

# DECENTRALIZATION AND LOCAL DEVELOPMENT PROGRAMME (DLDP) IN THE SHKODRA AND LEZHE REGIONS

Thematic Evaluation

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## ACRONYMS and ABBREVIATIONS

CIT	Corporate Income Tax
EC	European Commission
FPT	Financial Planning Tool
GDP	Gross Domestic Product
GoA	Government of Albania
INSTAT	Institute of Statistics Albania
LGU	Local Government Unit
MoF	Ministry of Finance
MTBP	Medium Term Budget Programme
ODHIR	Office for Democratic Institutions and Human Rights
OSCE	Organization for Security and Co-operation in Europe
PCM	Project Cycle Management
PEFA	Public Expenditure Framework Assessment
PFM	Public Finance Management
PIT	Personal Income Tax
PMU	Project Management Unit
PO	Project Officer
SDC	Swiss Agency for Development and Cooperation
SDP	Strategic Development Plan
VAT	Value Added Tax

## SUMMARY

### Programme and Financing Agreement

The Decentralization and Local Development Project (dldp) has started its second Phase in- March 2010 and it lasted until February 2013. The project area covers 33 Local Government Units (LGUs) in Shkodra and 21 in Lezhe Qark. The total population of the region is around 554'000 persons, of which 40 % live in urban areas and approx. 30 % below the poverty line (2004).

The main goal of the dldp is: *capacities of municipalities and communes in Shkodra and Lezhe are strengthened contributing to improved regional development in Northern Albania and decentralization reform at national level.*

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SDC Programme Number	Reference No 7F-04382.02
Main programme partners	Local Government Units (municipalities and communes) in the Shkodra and Lezhe region, Northern Albania, Associations of Municipalities and Communes, Ministry of Interior
Duration phase	March 2010 – February 2013
Framework Agreement	Bilateral Government to Government framework agreement between Albania and Switzerland, Project agreement with the Albanian Ministry of Interior
Project contract	Mandate of SDC to Helvetas

### Context

*Economy:* Recent economic indicators show that the Albanian economy is making progress in the process of shifting from the model of a developing economy, where the main sources of economic growth are first raw materials' extracting and export economic activities, to a more dynamic economy where the added value comes mostly from manufacturing and services' related economic activities. Amidst present turbulences of financial markets related to high public debt levels in the Euro area and troubles in the economy of Greece and Italy, the future path of Albanian economic growth is prone to contagion risks, because of the high exposure of Albanian Balance of Pay-

ment to these economies in terms of Trade Balance and Foreign Remittances of Albanian Diaspora leaving and working in these countries.

*Politics:* The political situation during 2009-2012, which corresponds to dldp phase I and II project's duration, in spite of being stable, has been aggravated several times because of the political dispute between main political actors. The process of EU Accession has been progressing slowly; in December 2012 the European Council, decided that it will grant Albania the country candidate status once the necessary progress has been achieved in some remaining areas such as judicial, public administration and parliamentary procedures. The new general elections are scheduled to be held in 2013.

*Decentralization:* In spite of being committed to the reform of decentralization, its pace of implementation remains slow. The law in local finances drafted since 2008 is not adopted yet. Fiscal decentralization is still at a initial stage and the only additional source of revenue passed from central to local government is Small Business Tax, whose yields are modest for providing sufficient revenue to LGUs. There is a growing consensus for allocating more resources to local government via the share of national taxes (both direct and indirect); yet, there are no definite adopted measures and procedures in this regard. In addition, the typology of local government in Albania is characterized by the existence of many small LGUs whose ability to deliver public services efficiently and effectively remains limited, which seems to point to the need for a territorial reform. While local borrowing remains a practical impossibility because of the large size of public debt absorbed from central government, the major sources of revenues for LGUs are the intergovernmental transfers, whose size during dldp's duration has been decreasing.

### **Overall Programme Assessment and Findings**

This report is the result of a thematic evaluation with regard to dldp achievements in relation to its activities in support of Strategic Planning and Medium Term Budget (SDP/MTBP) based on a set of monitoring indicators. It's a thematic impact evaluation report therefore it's complementary to dldp log frame or any other instrument of programme monitoring. The assessment and evaluation methodology combined desk study review of documents and papers and also interviews with beneficiary.

From the assessment done, it can be concluded that the programme has had a good impact in the majority of indicators used through the evaluation. Despite the difficulty of quantifying the progress because of the non-existence of baseline information, it seems that LGUs are moving slowly towards a policy based budgets through the use of tools and procedures like MTBPs and FPT delivered through the programme. The work done has had a good impact also in the process of transparency of budget preparation at least with regard to quantity of information.

There is also a large impact of the programme especially in the quantity and the quality of SDP produced and their alignment with MTBPs especially with the communes coached in the second phase of Dldp.

The dimension of capacity building is also the other domain where the programme seems to have had a good impact too and in line with indicators as postulated in Log frame. The gender criteria/targets have been met all the time, which shows the programme awareness to the importance of this criteria and its significance in the Albanian Context.

In a more detailed way we are listing below some of the findings:

*Main Findings:* Currently, in the context of economic slowdown, there is a challenging environment in Albania concerning the development of qualitative strategic approaches of PFM in local level. It has to do with constraints in financial resources for local government as result of lower transfers from central government, that is hard budget constraints that oblige local administration to cope with the reality of daily choices rather than focus on the strategic processes and PFM related decision making.

In spite of hard times, the local government units in dldp programme area are moving towards standardised processes of strategic planning in the field of PFM, whose results seem to point to qualitative decision making for achievable programmes and activities.

Nonetheless the deviations remain still large between MTBPs and annual budgets and despite improvements are open to risk from uncertain revenue sources as result of unpredictable government transfers.

Using standard tools of medium terms budget planning has increased the quality of producing qualitative MTBPs, therefore the output of developing FTP has been of great benefit for the outcomes of the programme. Nonetheless, there is a need to improve further such tools through introduction of national standards in programmatic classification of expenditures in order to improve the chances of replication in other areas and generate national support for dldp's outputs.

In spite of the minor progress in predictability of budgets, there remains much to be done in order to increase the soundness of MTBP especially as monitoring tools for budget planning. As there are new developments concerning public debt, the programme needs to consider the possibility of integrating considerations for debt in FTPs and MTBPs that go beyond simple statement of loan amounts.

In spite of more or less available information to public in the process of budget preparation, the quality still needs improvement. The growth assumptions are still too simple and not argued for in MTBPs or in SDPs.

The inclusion of regional authorities as stakeholders in the process of preparation of MTBPs and SDPs seem to be problematic. Also, the regional and national priorities/opportunities seem to be not entirely integrated in local SDPs through a systematic framework of assessment of such opportunities.

The quality and the quantity of SDPs have been improved during the time. Dldp programme seems to have played an important role here through the process of capacity building activities and the process of InterLGU experts consultations. Nonetheless, SDPs generally lack the expression according to an accepted standard for cost estimations of their activities in line with MTBPs developed, monitoring mechanisms, responsible entities for activity implementation, quantification of risks and actions triggered if these risks are materialised. Assessment of environment (SWOT) or similar is present in a few of developed SDPs.

The capacity building activities have been implemented according to programme and generally have performed well in line with Log frame. The criteria of gender has been respected, which shows programme awareness and the significance of this criteria for Albanian context.

Despite the improvement in the form and quality of SDPs, there is still no reflection or decision making regarding the definite integration of duration of such strategies developed and revision process.

The choice of coaching strategy has been very effective in the improvement of quality of MTBPs and SDPs developed.

FPT is a very useful tool which through very analytical steps of budget preparation in medium term has the potential to add clarity and realism to the process of elaboration of SDPs.

## **Recommendations**

With regard to the combination of SDP and MTBPs approaches in one, it's recommended that the programme follows the same design. Processes, tools and standards developed will make the cost of efforts lower and the benefit will be higher. However, any new programme design should pay attention to the alignment with national standards in order to promote and secure the sustainability of results in the future.

The programme needs to capitalize in national and regional initiatives, regulations, standards in order to leverage its impact especially in the areas having a direct linkage to PFM (availability of budget informa-

tion, channels of communication, time schedule of budget approvals, structure of budget reports and formats etc).

It's needed more work to make MTBPs not only devices for serving SDP process but also tools for monitoring and revising SDPs. MTBPs need to be fully fledged programmes with indicators, risks associated, responsibilities and actions triggered if targets are not met.

There is a need to align to national initiatives for increasing the scope of local revenues with other taxes or creating relatively "safe areas" of local revenues in order to guarantee the accuracy of fiscal forecasts for local revenues/expenditures and consequently public service delivery.

SDPs need to integrate detailed assessment tools of regional, national opportunities, and action plans with programmes activities as close as possible to reality through the device of MTBPs.

Financial Planning Tool need to be rolled over in the remaining part of communes with the additional improvements due to evolution of national environment; as an example to the point, the programme may think of the possibility of enlarging the or adding a new module dedicated to debt.

Dldp need to capitalize and promote some of the materials developed in this programme as best practice cases and support any national initiative for standard exercises in the field of PFM (like local PEFA) which can increase the national and regional awareness for the programme and the support for its outcomes.

The practice of inter LGUs consultation meetings and discussion should be part of the process and whenever possible including representatives from regional and national governments in order to increase their involvement in SDPs and MTBPs processes and facilitate the multiplier effects.

## **Conclusions**

This report concludes that dldp has been an effective programme and generally successful at least in the areas evaluated here, namely those related to outcome 1. Its design, schedule and projected activities seem to have served well the needs of beneficiary and as shown from overall impact assessment has had a good impact in the evaluated indicators for LGUs object of evaluation.

As this programme comes to an end and a decision making needs to be made regarding its next phase in the future, this report conclude that the programme may consider as further directions of actions for the future:

- Down streaming processes of qualitative PFM systems in various PFM fields like procurement, internal and external audit or other fields as defined under PFM standard assessment instruments like PEFA for example
- Rollover and the multiplication of the programme's activities in the remaining LGUs of Qark of Shkodra and Lezha or elsewhere in Albania.



## 1 CONTEXT OF DLDP AND PRESENT ASSIGNMENT

The following gives a short overview of Albania's economic and decentralization current and near future situation, emphasising those aspects, which are thought to be of highest relevance for the object of current assignment, namely thematic evaluation of phase 2 of dldp in Shkodra and Lezha.

### 1.1 Economic Background

In 1991, Albania was one of the least developed post-communist economies in Europe. Its GDP dropped by over 30 percent in the first two years of its transition to market economy (1991-1992); the economic growth then recovered strongly in the period up to 2009. Consequently the poverty decreased and recently the 2010 GNP per capital reached a level as high as US \$3,960.

In contrast to many other European Countries, Albania weathered the 2009 global financial crisis well and avoided an output contraction. Apparently, more resistant to economic shock than other economies in the region, the Albanian economy still has been affected from the world economic crisis with the direct impact a slowing pace of economic growth after 2009. The main sectors hit from the economic slowdown were construction and extracting industry, which both show the impact of a slowing internal and external demand.

The last macroeconomic data from Central Bank of Albania, MoF and IMF (Annexe 3) show that the Albanian economy is making progress in the shift from the model of a developing economy where the main sources of economic growth are first raw materials' extracting and export economic activities to a more dynamic economy where the added value mostly comes from manufacturing and services' economic activities. Yet, amidst present turbulences of financial markets related to high public debt levels in the Euro area and troubles in the economy of Greece and Italy, the future path of Albanian economic growth is prone to contagion risks, because of the high exposure of Albanian Balance of Payment to these economies in terms of Trade Balance and Foreign Remittances of Albanian Diaspora leaving and working in these countries.

In the past, the Albanian Government has reacted prudently to external shocks. As far as Government finances are concerned, the data show that in spite of a growing fiscal deficit before 2009 due to heavy capital expenditures (mainly in roads and other public infrastructure works), Albanian Government has been very quick with expenditure cuts in order to bring the overall fiscal balance to less risky levels. The major cuts have been in capital expenditures, which show a major reluctance of Albanian Government to touch the expenditures related to programmes and policies with a social impact. The deficit has been financed mainly from domestic sources, thus Albanian debt hasn't been that much exposed to ups/downs risks of world financial markets. However, the recourse to domestic sources of borrowing has had as a direct impact the decrease in the level of credit available to individuals and private sector for financing their growth opportunities, which is reflected mainly in lower construction and real estate contribution to Albanian growth after 2009. This trend is expected to continue in the near future as Albanian Parliament recently (December 2012) decided to modify Organic Budget Law, which postulated a ban of 60% as the absolute limit of debt to GDP. Such a move was justified with country's need to create more room for counterbalancing movements on demand side in order to cope with the growing pressure on public finances from lower GDP growth rates in recent years.

Always in the realm of Government's finances, Tax Revenue in Albania are more than 23% of GDP which shows overall a good performance considering the low flat tax rate of 10% at both corporate and personal income tax (CIT/PIT). Nonetheless, the major source of revenues is VAT tax which shows that Albania has long way to go in order to build a fully fledged fiscal system that is balanced with regard to fiscal burden on capital and consumption. Expenditures, although with a pick in 2009 because of heavy public investments programme in 2009, have been cut in consecutive years in order to preserve a fiscal deficit that has been brought under control at the level of 3.5%-4% of GDP as a sign of economic prudence expenditures for local government have been more or less stable during 2008-2012 within the range of 2-2.5% of GDP.

For the next 3 years, prior Albanian macroeconomic forecasts were of the order of 5-6% GDP real growth rate which were over optimistic given the recent negative development in Albania's trade main partners, namely Greece and Italy. However a new scenario was generated at the beginning of 2013, which is taking into accounts such developments, that is with downwards revisions of such forecasts. According to

this new scenario GDP real growth rates for 2012-2013 would be around 1.5-3.5% that is still above IMF, EBRD and World Bank forecasts that amount to 0.5-1.3% for the same period.

## **1.2 Political Situation**

Political situation in Albania can be described at best by analysing country progress towards EU accession as the main vehicle of democratic, governance and economic reforms in the country.

Albania's application for membership to the European Union on 28 April 2009 was considered to be an important milestone in Albanian transition from a former communist rule to a country with consolidated democracy and market economy.

However the political situation during 2009-2012, which corresponds to dldp phase I and II project time span, has been aggravated at least twice due to the political dispute between main parties (Socialist Party (SP) and ruling Democratic Party (DP)) following the parliamentary elections in 2009 and local elections in 2011. Both were observed by the OSCE and ODIHR, which indicated that although the elections marked tangible progress and various improvements, still these improvements were overshadowed by the politicisation of technical aspects of the process.

The contestation of election results has led to a political stalemate marked by parliamentary boycotts from opposition, which came to an end in September 2011 when SP decided to enter in Parliament in order to give a boost to Albania's efforts for meeting the criteria of EU accession. A political agreement between ruling and opposition party establishing a plan and timetable for carrying out electoral reform, for improving the parliament's rules of procedure and for adopting all pending laws requiring reinforced majority followed immediately after in November 2011.

The results were impressive:

- Many of pending laws requiring a reinforced majority were adopted,
- A Ombudsman was appointed with a candidate and process supervised from opposition and agreed with ruling majority party
- Hearings and voting process were conducted successfully for the presidential nomination of a judge to the High Court.

On 11 June 2012, a new president was elected in line with Constitution amendments, though without the the consent of opposition. Again, this contributed to a new political unnecessary tension and damage to reform efforts in core areas requiring political consensus that motivated European Commission to recommend on 10 October 2012 that Albania be granted a conditioned EU candidate status.

On 12 December 2012 the European Council although welcomed the overall progress made by Albania based on European Commission monitoring reports, decided that it will grant Albania the country candidate status once the necessary progress has been achieved in the areas of judicial, public administration reforms and revision of the parliamentary rules of procedure, which can be reached only on the basis of political consensus between ruling majority and opposition . In addition, it was spelled out that "The successful conduct of parliamentary elections in 2013 will be a crucial test for the smooth functioning of the country's democratic institutions".

First months of 2013 have been marked from high political debates and disputes, which are always present in Albanian political milieu especially in electoral years as it's the case with parliamentary elections that have been scheduled to be held on 23 June 2013.

## **1.3 Decentralisation, current state of affaires**

Emerging from almost 50 years of total centralized government practice, Albania entered in the path of decentralization only in late '90s. The country formally ratified the European Charter of Local Self-Government, incorporated its key principles into the new Constitution, and passed legal reforms for local self-governments after 1998. A National Strategy on Decentralization and the Organic Laws on Local Government were approved for the first time in 2000 and have been revised at least twice up-to-date. These new organic laws on the "Organization and Functioning of the Local Governments" (Law 8652) and on the "Administrative-Territorial Division" (Law 8653) ended the practice of old District Councils and es-

tablished for the first time a legal framework that allowed for functional decentralized administrative and fiscal structures, which in principle include the self-governing regions, municipalities, and communes.

Undoubtedly the decentralization process cannot be effective without being accompanied with fiscal decentralization process: local government levels (regions, municipalities and communes) need to have predictable sources of revenues at their discretion in order to exercise the autonomous governance functions and provide effective/efficient public services for their communities. In spite of a reasonably functioning legal framework that regulates the work of Local Government Units (LGUs), it seems that there are some gaps especially related to clear and effective division of roles/responsibilities regarding various governance activities (for instance the preparation, execution and oversight of local and regional annual or medium term budget plans, degree of transparency etc). The Law on Local Finances, which could have provided a solid legal framework for grounding and regulating such roles/responsibilities, in spite of being drafted since 2008 is not enacted though.

Yet, with regard to territorial/population distribution Albania has a local government system with too many small LGUs. Currently there are 373 LGUs out of which almost 41% have a population of less than 5000 inhabitants. This distribution makes the efficiency of delivering public services at local level very hard to achieve; hence it's understandable why there is too much reluctance at central level of government for delegating more power or autonomy to local level in provision of public services. However, the necessity of progress in this regard is already recognized from central authorities and political actors and recently there is a growing consensus that Albania needs to reform the administrative territorial structures in order to advance further the fiscal decentralization and improve service delivery. The last CENSUS data released from INSTAT in the end of 2012 are expected to provide a good basis for this reform of territorial distribution and consequently for expenditure/ revenue assignments for exercising exclusive, shared and delegated functions of LGUs.

Currently the legal framework allows all LGUs to exercise exclusive, shared and delegated functions on the basis of expenditure assignments with insufficient consideration of their financial, technical and human capacities for assuring an efficient service delivery. When it comes especially to share functions regarding Pre-University Education, Primary Health services, Public Utilities, Social and Environment Protection, the incapability of local officials to provide timely and effective services seems to have given way to failures that are amplified at national scale via unnecessary political debates between political actors.<sup>1</sup> Although shared functions are justified from economic and social point of view in Albania, there is a need to ground expenditure assignments policy and practice also on the readiness and voluntary agreement of local government at all levels (communes, municipalities and regions) in order to assure the improvement of service delivery for local communities at short and long terms. As there are two associations of LGUs in Albania pertaining to major political affiliations, respectively majority and opposition, reaching out a workable and feasible agreement in this regard remains still a challenge.

A similar picture is evident also on the side of revenue assignments. In Albania LGUs have still a few sources of revenues at their own discretion. Small Business Tax<sup>2</sup>, which was thought to be one of the drivers for enhancing local revenues simply, has been not effective:

- as the cap on the top of their levels is marked from GoA flat tax rate of 10% policy.
- as its tax base has been narrowed from several decision of Ministry of Finance (MoF) to lower the Value Added Tax (VAT) threshold.

Another potential revenue source, that is Property Tax, despite of its potential for providing important revenues to LGUs with highest number of inhabitants has still a narrow scope as the progress in the legalization of informal settlements and solution of disputes between old landlords and new comers is slow because of political and social tensions.

So far being said, it should be of no surprise then why the most important source of revenues for LGUs remain intergovernmental transfers in the form of conditional and unconditional transfers. Here, in spite of more or less a stable level for Local Government Assigned Expenditures of 2-2.5% of GDP, the transfers for both categories have been decreasing in the period 2009-2011 in absolute value because of consecutive cuts in national budgets due to lower economic national performance in both GDP growth and revenue collection rates. The practice of distributing the unconditional transfers from the Regional Development Fund via competitive grants was thought to increase efficiency, better alignment with strategic plans and promote the competition between LGUs especially in the field of investments and capital expendi-

<sup>1</sup> A good example on the point are the problems with timely services of public utilities (water and sewage) at local level because of arrears caused to Power Distribution Company (CEZ) in second half of 2012.

<sup>2</sup> Small Business Tax subjects are not subject of Value Added Tax

tures. However, having a lower basket of money to distribute each year, unclear and questionable rules for selection of projects, and alignment with national rather than regional strategic plans seem to be some of related concerns on the side of LGUs. Currently, the level of unconditional grants transferred to each LGU is defined on the basis of an equalization formula, which is hardly intuitive and easy to grasp- this has given way to suggestions for simpler revenue sharing formula for major taxes PIT, CIT or VAT, always introducing controlling mechanism in order to guarantee the equity and efficiency of results.

As far as revenue sources through debt at local level is concerned, although established in the “Law for Local Government Borrowing” (2008), in practice the ability of LGUs to act during the last 3 years has been constrained from the “Organic Budget Law” (2008) postulating a national maximum debt level of 60%, and the actual national debt levels which have been almost equal to that.

### 1.4 Dldp general overview

Overall the decentralisation and local development programme (dldp) is part of the Swiss cooperation strategy of SDC/SECO for supporting Albania in its efforts of enhancing democratisation and rule of law. In particular, the programme aims to support the ongoing decentralisation process in Albania in order to consolidate the democracy and to provide European standards of public services for citizens, as an important element of the National Strategy for Development and Integration. The project area covers 33 Local Government Units (LGUs) in Shkodra and 21 in Lezhe Qark. The total population of the region is around 554,000 persons, of which 40 % live in urban areas and approx. 30 % below the poverty line (2004).

In a summarized way the current phase 2 of DLDP, which was scheduled to be implemented in the time span of March 2010- March 2013, can be described as below

Programme goal: Capacities of municipalities and communes in Shkodra and Lezhe are strengthened contributing to improved regional development in Northern Albania and decentralization reform at national level		
<b>Outcomes</b>	<b>1:</b> Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local public services	<b>2:</b> Good practices are shared at national level in cooperation with strengthened associations, thus impacting law and policy-making and their implementation at national level
<b>Outputs</b>	<ul style="list-style-type: none"> <li>1.1 Capacities of LGUs on strategic planning and budgeting are improved and selected LGUs apply strategic planning instruments and methods, linked to annual and midterm budget.</li> <li>1.2 Capacities of LGUs on financial and fiscal management, including the midterm budgeting process are strengthened.</li> <li>1.3 Selected local administrative and public services are improved ensuring equal access to all citizens, including women, poor and marginalized groups.</li> <li>1.4 Innovative communication and information mechanisms are applied by LGUs enhancing transparency and easy access to quality information and services for all citizens.</li> <li>1.5 Qark contributes to enhancing inter-LGU coordination and cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>2.1 “Centres of competence” are identified, best practices are documented and disseminated/shared with other municipalities and communes in cooperation with the Associations of Municipalities (AAM) and Communes (AAC)</li> <li>2.2. Strengthened Associations (AAM and AAC) are enabled to represent the interests of local governments: consultation processes in law and policy making and capacity building for LGUs effectively impact the implementation of decentralisation process.</li> <li>2.3 Good practice and selected expertise contribute to the national policy dialogue.</li> <li>2.4 Liaising and exchange with other programmes and projects, in particular Council of Europe is ensured.</li> </ul>

### 1.5 Overview of last Mid Term Review findings and recommendations

The MTR was conducted by two external consultants (Lena Krylova and Ornela Shapo) in October 2011. Their findings, recommendations and lessons learned can be described as below:

<b>Outcomes</b>	<b>1:</b> Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local	<b>2:</b> Good practices are shared at national level in cooperation with strengthened associations, thus impacting law and policy-making and their im-
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	public services	plementation at national level
<b>Findings</b>	<ul style="list-style-type: none"> <li>▪ Broadly consulted and high quality products are developed and disseminated (SDP/MTBP, SWM, PCM);</li> <li>▪ Relevant capacity development is provided, responding to the particular needs of the LGUs;</li> <li>▪ The dldp grant fund manual serves as learning for other similar funds in many respects;</li> <li>▪ Successful support of a network of female politicians in the context of local elections was provided (May 2011).</li> <li>▪ dldp has a high relevance (despite a lacking decentralisation policy framework) and significant outcomes, responding to the particular needs of the LGUs, who are the main programme partners.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dldp is a well recognized and broadly anchored project;</li> <li>▪ Dldp addresses a broad range of relevant thematic issues;</li> <li>▪ Dldp has successfully cooperated with the LGU associations to keep them as relevant actors in the decentralisation policy debate in spite of the difficult context;</li> <li>▪ The coordination with the other SDC projects in the same domain (CoE and RDP) have not yet been fully materialised in spite of a pro-active approach of dldp (the RDP actually is only expected to start in late 2011) and that consultation and harmonisation with other programmes is conducted successfully where it is relevant</li> </ul>
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>▪ Narrow the thematic broadness to successful models (e.g. MTBP/FPT, SWM and InterLGU cooperation),</li> <li>▪ scale up for increased effectiveness and impact by better considering cost-effectiveness of tools and packages,</li> <li>▪ clear definition of division of labour between RDP and dldp,</li> <li>▪ suggested phasing out of the information and communication package (output 1.4) and</li> <li>▪ improve the M&amp;E system of dldp.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Define clear channels for up-scaling dldp products,</li> <li>▪ increase the ownership of products/packages by stakeholders at national level, to further facilitate the dissemination of products and best practices and</li> <li>▪ continue working with the associations for product development their horizontal as well as vertical dissemination</li> </ul>

## 2 OBJECT AND METHODOLOGY OF THEMATIC EVALUATION

### 2.1 Purpose of the Present Assignment

The following gives an overall frame for the present assignment, which intends to monitor and capitalize dldp achievements in the local level:

- Its output intends to capitalize dldp achievements and identify problems seen as opportunity for further support related to dldp support package, *namely Strategic Planning and eMedium Term Budget Programme (SDP/MTBP)* based on a set of monitoring indicators ;
- It's a thematic impact evaluation report therefore it's complementary to dldp log frame or any other instrument of programme monitoring (seen mainly from PCM perspective)
- The proposed indicators have been taken out of the Log Frame and are enriched with others seen as useful for reporting, starting with indicators used from PEFA, but adopted for dldp scope of work.

### 2.2 Overview of of evaluated project areas and indicators

#### 2.2.1 General remarks about current state of affairs in the local government and Dldp

*Strategically* speaking, dldp approach is very ambitious and encompassing as it touches important PFM field dimensions and areas such as:

- strategy oriented budgeting,
- combination of financial and policy planning,
- detailed medium-term planning,
- comprehensive programming , and
- performance management.

Given the context of decentralization and stage of PFM in Albania, such an approach is very challenging so in order to build momentum and local ownership, the capacity building from both institutional and knowledge point of view is of strategic importance.

*In terms of concrete PFM and Strategic instruments*, Dldp supported the development and application of three PFM instruments:

- strategic development plans (SDP),
- medium-term budgets using a program classification with performance orientation (MTBP), and
- a medium term oriented financial planning tool (FPT).

From the point of view of *organizational implications* of dldp support fields, it is worth to note that it's deemed to be holistic from the way it's conceived as one cannot design organizational processes, structures, roles and responsibilities before a strategic approach is implemented. Given the external constraints on LGUs sources (legal, human and financial) in Albania already described in previous sections, the programme has sought:

- to build expertise, consensus internally within LGUs in the region of Shkodra and Lezha as much as possible,
- leverage its impact nationally via replication of its achievements (organizational roles and procedures, products, tools, reports, remarks and observations) at national scale
- In order to achieve political consensus for the further reform needed in the process of decentralization as a way of removing external impediments to organizational development

Furthermore regarding *reform process in a difficult environment* the dldp has adopted a combined approach of trainings first with subsequent learning by doing assisted with coaching to support the PFM reform process in its partner LGUs.

2.2.2 Outcomes and Expected Results of dldp phase II

Outcomes	Expected Results
<p><b>Outcome 1:</b> Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local public services</p>	The full support package of SDP/MTBP is piloted in 5 LGUs, the FPT is applied in 5 LGUs and in one LGU the SDP/MTBP is elaborated/monitored with special consideration of social inclusion
	The 50 members of the three expert groups (SWM, SDPeMTBP, PCM) are trained as trainers and 10 use these skills as resource persons in trainings/workshops of LGUs Qarks
	Other LGUs – within the region and possibly outside the project region - are interested and selected LGUs apply dldp developed products and approaches
	The dldp concept of SWMP is replicated and 3 cases (InterLGU, composting and recycling) are implemented and all LGUs have received basic training on SWM concepts
	The consolidation of SWM plans support national policy making
	10-12 LGUs are supported through dldp grant scheme projects with min 70'000 beneficiaries improving specific local services
	SDPeMTBP packages and waste management plans and schemes application includes special emphasis of CSO and private sector participation
	The specific support of poor and marginalised is a criteria for grant projects
	An (e)information platform for LGUs is established at each Qark level to strengthen their coordination role involving the LGUs
	InterLGU projects are supported and documented
<p><b>Outcome 2:</b> Good practices are shared at national level in cooperation with strengthened associations, thus impacting law and policy-making and their implementation at national level</p>	Best practice competition contributes to peer to peer exchange and dissemination of good practices (identification and dissemination of local and regional best practices in SDPeMTBP, SWM, InterLGU cooperation, PCM)
	The three expert groups (SDPeMTBP, SWM and PCM) meet regularly and provide inputs to round tables, products etc thus contributing to peer exchange and policy dialogue
	A set of criteria for local SDP integration in regional/national planning is recognized by Qark/DSCD and Mol contributing to the integrated planning system (IPS)
	Dldp products are recognized as relevant for policy debates
	SDPeMTBP curricula are revised, published, disseminated and applied
	Waste management curricula is published and disseminated and the manual “How to organize waste collection...” is consolidated, recognized and disseminated at nat. conference
	Policy paper on role of Qarks in waste management is elaborated with LGU and Qark representatives and presented at national conference
	Award of the best PCM project is provided and catalogue of grant projects, incl. lessons learnt is published
	An InterLGU PCM curricula is developed, in close coordination with the Qarks, if there will be such a demand
	National fund transfer mechanisms is recognized as good practice for other donors
	Standard agreement on InterLGU procurement is elaborated and recognized by APP
	A series of dldp supported national initiatives, round tables and workshops contribute to policy dialogue in dldp core working areas (concerned here only SDPeMTBP), including a final conference on lessons learnt of dldp phase 2
	The regional “women in politics” network and leadership are promoted at regional and national level, possibly in close cooperation with OSCE
	Local Government Associations are closely involved in dldp programme activities and development of products
	Demand-oriented support to the further development and positioning of local government associations is provided based on approved work plans
dldp products and know how get recognition and initiate replication, by close coordination and cooperation with other programmes, donors and the relevant ministries and state agencies	

### 2.2.3 List of Indicators, methodology of evaluation and its significance

In order to provide a thematic evaluation of progress dldp phase II implementation regarding SDPeMTBP area of support several indicators were used. A full list of them and the methodology of scoring is given in the Annexe 1. The aim was to establish a baseline for comparison, take a snapshot of current situation and assess the impact of programme in order to inform and complete Logical Framework for monitoring purposes at the end of programme.

Outcome	Significance	Indicators	
<b>Outcome 1:</b>  <b>Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local public services</b>	Policy-based budgets	OCI-1 Number of strategic projects in annual budget (strategic development plan)-Vertically integrated	
	Predictable budgets	OCI-2 Relative share of annual budget for strategic projects	
		OCI-3 Overall deviation of annual budget from planned figures in previous year MTBP re. expenditure	
		OCI-4 Overall deviation of annual budget from planned figures in previous year MTBP re. revenue	
	Transparent and participative policy planning and budgeting	OCI-5 Program-wise deviation of annual budget from planned figures in previous year MTBP re.expenditure.	
		OCI-6 Availability of budget information	
		OCI-7 Participative strategic development planning	
		OCI-8 Participative MTBP elaboration	
	Vertically integrated SDPs	OCI-9 Communication of budget information	
		OCI-10 SDPs reflect opportunities and limitations of the regional development plan and of national sector strategies for the LGU	
		LGU's Enhanced SDPeMTBP capacities	OCI-11 Number of LGU officers or Council members trained in SDPeMTBP workshops
			OCI-12 Number of LGUs trained in SDPeMTBP workshops
		OCI-13 Number of LGUs coached in SDP elaboration and involved percentage of LGU officers	
		OCI-14 Number of LGUs coached in MTBP elaboration and involved percentage of LGU officers	
		OCI-15 Number of LGUs coached in the application of FPT and involved percentage of LGU officers	
	Enhanced presence of SDPeMTBPs in LGUs	OCI-16 New SDP developed	
		OCI-17 SDPs updated	
		OP-18 MTBP elaborated in LGUs of the Qark of Shkodra and Lezhe respecting the broad recommendations of dldp	
		OCI-19 FPT finalized version	
		OCI-20 Medium-term financial plans elaborated by making use of the FPT	

As this area of support, especially under the heading of Outcome 1, is closely linked to PFM practices, in discussion with international expert implementing the project and project management unit (PMU) it was agreed that the best indicators for assessment would be list of PEFA indicators adapted to local government practice and dldp activities, as follows:

- The annual budget is more strategically oriented, corresponding to PEFA policy based budgets Indicators;
- Resource allocation is more predictable, corresponding to PEFA predictability of budgets indicators;
- Resources are allocated in a more transparent and participative manner, corresponding to PEFA transparent and participative policy planning and budgeting indicators.
- In addition other indicators were used especially for assessing the degree of vertical integration of SDPs from LGUs within strategic plans of developments at the regional and national level

The evaluation used a combined approach of desk study of materials and survey via questionnaire distributed to LGUs, object of the support in the region of Shkodra and Lezha. A copy of questionnaire is to be found in the Annex 2. In addition the expert and responsible PO from Dldp participated in a roundtable to discuss with LGU's representatives the object and the goal of evaluation.

The following sections gives a detailed account of assessment for each indicators at the level of LGUs subject of support from dldp based on the information available up-to-date.



### 3 DETAILED ASSESSMENT AND KEY FINDINGS

#### 3.1 Outcome 1: Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local public services

##### 3.1.1 Policy-based budgets

The indicators falling under this heading are meant to focus on the long term view adopted during the budget process in LGUs. The tendency one will expect to see in time is the growth of importance of long term planned expenditures that is a growing number and budget for long term projects along the path of financial consolidation. The view that the below indicators show is more nuanced. It can be seen that whereas the number of long term strategic project has been growing in the sample of LGUs object of this evaluation, the respective share of budget dedicated to the same has been progressing at lower pace. Two main reasons are held responsible for this picture:

- The most part of unconditional transfers, covering mostly the long term projects, for LGUs after 2009 have been centralised in the basket of Funds of Regional Development, hence LGUs are not anymore 100% autonomous in the process of decision making about such projects.
- The financial resources of LGUs during 2009-2012 have been subject of high uncertainty as they are dependent mostly on the transfer from central government, which under the pressure of poor revenue performance because of economic crisis, has revised consistently planned expenditures downwards.

Maintaining a long term view in the process of budget process is something of a great value as that is expected to promote the financial stability and the quality of service delivery in the future, hence Dldp programme seems to have played an important role here. Yet, the situation calls for better quality of revenue forecast in MTBP especially for own revenues. Any effort that will increase the size of such revenue should be promoted in future programme activities including provisions for protection of certain size of unconditional or conditional grants that have to do with important functions at local level.

**Table of OCI-1: Assessment of number of strategic projects in annual budget plans**

LGUs	2010	2011	2012	2013	Deviation 2011-2010	Deviation 2012-2010	Deviation 2013-2010	Progress P No change np
Baldreni	0	0	0	5	0	0	5	P
Bushati	2	3	4	5	1	2	3	P
Dajç Bregu i Bunes	1	2	4	2	1	3	1	np
Fushe Arrezi	13	9	10	5	-4	-3	-8	np
Kallmeti	0	12	15	16	12	15	16	P
Lezha	0	0	0	0	0	0	0	np
Puka	0	0	7	11	0	7	11	P
Rubiku	2	2	1	0	0	-1	-2	np
Shkreli	8	5	7	13	-3	-1	5	P
Vau i Dejes	8	4	3	5	-4	-5	-3	np
Velipoja	6	7	3	10	1	-3	4	P
<b>Progress Scale</b>								<b>66%</b>

Source: Answers of questionnaires from LGUs, Please note that in evaluation the LGUs with high number of projects are not considered as it was considered that they were already in a good situation

**Table of OCI-2: Assessment of relative share of annual budget for strategic projects**

LGUs	2010	2011	2012	2013	Deviation 2011-2010	Deviation 2012-2010	Deviation 2013-2010	Progress P No change np
Baldreni	0	0	0	0	0	0	0	np
Bushati	55	51	21	30	-4	-34	-25	np
Dajç Bregu i Bunes	0	15	6	0	15	6	0	np
Fushe Arrezi	21	35	64	78	14	43	57	P
Kallmeti	15	16	14	10	1	-1	-5	np
Lezha	25	27	30	30	2	5	5	P
Puka	11	12	80	78	1	69	67	P
Rubiku	0	0	0	0	0	0	0	np
Shkreli	30	25	30	40	-5	0	10	P
Vau i Dejes	16	11	0.6	0.6	-5	-15.4	-15.4	np
Velipoja	42	55	8	38	13	-34	-4	np
<b>Progress Scale</b>								<b>40%</b>

Source: Answers of questionnaires from LGUs Please note that in evaluation the LGUs with high number of projects are not considered as it was considered that they were already in a good situation

### 3.1.2 Predictability of budgets

The indicators falling under this heading show the quality of budget planning in general. They are adapted from PEFA indicators with the provision of adapting *the actual (expenditures or revenues)* with annual planned expenditures or revenues and *planned (expenditure or revenues)* with medium term planned expenditures or revenues.

Two important remarks that should be noticed here from the start:

- Deviation in expenditures and revenues are exactly the same for these LGUs because of the fact that LGUs are obliged *defacto* to plan expenditures for all planned revenues as they have had no possibility to issue debt in the past: the upper limit of 60% of GDP has been reached almost completely from the debt of Central Government so no room was left for additional debt from LGUs.
- **OCI 5** which has to do with the deviation of programs of expenditures as planned in annual budgets versus MTBP is impossible to measure in the present situation as the classification of expenditure in MTBP vs. annual budget is different and yet not standardized across all LGUs and aligned with the system of programmatic classification used from MoF. As an alternative we sought to use the functional classification but even here the official annual budget plans and MTBPs had incompatible structures so no meaningful measurement can be provided for this indicator up-to-date.

Overall, from the indicators as measured it can be seen that although in average deviations have been increased slightly during 2010-2012, there are some LGUs, which have managed to narrow these deviations during the period. Yet, they still remain very far from good level of PFM. From these LGUs, three out of four have been assisted in the question of PBAs from Dldp which shows clearly the impact of the programme in the improvement and the potential for improvement that can be reached from further roll on of Dldp support in other LGUs. In addition adopting the national standards in programme classifications and presentations will increase the potential for synergy with national similar projects and the potential for replication in other LGUs.

**Table of OCI-3: Assessing the overall deviation of annual budget from planned figures in previous year MTBP regarding expenditure**

LGUs	Expenditure 2011 MTBP	Expenditure 2011 Annual Bd	Expenditure 2013 MTBP	Expenditure 2013 Annual Bd	Deviation 2011	Deviation Percentage	Deviation 2013	Deviation Percentage	Progress P No change np
Baldreni	72535	81335	106898	33935	8800	12%	-72963	68%	np
Bushati	65092	41518	78920	42770	-23574	36%	-36150	46%	np
Fushe Arrezi	33625	51728	178528	148147	18103	54%	-30381	17%	P
Kallmeti	20842	20439	22454	22933	-403	2%	479	2%	p
Puka	47309	45459	212357	212357	-1850	4%	0	0%	P
Rubiku	17154	38649	16688	36226	21495	125%	19538	117%	np
Shkreli	21764	26317	24735	37247	4553	21%	12512	51%	np
Vau i Dejes	96663	57455	61095	60992	-39208	41%	-103	0%	P
Velipoja	89173	76056	104957	152000	-13117	15%	47043	45%	np
Average							34%	38%	
Progress Scale									44%

Source: Answers of questionnaires from LGUs, MTPBs and annual budget plans submitted from LGUs

**Table of OCI-4: Assessing the Overall deviation of annual budget from planned figures in previous year MTBP regarding expenditure**

LGUs	Revenue 2011 MTBP	Revenue 2011 Annual Bd	Revenue 2013 MTBP	Revenue 2013 Annual Bd	Deviation 2011	Deviation Percentage	Deviation 2013	Deviation Percentage	Progress P No change np
Baldreni	72535	81335	106898	33935	8800	12%	-72963	68%	np
Bushati	65092	41518	78920	42770	-23574	36%	-36150	46%	np
Fushe Arrezi	33625	51728	178528	148147	18103	54%	-30381	17%	P
Kallmeti	20842	20439	22454	22933	-403	2%	479	2%	P
Puka	47309	45459	212357	212357	-1850	4%	0	0%	P
Rubiku	17154	38649	16688	36226	21495	125%	19538	117%	np
Shkreli	21764	26317	24735	37247	4553	21%	12512	51%	np
Vau i Dejes	96663	57455	61095	60992	-39208	41%	-103	0%	P
Velipoja	89173	76056	104957	152000	-13117	15%	47043	45%	np
Average							34%	38%	
Progress Scale									44%

Source: Answers of questionnaires from LGUs, MTPBs and annual budget plans submitted from LGUs

### 3.1.3 Transparent and participative policy planning and budgeting

The indicators in this section are meant to capture the factors and the degree of participation of public in budget process, namely the budget preparation, as a measure of transparency and accountability of the local PFM system. It's to be noted that there are no information to enable us to measure such indicators at the beginning of dldp programme in order to give an idea on the progress/regress of the situation therefore this evaluation serves for establishing a base line for the first time.

Yet, while such progress with regard to impact of the programme cannot be made in a meaningful way there are several findings that can be made on the work directions in the future regarding this dimension of local PFM system.

**Table of OCI-6 : Assessing the availability of budget information**

LGUs	2010		2013		Progress P No change np
	Degree of Availability of Budget Documentation	Assessment	Degree of Availability of Budget Documentation	Assessment	
Baldreni	n.a.	n.a.	5 out of 6	B	np
Bushati	n.a.	n.a.	6 out of 6	A	np
Dajç Bregu i Bunes	n.a.	n.a.	4 out of 6	C	np
Fushe Arrezi	n.a.	n.a.	5 out of 6	B	np
Kallmeti	n.a.	n.a.	6 out of 6	A	np
Lezha	n.a.	n.a.	6 out of 6	A	np
Puka	n.a.	n.a.	6 out of 6	A	np
Rubiku	n.a.	n.a.	4 out of 6	C	np
Shkreli	n.a.	n.a.	4 out of 6	C	np
Vau i Dejes	n.a.	n.a.	5 out of 6	B	np
Velipoja	n.a.	n.a.	5 out of 6	B	np
<b>Progress Scale</b>					<b>np</b>

Source: Answers of questionnaires from LGUs

As it can be seen, the situation is good or very good in terms of available information in 70% of LGUs whereas an improvement is needed in the remaining 30%. However, the most important thing, to enable an effective participation, is to provide qualitative information, which from answers to questionnaires distributed seems to be still missing. Information such as the macroeconomic assumption about economic growth in the region, factors affecting revenues and expenditures in the region is still lacking in majority of LGUs' budget information.

**Table of OCI-7: Assessment of stakeholders participating in strategic development planning**

LGUs	2010		2013		Progress P No change np
	Degree of Participation in Strategic Dev Planning	Assessment	Degree of Participation in Strategic Dev Planning	Evaluation	
Baldreni	n.a.	n.a.	72%	A	np
Bushati	n.a.	n.a.	100%	A	np
Dajç Bregu i Bunes	n.a.	n.a.	50%	B	np
Fushe Arrezi	n.a.	n.a.	60%	B	np
Kallmeti	n.a.	n.a.	50%	B	np
Lezha	n.a.	n.a.	60%	B	np
Puka	n.a.	n.a.	50%	B	np
Rubiku	n.a.	n.a.	20%	D	np
Shkreli	n.a.	n.a.	10%	D	np
Vau i Dejes	n.a.	n.a.	10%	D	np
Velipoja	n.a.	n.a.	30%	C	np
<b>Progress Scale</b>					<b>np</b>

Source: Answers of questionnaires from LUGs

The good to very good situation here is present in 65% of LGUs which is comparable to previous indicator. However, in addition to previous remark about the need for further improvement in the remaining LGUs, an important finding here has to do with the low degree of participation of regional authorities, which shows for a low level of coordination between low and middle levels of local government. As the focus here is strategic planning, Dldp need to focus more on the efforts for improving this level of coordination, which are crucial in order to improve the likelihood of preparing feasible strategic projects/ plans of development at the lower levels.

**Table of OCI-8: Assessment of stakeholders participating in MTBP elaboration**

LGUs	2010		2013		Progress P No change np
	Degree of Participation in MTBP Process	Evaluation	Degree of Participation in MTBP Process	Assessment	
Baldreni	n.a.	n.a.	100%	A	np
Bushati	n.a.	n.a.	64%	B	np
Dajç Bregu i Bunes	n.a.	n.a.	50%	C	np
Fushe Arrezi	n.a.	n.a.	73%	B	np
Kallmeti	n.a.	n.a.	73%	B	np
Lezha	n.a.	n.a.	73%	B	np
Puka	n.a.	n.a.	82%	B	np
Rubiku	n.a.	n.a.	82%	B	np
Shkreli	n.a.	n.a.	45%	C	np
Vau i Dejes	n.a.	n.a.	64%	B	np
Velipoja	n.a.	n.a.	27%	D	np
<b>Progress Scale</b>					<b>np</b>

Source: Answers of questionnaires from LGUs

While good participation is present in the majority of LGUs, the weak results can be explained also with the lack of proper management functions in LGUs because of budget constraints in period of economic slowdowns. However, given the scores of indicators in **OCI3** and **OCI4**, dldp needs to pay an increased attention to effective participation of such functions in order to produce realistic MTBP plans. The capacity building activities from dldp in this regard therefore seem to be well justified and so it is the use of FPT and associated activities for enhancing its use in the remaining LGUs and possibly the remaining LGUs of Shkodra and Lezha.

**Table of OCI-9: Assessment of Channels of communication of budget information to public**

LGUs	2010		2013		Progress P No change np
	Communication Channels	Assessment	Degree of Availability of Budget Documentation	Assessment	
Baldreni	n.a.	n.a.	5 channels	B	np
Bushati	n.a.	n.a.	6 channels	A	np
Dajç Bregu i Bunes	n.a.	n.a.	5 channels	B	np
Fushe Arrezi	n.a.	n.a.	5 channels	B	np
Kallmeti	n.a.	n.a.	3 channels	C	np
Lezha	n.a.	n.a.	5 channels	B	np
Puka	n.a.	n.a.	6 channels	A	np
Rubiku	n.a.	n.a.	4 channels	C	np
Shkreli	n.a.	n.a.	1 channel	D	np
Vau i Dejes	n.a.	n.a.	4 channels	C	np
Velipoja	n.a.	n.a.	5 channels	B	np
<b>Progress Scale</b>					<b>np</b>

Source: Answers of questionnaires from LGUs

Overall there is a good situation with regard to availability of budget information from LGUs to public. The weak results are explained also with the lack of penetration of massive electronic form of communication (internet and visible internet) in some of LGUs that were object of the evaluation. In the future it can be expected that such an indicator is improved even more because of extension of internet service offered from central government in the framework of “Digitalisation Age Reform” all over the country. Dldp should use this opportunity as a basis for enhancing the achievements under the scope of this indicator in the near future.

### 3.1.4 Vertically integrated SDPs

The indicator below tries to capture the soundness of SDPs in the process of strategic development. It's expected that through time LGUs exploit all opportunities of their environment to enhance their chances of development in their territory. Parts of these opportunities are also the national and regional strategic plans, which can provide synergic effects for local strategic plans by aligning priorities and objectives.

From the assessment done in the indicator below it can be concluded that, although generally good in the form, SDPs plans need to provide more detailed analysis of regional and national opportunities in line with local strengths and weaknesses. In a LGU the progress is exceptional and it's to be noted that part of the progress is also provided through dldp's support. The document presents not only a sound SWOT analysis but also has gone into the detail of plans and activities and their link with MTBP, which increases the efficiency and linkage of both processes for achievement of planned results. Dldp can capitalize on such work and provide more standardised tools like the MTPB and FPT in order to provide high quality SDPs that take into account regional opportunities and translate them in realistic and achievable programmes of activities through linkage with high quality MTPBs.

**Table of OCI-10: Assessment of how much SDPs reflect opportunities and limitations of the regional development plan and of national sector strategies for the LGU?**

LGUs	Before 2010		2013		Progress P No change np
	Vertically Integrated SDPs	Assessment	Vertically Integrated SDPs	Assessment	
Baldreni	n.a.	n.a.	SDPs and PBAs	B	P
Bushati	n.a.	n.a.	SDPs and PBAs	B	P
Dajç Bregu i Bunes	SDPs and PBAs	B	SDPs and PBAs	B	np
Fushe Arrezi	SDPs and PBAs	C	SDP and PBAs	B	P
Kallmeti	SDPs and PBAs	C	SDP and PBAs	C	np
Lezha	SDPs and PBAs	D	SDP and PBAs	D	np
Puka	SDPs and PBAs	B	SDPs and PBAs	B	np
Rubiku	SDPs and PBAs	D	SDP and PBAs	D	np
Shkreli	n.a.	n.a.	SDPs and PBAs	A	P
Vau i Dejes	SDPs and PBAs	C	only PBAs	C	np
Velipoja	SDPs and PBAs	D	only PBAs	D	np
<b>Progress Scale</b>					<b>44%</b>

Source: Old and new SDPs submitted from LGUs, MTBPs and information from dldp programme officer; Please note that in evaluation the LGUs with already alignment of SDPs and PBAs are not considered as it was considered that they were already in a good situation

### 3.1.5 Improved institutional and knowledge capacity of LGUs

The below indicators try to capture the work done from dldp for improving the institutional capacity building of LGUs regarding SDP and MTBPs processes. They are concerned with both the process of training and coaching that dldp has used during its phase II.

The results are somehow mixed: it can be seen that the results are overall good in the reach of activities and involvement of public administration always respecting the gender criteria. It's obvious that Dldp is very ambitious as a programme as it tries to work in several fronts: SDP, MTBP processes, standard and tools and also capacity building associated. *For a stressed country context, some of the targets are simply beyond the control of programme management hence a level of reaching targets in the interval of 70-90% should be qualified a good rather than satisfactory one.* What's more important here is the effectivity and the impact of the project that is the extent at which the programme has influenced LGUs to achieve good results in the realm of financial planning (short and strategic long term). It's obvious that the programme has brought about substantial progress especially in LGUs that have been coached as it's shown in the below table and previous scores of indicators. It's crucial that dldp extends the coaching scope in the future programming of the support to LGUs in order to provide a support to the sustainability of results and provide as much effort as possible for sharing the results in the national level in order to create mo-

mentum and positive attitude for achieved results. The idea of supporting and lobbying for a PEFA at local level will be of a great value here.

**Table of Assessment of Indicators of Capacity Building from OCI 11-OCI 15**

Capacity Building in SDP/MTBP	2010-2011		2012		Achievement of Targets 2010-2011	Achievement of Targets 2012
	Real Number	Log Frame Target	Real Number	Log Frame Target		
Nr of Training Sessions	6	4	3	2	Met the Target	Met the Target
<b>OCI 11</b> Number of LGU officers or Council members trained in SDP/eMTBP workshops	88 out of which 35% females	50% of LGUs Involved officers and council members that is around 100; Females more than 30%	112 out of which 48% females	50% of LGUs Involved officers and council members that is around 100; Females more than 30%	88% in total number; Met the target in Gender	Targets met in number and in Gender
<b>OCI 12</b> Number of LGUs trained in SDP/eMTBP workshops	43	54	21	22	79%	95%
<b>OCI 13</b> Number of LGUs coached in SDP elaboration and involved percentage of LGU officers	Number of LGUs=6 percentage of involvement more than 50%	Number of LGUs=9 ; 50% percentage of involvement	Number of LGUs=8; 50%percentage of involvement	Number of LGUs=11 and 50% percentage of involvement	66% in number of LGUs; Target of involvement met	63% in number of LGUs; Target of Involvement met
<b>OCI 14</b> Number of LGUs coached in MTBP elaboration and involved per-centage of LGU officers	Number of LGUs=6 percentage of involvement more than 50%	Number of LGUs=9 ; 50% percentage of involvement	Number of LGUs= 7; More than 50% percentage of involvement	Number of LGUs= 11 and 50% percentage of involvement	66% in number of LGUs; Target of involvement met	60% in number of LGUs; Target of involvement met
<b>OCI 15</b> Number of LGUs coached in the application of FPT and involved percentage of LGU officers	None	None	Number of LGUs= 6 and more than 50% Percentage of Involvement	Number of LGUs=5 and 50% Percentage of Involvement	N.a	Both Targets met

Source: Statistics of Workshop submitted from Programme Officer and Log frame of dldp programme

**3.1.6 Enhanced presence of SDPeMTBPs in LGUs**

It can be seen from below indicators that the good progress against programme's Log Frame in 2010-2011 has been further improved during 2012 with the introduction of FTP, which has made possible the linkage between SDP strategic priorities and programmes and activities. In one case the progress has been exceptional (the case of Shkreli) in the term of quality of output produced. Such a thing shows that the programme design of training and coaching for several communes has been effective.

**Table of assessment of SDPs new and updated for OCI 16 and OCI 17**

Enhanced Presence of SDP/MTBP in LGUs	2010-2011		2012		Target Achievement 2010-2011	Target Achievement 2012
	Real Number	Log Frame Target	Real Number	Log Frame Target		
<b>OCI 16</b> New SDP developed	2	3	1	1	66%	100%
<b>OCI 17</b> SDPs updated	4	6	5	5	66%	100%

Source: Old and new SDPs submitted from LGUs, Log frame of dldp programme

Nonetheless, the quality of SDP updated need to be improved in other communes and that needs more time in a very challenging environment like Albania. The quality of SDPs needs improvement especially through the integration of SDP and MTBP via FTP through roll over in other communes. Also further standardisation of tools used for SDP formulation can be envisaged in order to increase the quality and improve the mechanism of monitoring of such strategies. There is a need to pay attention also to the process of revision and update of such strategies in order to have strategies evolving according to changing environment.

**OCI-18: Are MTBP elaborated in LGUs of the Qark of Shkodra and Lezhe respecting the broad recommendations of Dldp?**

Enhanced Presence of SDP/MTBP in LGUs	Before 2010		2012		Progress P No change np
	PBAs submitted before 2010	Assessment	PBAs at the end of 2012	Assessment	
Baldreni	n.a.	n.a.	PBAs	A	P
Bushati	n.a.	n.a.	PBAs	A	P
Dajç Bregu i Bunes	PBAs	C	PBAs	A	P
Fushe Arrezi	PBAs	C	PBAs	A	P
Kallmeti	PBAs	C	PBAs	C	np
Lezha	PBAs	D	PBAs	D	np
Puka	PBAs	C	PBAs	A	np
Rubiku	PBAs	D	PBAs	D	np
Shkreli	PBAs	D	PBAs	A	P
Vau i Dejes	PBAs	C	PBAs	A	P
Velipoja	PBAs	D	PBAs	D	np
<b>Progress Scale</b>					<b>64%</b>

Source: Old and new MTBPs submitted from LGUs, answers from questionnaires

As in the previous indicator it can be seen that the progress has been substantial due to introduction of FTP and coaching of communes. The quality of MTBP in the communes coached has been improved in both quality of information and substance: they are not any more a simple statement of ceilings but there is a progress towards the grouping of expenditures in programmes with clear goals and objectives. Roll over of such work in other communes will be desirable with the following note: there is a need to go towards standardisation of classification and formal presentation of programmes in line with the classification methodology used from MoF in order to facilitate the reporting, monitoring and comparability across regions. This standardisation will improve the possibility of replication in other communes and the likelihood of support from national authorities in this process.

**Table of Assessment of OCI 19 and 20 for the availability and use of Financial Planning Tool (FPT)**

Enhanced Presence of SDP/MTBP in LGUs	2012-2013		Achievement of Targets 2013
	Current State	Log Frame Target	
<b>OCI 19 FPT finalized version</b>	In use	Feb-13	<b>Met</b>
<b>OCI 20 Medium-term financial plans elaborated by making use of the FPT</b>	5 LGUs	5 LGUs	<b>Met</b>
<b>Progress Scale</b>			

Source: Old and new MTBPs submitted from LGUs

The other remaining indicators 19 and 20 explained in this table are self-explanatory and there are no further comment except the fact that the reach of the target has been according to programme indicators and Log frame.

### 3.2 Impact Assessment of the Programme

This evaluation is not an encompassing one but as it was said in the beginning, it is rather a thematic evaluation; therefore its impact assessment is in relation to evaluation done with regard to programme's outcomes here mainly the Outcome 1.

The design of the programme has been very ambitious as the activities have been focused in many realms of strategic management and local PFM system related to it. It's true that the programme started in a period of economic expansion with high growth rates over the country. It's much more easy to develop strategic action and motivate support from local authorities in the period of economic expansion rather than in slowdowns times where there is an urgent need to face the reality of the common daily needs of public administration in local government rather than think of long term strategic needs. This has been a challenge that the programme had to face; from a perspective of Programme/Project Cycle Management, it seems that programme management has been aware of it through assumptions and mitigating measures in the Log frame. The outputs and outcomes have been tuned to changing environment through midterm reviews in a very subtle and realistic way.

So far being said, the programme has had a good impact in the majority of indicators used through the evaluation. There is a progress in indicators associated with policy based budgeting and predictability of budget. At the time it's very hard to quantify the exact impact of the programme per se simply because no baseline value has been established before. Nonetheless it's obvious that there is progress in planning side of annual expenditures and revenues compared to MTPBs values. Through use of Financial Planning Tool as systematic approach via repetitive steps, the communes assisted in the framework of the programme have managed to provide revised and close to reality MTBPs and it's expected that the gap with annual planned expenditures/revenues will be narrowed further.

The work done has had a good impact also in the process of transparency of budget preparation as it seems that in quantity the budget information is present to public, which in itself is expected to increase the accountability of public officials and local PFM system as a whole in the future.

There is also a large impact of the programme especially in the quantity and the quality of SDP produced and their alignment with MTBPs especially with the communes coached in the second phase of dldp. In one case the SDP is of exceptional quality and it needs to be promoted as best practice case in regional and national level for enhancing further support for the programme. Working via the strategy of coaching in economic slowdowns time has been a very efficient way of preserving and securing the impact of programme in a sustainable way for the future.

The dimension of capacity building is also the other domain where the programme seems to have had a good impact too and in line with indicators as postulated in Log frame. The gender criteria/targets have been met all the time, which shows the programme awareness to the importance of this criteria and its significance in the Albanian Context.

### 3.3 Overall Indicator Assessment – Summary of Findings

**Finding 1-** Currently, in the context of economic slowdown, there is a challenging environment in Albania concerning the development of qualitative strategic approaches of PFM in local level. It has to do with lower financial resources for local government as result of lower transfers from central government, that is hard budget constraints that oblige local administration to cope with the reality of daily choices rather than focus on the strategic processes and PFM related decision making.

**Finding 2-** In spite of hard times, the local government units in dldp programme area are moving towards standardised processes of strategic planning in the field of PFM, whose results seem to point to qualitative decision making for achievable programmes and activities.

**Finding 3-** Nonetheless the deviations remain still large between MTBPs and annual budgets and, in spite of despite improvements, they are open to risk from uncertain revenue sources as result of unpredictable government transfers.

**Finding 4-** Using standard tools of medium terms budget planning increased the quality of producing qualitative MTBPs, therefore the output of developing FTP has been of great benefit for the outcomes of the programme. Nonetheless, there is a need to improve further such tools through introduction of national standards in programmatic classification of expenditures in order to improve the chances of replication in other areas and generate national support for dldp's outputs.

**Finding 5-** Despite the minor progress in the predictability of budget, there remains much to be done in order to increase the soundness of MTBP especially as monitoring tools for budget planning. As there are new developments concerning public debt, the programme needs to consider the possibility of integrating considerations for debt in FTPs and MTBPs that go beyond simple statement of loan amounts.

**Finding 6-** In spite of more or less available information to public in the process of budget preparation, the quality still needs improvement. The growth assumptions are still too simple and not argued for in MTBPs or in SDPs.

**Finding 7-** The inclusion of regional authorities, as stakeholders, in the process of preparation of MTBPs and SDPs seem to be problematic. Also, the regional and national priorities/opportunities seem to be not entirely integrated in local SDPs through a systematic framework of assessment of such opportunities.

**Finding 8-** The quality and the quantity of SDPs has been improved in time. Dldp programme seem to have played an important role here through the process of capacity building activities and the process of Inter LGUs experts consultations. Nonetheless, SDPs generally lack the expression according to an accepted standard for cost estimations of their activities in line with MTBPs developed, monitoring mechanisms, responsible entities for activity implementation, quantification of risks and actions triggered if these risks are materialised. Assessment of environment (SWOT) or similar is present in a few of developed SDPs.

**Finding 9-** The capacity building activities have been implemented according to programme and generally have performed well in line with Log frame. The criteria of gender have been respected, which shows programme awareness and the significance of these criteria for Albanian context.

**Finding 10-** Despite the improvement in the form and quality of SDPs, there is still no reflection or decision making regarding the definite integration of duration of such strategies developed and revision process.

**Finding 11-** The choice of coaching strategy has been very effective in the improvement of quality of MTBPs and SDPs developed.



**Finding 12-** FPT is a very useful tool, which through very analytical steps of budget preparation in medium term has the potential to add clarity and realism to the process of elaboration of SDPs

### 3.4 Overall Lessons Learned

**Lesson 1-** It's very easy to start strategic processes in the realm of PFM in economic expansion and is very hard to sustain the effort in the period of economic slowdown. Expansion should be followed from focus and alignment in order to increase the efficiency, maintain momentum and increase the leverage at national and regional level.

**Lesson 2-** The process of strategic planning and MTPB are very large and complex processes to deal at once. However as they very closely linked to each other, the cost of effort is well rewarded from the efficiency of results.

**Lesson 3-** It takes time to have the full effects of strategic processes as they should be embedded and integrated as part of culture and structure of public offices. However, the benefits of such processes are ever lasting and can provide a good buffer to external shock in the future.

**Lesson 4-** The standardisation of tools, processes and classification increases the efficiency, accuracy and possibility of replication of results at regional or national level.

**Lesson 6-** The replications of results and the alignment with strategic national and regional opportunities, priorities have the potential to promote and secure the sustainability of results in the future.

**Lesson 7-** It's very important that before decision to pass in a total and advanced phase to proceed via coaching and pilot strategy and make the necessary adjustments in order to realize the full expected impact of activities already implemented.

**Lesson 8-** Careful programme design with proper assumptions and mitigating measures for risk always have the possibility to secure a relatively safe environment for realisation of programme's outputs and outcomes.

## 4 CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

In view of analysis done so far it's concluded that Dldp has been an effective programme and generally successful at least in the areas evaluated here, namely those related to outcome 1. Its designs, schedule and projected activities seem to have served well the needs of beneficiary and as shown from overall impact assessment it has had a good impact in the evaluated indicators for LGUs object of evaluation.

As this programme comes to an end and a decision making needs to be made regarding its next phase in the future, this report concludes that the programme may consider as further directions of actions for the future:

- Down streaming processes of qualitative PFM systems in various PFM fields like procurement, internal and external audit or other fields as defined under PFM standard assessment instruments like PEFA for example
- rollover and the multiplication of the programme's activities in the remaining LGUs of Qark of Shkodra and Lezha or elsewhere in Albania

with the below recommendations:

## 4.2 Recommendations

As it regards the combination of SDP and MTBPs approaches in one, it's recommended that the programme follows the same design. Processes, tools and standards developed will make the cost of efforts lower and the benefit will be higher. However, any new programme design should pay attention to the alignment with national standards in order to promote and secure the sustainability of results in the future.

The programme needs to capitalize in national and regional initiatives, regulations, standards in order to leverage its impact especially in the areas having a direct linkage to PFM (availability of budget information, channels of communication, time schedule of budget approvals, structure of budget reports and formats etc).

It's needed more work to make MTBPs not only devices for serving SDP process but also tools for monitoring and revising SDPs. MTBPs need to be fully fledged programmes with indicators, risks associated, responsibilities and actions triggered if targets are not met.

There is a need to align to national initiatives for increasing the scope of local revenues with other taxes or creating relatively "safe areas" of local revenues in order to guarantee the accuracy of fiscal forecasts for revenues and expenditures and consequently public service delivery.

SDPs need to integrate detailed assessment tools of regional and national opportunities and action plans with programmes activities as close as possible to reality through the device of MTBPs.

Financial Planning Tool need to be rolled over in the remaining part of communes with the additional improvements due to evolution of national environment; as an example to the point the programme may think of the possibility of enlarging or adding a new module dedicated to debt.

Dldp need to capitalize and promote some of the materials developed in this programme as best practice cases and support any national initiative for standard exercises in the field of PFM (like local PEFA), which can increase the national and regional awareness for the programme and the support for its outcomes.

The practice of inter LGUs consultation meetings and discussion should be part of the process and whenever possible including representatives from regional and national governments in order to increase their involvement in SDPs and MTBPs processes and facilitate the multiplier effects.

## **5 ANNEXES**

ANNEX 1: INDICATORS AND METHODOLOGY OF MEASUREMENT

ANNEX 2: QUESTIONNAIRE

ANNEX 3: ECONOMIC SITUATION

**ANNEXE 1: INDICATORS AND METHODOLOGY OF MEASUREMENT**

Outcome	Significance	Indicators	Methodology of measuring	Comparative bases	Source of verification
<b>Outcome 1:</b>  Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local public services	Policy-based budgets	OCI-1 Number of strategic projects in annual budget (strategic development plan)-Vertically integrated	Counting of strategic projects	Years before introduction of MTBP in partner municipalities 2010	Annual budget & SDP
		OCI-2 Relative share of annual budget for strategic projects	Evaluating planned expenditures of partner municipalities budgets past and present	Years before introduction of MTBP in partner municipalities 2010	Annual budget & SDP
	Predictable budgets	OCI-3 Overall deviation of annual budget from planned figures in previous year MTBP re. expenditure	Difference between planned expenditure in accordance with last year's MTB for next year and the annual budget for next year	- Deviation < 5%: A - Deviation < 10%: B - Deviation < 15%: C - Deviation > 15% : D	Annual budget and MTBPs
		OCI-4 Overall deviation of annual budget from planned figures in previous year MTBP re. revenue	Difference between planned revenue in accordance with last year's MTB for next year and the annual budget for next year	- Deviation < 5%: A - Deviation < 10%: B - Deviation < 15%: C - Deviation > 15% : D	Annual budget and MTBPs
		OCI-5 Program-wise deviation of annual budget from planned figures in previous year MTBP re. expenditure.	Variance in expenditure composition	Extent of the variance in expenditure composition during the last three years	Annual budget and MTBPs
	Transparent and participative policy planning and budgeting	OCI-6 Availability of budget information	Counting of relevant elements in budget documentation	Budget documentation should allow for a complete overview of fiscal forecasts, budget proposals and results of past fiscal years: No information missing A 1 Information missing B 2 Information missing C >2 Information missing D	Publicly available budget documents of partner LGUs
		OCI-7 Participative strategic development planning	Active involvement of key stakeholders in SDP elaboration	> 70% of relev. stakeholders: A > 50% of relev. stakeholders: B > 30% of relev. stakeholders: C < 30% of relev. stakeholders: D	SDP planning documents of partner LGUs
		OCI-8 Participative MTBP elaboration	Active involvement of line departments in MTBP elaboration in coached LGUs	100%: A > 60%: B > 35%: C < 35%: D	Documentation of process in coached LGUs
		OCI-9 Communication of budget information	Communication channels	> 5 elements: A > 4 elements: B > 2 elements: C < 2 elements: D (2010 baseline)	Evidence from partner LGU
		Vertically	OCI-10 SDPs reflect opportunities	Check of LGU's SDP	- Systematic process with

<b>Outcome 1:</b>  <b>Municipalities and Communes in Shkodra and Lezhe Qark have improved their governance structures, capacities and selected local public services</b>	integrated SDPs	and limitations of the regional development plan and of national sector strategies for the LGU		measures planned: A - Ad hoc process with measures planned: B - Ad hoc reflections without measures planned: c - No reflection: D  (good practice)	
	LGUs Enhanced SDPeMTBP capacities of	OCI-12 Number of LGU officers or Council members trained in SDPeMTBP workshops	Counting of participants in training workshops, also gender disaggregated.	Log frame survey fully employees of Departments of LGUs Gender	Workshop stat
		OCI-13 Number of LGUs trained in SDPeMTBP workshops	Counting of involved LGUs	Log frame survey fully employees of Departments of LGUs Gender	Workshop stat
		OCI-14 Number of LGUs coached in SDP elaboration and involved percentage of LGU officers	Counting of involved LGUs and census of involved officers	Log frame survey fully employees of Departments of LGUs Gender	List of involved LGUs and officers (gender disaggregated) per LGU in project component
		OCI -15 Number of LGUs coached in MTBP elaboration and involved percentage of LGU officers	Counting of involved LGUs and census of involved officers	pilot approach targets (full number)!!-dissemination approach	List of involved LGUs and officers (gender disaggregated) per LGU in project component
		OCI-16 Number of LGUs coached in the application of FPT and involved percentage of LGU officers	Counting of involved LGUs and census of involved officers	pilot approach targets (full number)!!-dissemination approach	List of involved LGUs and officers (gender disaggregated) per LGU in project component
	Enhanced presence of SDPeMTBPs in LGUs	OCI-17 New SDP developed	Counting	-yes or no how many	Samples (of draft) of new SDP, published in printed form or electronically
		OCI-18 SDPs updated	Counting	- yes or no how many	Samples (of draft) of updated SDP published in printed form or electronically
		OP-19 MTBP elaborated in LGUs of the Qark of Shkodra and Lezhe respecting the broad recommendations of dldp	Check of MTBP. Minimum requirements must be specified,	> 80% fulfilled: A > 60% fulfilled: B > 35% fulfilled: C < 35% fulfilled: D	MTBP documents

<b>Outcome 2:</b> <b>Good practices are shared at national level in co-operation with strengthened associations, thus impacting law and policy-making and their implementation at national level</b>		OCI-20 FPT finalized version	Finalized version released including manual	-Yes/No, Log frame (End of January)	Functionality confirmed by service providers
		OCI-20 Medium-term financial plans elaborated by making use of the FPT	Availability check of medium term financial plans	-Yes and the number	Hard copy or electronic version of financial plans
	Influence at national level and knowledge transfer	OCI-21 Adopted practice recommendations of dldp / inter LGU expert group by national level in guidelines, regulations, by-laws, laws, etc. or in relevant national practices	Counting of relevant elements in national guidelines, regulations, by-laws, laws, etc	> 5 elements: A > 3 elements: B > 1 elements: C < 2 elements: D	Drafts or adopted national guidelines, regulations, by-laws, laws, etc.
		OCI-22 Adopted practices promoted by dldp in partner LGUs by neighbour municipalities of Shkodra and Lezhe Qark.	Identification of relevant practices adopted by neighbour LGUs	> 20 cases: A > 10 cases: B > 3 cases: C < 4 cases: D	Interview with prefecture or relevant documents of cases

## ANNEXE 2: QUESTIONNAIRE

### Policy-based budgets

1. Which is the number of projects foreseen in strategic plan?
2. How many of these strategic projects have been planned in the annual budget during the years?  
2010 2011 2012 2013
3. Which is the number of projects in capital investment plan?
4. How many of these strategic projects have been planned in the annual budget during the years?  
2010 2011 2012 2013

Which is the share of the annual budget for strategic projects?

Capital investment projects expressed in %

2010 2011 2012 2013

### Predictable budgets

1. What was the LGU budget for the following years? (specify from 2010-2013)
2. What is the budget expenditures for strategic projects and capital investments projects? Please specify from 2010 to 2013
3. Which is the difference between planned expenditure in accordance with last year are MTB for next year and the annual budget for next year?

### Transparent and participative policy planning and budgeting

Does your budget documents include information accessible for the public regarding:

1. Macro-economic assumptions, including at least estimates of aggregate growth, inflation and exchange rate. Yes   
No
2. Financial Assets, including details at least for the beginning of the current year. Yes  No
3. Prior year's budget outturn, presented in the same format as the budget proposal  
Yes  No
4. Current year's budget (either the revised budget or the estimated outturn), presented in the same format as the budget proposal. Yes  No
5. Summarized budget data for both revenue and expenditure according to the main heads of the classifications used (ref. PI-5), including data for the current and previous year. Yes  No
6. Explanation of budget implications of new policy initiatives, with estimates of the budgetary impact of all major revenue policy changes and/or some major changes to expenditure programs. Yes  No

Which of these stakeholders have been included in the process elaboration and update of strategic plan?

- Citizens
- Neighboring communities (especially in the cases when SDP can have an impact in the neighboring LGU or in the cases when 2 or more LGU-s want to develop a joint SDP)
- Local council (municipal/communal)
- Head of municipal/communal commission
- Private and public service providers or agencies
- Consultants or consulting agencies
- Economic operators
- Non profit organizations
- Business organizations/groups or representatives
- Public institutions (including sports, health and culture)
- Local and national media
- Elderly people (representation of villages in a commune)
- Representatives from all religious communities in the area
- Universities (if present in the area)
- Political representatives for the area
- Regional Agency of Education
- Regional Agency of Health
- Regional Directory of Agriculture
- Regional Directory of Employment
- Regional Directory of Tariffs and Taxes
- Regional Council Representatives
- Representatives of women associations or organizations (if absent the establishment of such organizations may also be encouraged.)
- Representatives of minority groups (if existent)
- Representatives of youth organizations
- Other (e.g. emigrants association, farmers association etc.), if relevant to the planning and implementation

Please tick the box

Which of the line departments have been involved in MTBP elaboration?

- Finance
- Taxes
- Public services
- Economic development
- Social services



<ul style="list-style-type: none"><li><input type="checkbox"/> Education, culture, sport and health</li><li><input type="checkbox"/> Agriculture</li><li><input type="checkbox"/> Forestry management</li><li><input type="checkbox"/> Municipal Police</li><li><input type="checkbox"/> -</li><li><input type="checkbox"/> -</li><li><input type="checkbox"/> -</li></ul> <p>Please tick the box</p>
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Vertically integrated SDPs

<p>Which strategic document has been consulted during the process of strategic plan elaboration?</p> <ul style="list-style-type: none"><li><input type="checkbox"/> NSDI</li><li><input type="checkbox"/> Sectorial strategies (specify which one)</li><li><input type="checkbox"/> Cross cutting strategies</li><li><input type="checkbox"/> Regional strategies, plans and documents (specify which one)</li></ul> <p>Is your strategy harmonised at the level of:</p> <ul style="list-style-type: none"><li><input type="checkbox"/> Objective</li><li><input type="checkbox"/> Projects</li><li><input type="checkbox"/> Indicators</li><li><input type="checkbox"/> Other (please specify)</li></ul>
---

Influence at national level and knowledge transfer

<p>Have you used the experience gained through DLDP to collaborate with other actors? (if yes please specify)</p>
<p>Have you used the experienced gained through DLDP to collaborate with other LGUs? (please specify)</p>

## ANNEXE 3: ECONOMIC SITUATION

Albania: Basic Indicators and Macroeconomic Framework, 2009-17

	2009	2010	2011Est.	2012	2013	2014	2015	2016	2017
<b>GDP</b> (Growth rate in percent)									
Real GDP 1/	3.3	3.5	3.0	0.5	1.3	2.5	2.5	2.5	2.5
Consumer Price Index (avg.)	2.2	3.6	3.4	2.2	3.2	3.0	3.0	3.0	3.0
Consumer Price Index (eop)	3.7	3.4	1.7	3.4	3.0	3.0	3.0	3.0	3.0
GDP deflator	2.3	3.8	3.5	2.4	3.1	2.8	2.8	2.8	2.9
<b>Saving-investment balance</b> (Percent of GDP)									
Foreign savings	14.0	11.4	11.9	10.1	9.4	8.8	8.3	7.1	5.8
National savings	16.2	15.4	13.7	13.9	13.0	12.7	12.4	12.9	13.4
Public	1.0	1.2	1.6	1.1	0.9	0.7	0.4	0.2	0.1
Private	15.2	14.2	12.1	12.8	12.1	12.1	12.0	12.7	13.3
Investment	30.3	26.8	25.6	24.0	22.3	21.5	20.7	19.9	19.1
Public	10.1	6.7	6.0	4.9	4.0	4.0	4.0	4.0	4.0
Private	20.2	20.1	19.6	19.1	18.3	17.5	16.7	15.9	15.1
<b>Fiscal sector</b>									
Revenues and grants	26.0	25.8	25.1	24.8	24.9	24.8	24.8	24.7	24.6
Tax revenue	23.5	23.3	23.0	22.7	22.7	22.7	22.6	22.5	22.4
Expenditures	33.4	29.6	28.5	27.9	27.1	27.3	27.5	27.6	27.6
Primary	30.2	26.2	25.4	24.7	23.7	23.7	23.7	23.7	23.7
Interest	3.2	3.4	3.1	3.2	3.4	3.5	3.8	3.8	3.9
Overall balance (including grants)	-7.4	-3.7	-3.5	-3.1	-2.2	-2.4	-2.7	-2.9	-3.0
Primary balance (including grants)	-4.3	-0.4	-0.3	0.2	1.1	1.1	1.0	0.9	0.8
Net domestic borrowing	0.9	0.9	2.0	1.8	0.7	1.9	2.5	3.0	3.9
Privatization receipts	2.4	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Foreign financing	3.7	2.1	1.6	1.4	1.5	0.6	0.3	-0.1	-0.9
Public Debt	59.3	57.8	58.6	60.9	60.8	60.5	60.4	60.4	60.5
Domestic	36.1	32.9	33.3	34.1	33.4	33.5	34.3	35.5	37.6
External (including publicly guaranteed)	23.2	24.9	25.3	26.8	27.4	27.0	26.1	24.9	22.8
<b>Monetary indicators</b>									
Broad money growth	6.8	12.5	9.1	6.1	4.4	5.3	5.4	5.4	5.4
Private credit growth	10.3	10.1	10.4	2.1	4.5	5.8	4.7	3.8	0.4
Velocity	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Interest rate (3-mth T-bills, end-period)	6.3	5.3	5.3	...	...	...	...	...	...
<b>External sector</b> (Percent of GDP unless otherwise indicated)									
Trade balance (goods and services)	-24.6	-20.7	-22.4	-18.8	-17.6	-17.3	-16.9	-16.2	-15.2
Current account balance (including official transfers)	-14.0	-11.4	-11.9	-10.1	-9.4	-8.8	-8.3	-7.1	-5.8
Current account balance (excluding official transfers)	-14.7	-11.9	-12.2	-10.8	-10.1	-9.5	-9.0	-7.8	-6.5
Official transfers	0.7	0.5	0.2	0.7	0.7	0.7	0.7	0.7	0.7
Gross international reserves (in millions of Euros)	1,621	1,926	1,879	1,976	2,065	2,101	2,160	2,296	2,495
(In months of imports of goods and services)	4.1	4.4	4.4	4.5	4.5	4.4	4.4	4.5	4.5
(Relative to external debt service)	10.9	5.0	8.8	8.2	6.5	5.3	2.8	5.0	5.5
(In percent of broad money)	26.0	27.0	24.9	24.4	24.6	24.0	23.6	24.0	24.8
Change in real exchange rate (eop, in percent)	-7.8	-2.6	0.7	...	...	...	...	...	...
<b>Memorandum items</b>									
Nominal GDP (in billions of lek)	1,151	1,237	1,319	1,357	1,417	1,493	1,574	1,659	1,749

Source: IMF, "Albania, Country Report No: 13/7" January 2013. Sources of Data are from Albanian authorities; and IMF staff estimates and projections. 1/ GDP data for 2008-09 are from the official national accounts.