directed to working age individuals in the functional area that actually work or are interested in working in the tourism sector.
2. Organization of training in the field of hotel, hostel management, customer service.
3. Guiding entrepreneurs in the field of tourism in the area to provide natural food, characteristic of typical dishes of the province, in order to increase the number of visitors.

Training in the field of hotel and tourism can be developed based on a program in successive stages over a period of several months up to one year.

## **5. Project maturity**

The project for the training of workforce in Malësi e Madhe in the field of hotel, hostel management or agro - tourism, is an idea for the sustainable development of tourism strategic sector. A similar venture is regularly performed in the local unit of Shkrel and Kelmend by the Italian company VIS, and it is worth expanding its location in the rest of population of the functional area.

## **6. Project funding sources**

Potential donors of this project are: central government budget, EU and UNDP, based on the focus of the project on human capacity development, aiming at the sustainable tourism development in the functional area.

## **7. Project cost**

The basic cost of this project will be training staff and specialist salaries in various fields, which will be part of the training program.

Training may include two to three sessions on different topics.

## PROJECTS ON PUBLIC SERVICE IMPROVEMENT

Project title	Financing of the urban planning study for the development of touristic areas along the lake shore
Project type	Sustainable development of the tourism strategic sector, public service development of the territory management
Project location	Shkodra lake shore near Koplik, Qendër, Gruemirë and Shkrel
Total estimated budget	80,000 Euro

### 1. Problem analysis

Based on the information received from local residents and stakeholders, fishing and tourism are considered as areas with potential activity for villages around the lake.

Due to lack of experience and understanding, tourism is regarded as the solution of all economic problems. The approach followed so far on the Albanian coast or lake is characterized by a lack of planning and the rule of law, following the *laissez-faire* model to boost the economy, private initiatives started without sound market analysis. This approach has produced negative effects on the environment and failure to achieve the desired economic outcomes.

Consequently, there are serious challenges associated with the impact of economic and urban development in the lake. Sustainable development of the area requires careful planning, cooperation among stakeholders for creating and promoting alternative sources of income and economic activity. This means that the lake protection cannot be achieved only by the administration of the protected area.

A clear proactive, collaborative and communication approach is needed, to ensure that not only the present economic developments and activities, but also those in the future, do not adversely affect the protected area of the lake.

An urban study for the development of tourist areas near the lake, taking into account the concept of economic zoning and careful tourism development, will constitute a guiding principle to decision-making stakeholders in the functional area of Malësi e Madhe.

### 2. Project objective

The objective of the project is to design an urban plan for the development of tourist areas near the lake, taking into account the concept of economic zoning and careful tourism development.

### 3. Project expected results

The following are the expected results:

- Preparation of a plan to develop the lakeshore;
- Opening a new road to well-planned investments;
- Increased number of lake shore activities;

- Increased number of visitors;
- Increased range of services and businesses;
- Increased revenue;
- New jobs.

#### **4. Project activities**

- Preparation of an urban development plan

#### **5. Project maturity**

Presently, there is no urban plan for development of the northeast shore area of Shkodër Lake. The study should be part of the Urban Planning of the functional area of Malësie Madhe but can also exist as only a partial survey of the area in question, in order to pave the way to improvements of infrastructure, environment and services.

#### **6. Project funding sources**

RURAL DEVELOPMENT FUND

ALBANIAN DEVELOPMENT FUND

#### **7. Project cost**

The estimated cost of an urban planning study for this territory is 80,000 Euro.

Project title	Road construction for pedestrians and bikes along the shore of Shkodra Lake
Project type	Public services/tourism strategic sector/Service Sector
Project location	Shore line of Shkodra Lake in the Functional Area-Malësi e Madhe LGUs of Qendër, Kastrat, Koplik, Gruemirë
Total estimated budget	

## 1. Problem analysis

Among the findings derived from the economic analysis of the functional area program on the current state of the tourism sector in the field part of the functional area of Malësi e Madhe, there is a clear lack of road infrastructure in coastal villages of the Lake of Shkodër, as well as lack of entertainment activities nearby. Accordingly, the draft concept for building a pedestrian path and bike lane along the shore of Lake responds to the need to promote lake tourism and beyond. In combination with visitors' attraction, construction of this road may encourage trading of local products, restaurants, camping and other forms of development of the service sector, while it is operational and improvement of public services to the next local unit.

## 2. Project objective

The objective of the project is to provide development of the lake tourism in the field of functional area by increasing opportunities for activities and entertainment for the residents and visitors. The project can bring benefits primarily to the residents of local units to have access to the lake, respectively the Municipality Qendër, Kastrat, Gruemirë and Koplik, through economic development, but also improvement of road infrastructure in the surrounding areas.

## 3. Project expected results

The following are the expected results:

1. A footpath and bike lane lightened along the coast of Lake of Shkodër in Malësi e Madhe (about 30km);
2. Increased access to the lake, given that to date this road is missing in the highest length of the coast line;
3. Increased number of visitors and the service sector development.

The number of residents of four local units that have access to the lake, thus being direct beneficiaries from the road construction, is about 42,000 (approximately 77% of the individuals of the entire functional area).

## 4. Project activities

The project can be developed according to the following phases of work:



1. Reconstruction of the road layers, placing asphalt layers;
2. Construction of sidewalks;
3. Construction of a bike lane;
4. Electric works for street lighting.

For a road length of about 30 km long construction works will take about 3 years.

## **5. Project maturity**

The project is a concept based on the need for economic and infrastructure development, resulting from the analysis of the functional area program.

A technical study of the entire coast line of the lake along which the road is more suitable to pass through is the key activity needed. This activity will make the project sustainable.

## **6. Project funding resources**

Potential donors for the project have been identified the following: central government budget, local government budget, Albanian Development Fund and the EU.

## **7. Project cost**

Based on investments made to the road national infrastructure funded by the Albanian Development Fund during 2005-2013 (referring specifically to the construction of a road similar to the segment Shkodër-Shirokë), we can make an estimate on the cost for building a footpath and bike lane of 33,800,000 ALL/km, or 245,000 Euro/km.

Project title	Construction of connecting roads of Shkodra Lake shore inhabited centers
Project type	Public services/Strategic tourism sector
Project location	LGUs of Qendër, Gruemirë, Koplik, Kastrat
Total estimated budget	

### 1. Problem analysis

The project for construction of roads connecting the main inhabited centers of Malësi e Madhe functional area with Shkodër Lake addresses the need to establish the functional area road infrastructure. This need has been identified in the analysis carried out on public services of the functional area program, as one of the main disadvantages identifying the present living standard of the individuals and which are closely related to the opportunity to use revenues from potential tourism. Additionally, the construction of connecting roads is necessary to support packages that include a number of tourist attractions extended from the lake to the mountain off functional area.

### 2. Project objective

The objective of this project is to build road infrastructure needed to increase the movement of the functional area residents to Shkodër Lake, thus creating the possibility to attract visitors to visit the area, and enhance cooperation between the residential areas for economic and social purposes.

### 3. Project expected results

Project expected results are the following:

- Paved roads connecting Shkodra Lake shore with the centers and villages of the local units of Qendër, Gruemirë, Kastrat and Koplik (a population of some 42,000 residents or about 77 % of the population of Malësi e Madhe).
- Denser movement of these residents to Shkodra lake shore.
- Increase of the number of visitors for lake tourism in the functional area of Malësi e Madhe.

### 4. Project activities

The project may be implemented as per the following work phases:

- Reconstruction of road layers, paving asphalt layers;
- Cabling for road lighting;
- Installation of road signage (tourist billboards).

## **5. Project maturity**

The project for construction of roads connecting the inhabited centers of the field area of Malësi e Madhe with Shkodra lake is a concept to resolve the need for supplying the area with basic road infrastructure.

The implementation of this concept is one of measures for building adequate infrastructure in order to promote tourism development in the functional area.

## **6. Project funding sources**

Potential donors of the project are: central government budget, local government budget, Regional Development Program and Albanian Development Fund. These are identified as potential donors because their focus is *inter alia*, related to the local infrastructure development, with the aim of further tourism promotion.

## **7. Project cost**

Based on the List of Roads Financed by the Albanian Development Fund for the period 2005-2013 for road construction in lower northern areas of Albania, we may total a construction cost of around 4,000,000 ALL/km or 28,000 EUR/km.

Project title	Green spaces along Shkodra Lake shore
Project type	Public Service/Tourism Strategic Sector/Service Sector
Project location	Shoreline of Shkodra Lake in the Functional Area of Malësi e Madhe LGUs of Qendër, Kastrat, Koplik, Guremirë
Total estimated budget	50,000 Euro

### **1. Problem analysis**

Shkodra Lake is a key component of income potential generated from the lake tourism of field section of Malësi e Madhe functional area. The functional area program analysis underlines the current status of the lake protected area and need for its flora and fauna rehabilitation as an adequate starting point for the area tourism sustainable future development. In these circumstances, the lake shore green area development and alignment with a basis of vegetation characterizing the basin, is an initial step to be followed by other forms of the sustainable lake revitalization.

### **2. Project objective**

The project aims to attract visitors in the area of Malësi e Madhe and increase of the commercial units, restaurants and services in general through the revitalization of Shkodra lake flora and fauna.

### **3. Project expected results**

The project expected results include a larger number of visitors in the area around the lake shore, as well as the increase or expansion of commercial services, restaurants etc. The lake shoreline villages are directly influenced through touristic businesses or services. The relevant local units represent a total of 77 % of the functional area population (about 42,000 residents).

### **4. Project activities**

Some of the basic works to be included under this project are the following:

1. Cleaning and alignment of Shkodra lake shore;
2. Land preparation and green area development;
3. Planting the shore with characteristic vegetation.

### **5. Project maturity**

The project supports the concept of Malësi e Madhe strategic development under Functional Area Program analysis. On the other hand, there is a study on Shkodra Lake: “Strategic Action

Plan for Shkodra Lake in Albania and Montenegro” drafted by the responsible ministries of environment of both countries. This paper describes the status of characteristic flora of the basin and needs for intervention, with a view of sustainable development of the ecosystem.

## **6. Project funding sources**

Potential donors of the project are identified the following: Ministry of Environment, local government budget, Global Environment Fund, World Bank and IPA Funds.

## **7. Project cost**

The approximate cost for the alignment of green areas and supply with wooden benches or environmental friendly materials is 50,000 Euro.

Project title	Formulation of standards for the construction of septic tanks
Project type	Sustainable development of tourism strategic sector, public service development of wastewater management
Project location	Entire territory of the Functional Area
Total estimated budget	20,000 Euro

### **1. Problem analysis**

The organized service for the wastewater collection and processing in the Functional Area of Malësi e Madhe is in its initial stage. For the first time in 2014 the Water Supply and Sewage Shareholding Company (SCWSS) is the holder of a license for the sewage system. As a result, there are no historical statistical data about this service.

It is hereby confirmed the existence of pipeline in Koplik center but there is no map and inventorying of this network. In the villages this service is carried out by primitive tanks/containers and simulated sewage network without proper standards and with environmental effects (sensitive to the pollution of rivers and lake and with potential consequences on health and tourism).

Currently, there is no strategic orientation to the issue of sewage network and prevention of sewage disposal in Shkodra lake and rivers.

Septic tanks will continue to be used in these circumstances and for a long period of time in rural families, especially in areas with a low density and large distribution of the population. This service carried out by the residents may become less harmful for the environment, if septic tanks are constructed at a specific standard that does not allow penetration of toxins into the land and then their disposal to the lake through underground waters. These standards may be adopted by the heads of Malësi e Madhe Functional Area as compulsory standards for that service, representing an initial step to prevent the adverse environmental impact.

### **2. Project objective**

Formulation of a specific standard for septic tanks used by the residents of areas lacking a sewage network, known as such by SCWSS, providing environmental protection and affordable by the residents.

### **3. Project expected results**

The project expected results are the following:

- Approved standards of the septic tanks;

- Reduced environmental pollution around the residents' dwellings;
- Reduced pollution of underground, river and lake waters.

#### **4. Project activities**

- Analysis of the average individual needs of a household or business for the service of wastewater collection through septic tanks;
- Formulation of standards for the construction of septic tanks for households and businesses.

#### **5. Project maturity**

Currently, there is no standard in place for delivery of this service in the Functional Area. There are no previous studies but we may learn from the experience of rural areas of the well-developed European countries. Switzerland and Germany have an extensive experience in this field. Work for formulation of these standards should begin with a preliminary analysis of needs, terrain and organization of domiciles.

#### **6. Project funding sources**

Malësi e Madhe Municipality

dldp

#### **7. Project cost**

The estimated cost for this territory urban plan study is 20,000 Euro.

## QUICK START PROJECTS FOR THE FUNCTIONAL AREA

Project title	Assistance for inventorying and consolidation of the assets and financial matters of the Functional Area
Project type	Quick start, Management of the Functional Area
Project location	Functional Area Center
Total estimated budget	20,000 Euro

### 1. Problem analysis

The new administrative unit, representative of the new Functional Area, will immediately face the challenge for identification of income sources for the functional area and the knowledge and identification of assets, properties and territory under its administration. The existing local units will not be any longer operational. The new municipality staff may potentially lack adequate qualification to carry out merge operations of the administrative units. Identification of the sources of income, properties and assets of the Functional Area may become a delayed process, thus affecting the operation of the new local unit and threatening its opportunities to provide services.

Early consolidation of all financial and administrative matters of the Area will require specialized assistance, in order to shortly make operational the new management of the Area.

### 2. Project objective

Design of a consolidated register of assets for the Functional Area, formulation of the initial consolidated financial statements, design of a consolidated register of land and buildings, design of a consolidated register of businesses and other local income sources.

### 3. Project expected results

Project expected results are the following:

consolidated register of assets for the Functional Area,

consolidated initial financial statements,

consolidated register of land and buildings,

consolidated register of businesses and other sources of local income.

### 4. Project activities



- Identification of data on each local unit for each of the required components.
- Verification with central sources, if appropriate.
- Data integration in the consolidated registers and statements.

## **5. Project maturity**

Currently, there is no feedback for this service delivery in the Functional Area. The Ministry of Local Government, through STAR Project, is piloting this assistance in two new functional areas. The process has been challenging and has proven the need for real expertise with a view of its implementation. Local authorities where this process is carried out lack adequate experience and qualification for this phase. Knowledge of the experience of KPMG about two pilot areas and problems encountered by STAR Project may be instrumental to improve the modalities for addressing assistance in the Functional Area of Malësi e Madhe.

## **6. Project funding sources**

Malësi e Madhe Municipality

dldp

## **7. Project cost**

The estimated cost of such assistance for Malësi e Madhe Functional Area is 20,000 Euro.

<b>Project Title</b>	Assistance for inventorying and consolidation of assets and finances of Shareholding Company of Water Supply & Sewage (SHCWSS) in the territory of Malësi e Madhe functional area
<b>Project Type</b>	Quick Start Project, Functional Area Management
<b>Project Location</b>	Functional Area Center
<b>Total Estimated Budget</b>	45,000 Euro

### **1. Problem Analysis**

The new administrative unit representing the Functional Area will have to promptly address the demands of water supply and sewage services for its inhabitants. The leaders of the Functional Area will have to establish and license an enterprise to handle the management of water supply service and sewage collection and disposal all over the territory of the Functional Area.

It is necessary to have a better knowledge of the situation of these services, because most data are missing or are based on rough assumptions.

In the framework of establishment and operational activity of the new enterprise, other tasks will follow to be taken into account, including but not limited to:

- Formulation of short, medium, and long-term Capital Investment Plan, in accordance with the current financial status of funds, as well as the Water Supply & Sewage Master-plan of Albania,
- Calculation of costs and tariffs,
- Establishment of an invoicing and cashing system on revenues.

### **2. Project objectives**

The goal of the project is to identify and build the database of the new Water Supply & Sewage Enterprise of the Functional Area of Malësi e Madhe, as well as standard requirements of water supply service and sewage disposal.

### **3. Project expected results**

The project expected results are the following:

- Registry of water sources, types, quantity of waters, locations;

- Registry of pipeline networks and their current standards;
- Registry of population in villages/towns which are covered by water supply service through centralized systems;
- Registry of centralized systems (with natural running water and/ or with mechanical lifting);
- Consolidated list of engaged personnel according to the work categories;
- Measurable indicators of services, including the duration of water supply for each specific system;
- Identification of population in villages/towns which are directly covered with water supply service from the natural sources and identification of these sources;
- GIS map which has reflected all above information and data.

#### **4. Project Activities**

- Identification of water sources, type, quantity of water, locations,
- Identification of pipeline networks, and their current standards,
- Identification of population in villages/towns covered by the water supply service through centralized systems,
- Identification of centralized systems (with natural running water or with mechanic lifting),
- Identification of the personnel engaged according to work categories,
- Calculation of quantity of service, including the duration of water supply for each system,
- Identification of population in villages/towns which are directly covered by the water supply service from the natural sources and identification of these sources,
- Reflection of information and data in GIS.

#### **5. Project Maturity**

Currently, there are no accurate or precise data for any of the functional aspects of Malësi e Madhe Shareholding Company of Water Supply & Sewage Service. There are only comments on continuous data instability reported by SHCWSS of Malësi e Madhe in the Evaluation Performance Reports of Water Regulatory Entity. Some basic data are available for some part of the territory, which have to be integrated with other parts of territories that have not previously been part of this SHCWSS and have managed their sources, systems and services individually.

## **10 Project funding sources**

Malësi e Madhe Municipality

dldp

## **11 Project cost**

The estimated cost for such assistance on the data status at SCWSS of Malësi e Madhe, is 45,000 Euro.