THE METHODOLOGY FOR THE PREPARATION OF THE FUNCTIONAL AREA PROGRAMME

A guideline for the preparation process and product content of a functional area development programme in eight pilot areas in five regions of Albania.

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Institute for Contemporary Studies – FA Lezhë

Cooperation and Development Institute – FA Durrës

Albanian National Training and Technical Assistance Resource Center –FA Tropojë

Studio D – FA Shijak

List of illustrative examples:

List of abbreviations

dldp	Decentralization and Local Development Programme
INSTAT	Institute of Statistics
LGU	Local Government Unit
GDP	Gross Domestic Product
FAP	Functional Area Programme
FA	Functional Area

Introduction

The Local Development and Decentralization Programme (dldp), supported by the Swiss Development and Cooperation Agency (SDC), implemented by Helvetas Swiss Intercooperation, has already a long experience in local government issues in Northern Albania, providing important contributions at local, regional and national level. The third stage of the programme is extended to three other Regions (besides Shkodra and Lezha), Dibër, Kukës and Durrës. The project area includes 5 out of 12 Regions, or about 30% of Albania's population, while dldp will work with stakeholders and institutions at central level to ensure the dissemination of tested instruments and manuals.

The development goal of dldp 3 is to ensure that the quality services for citizens (men and women) are improved through strengthened capacities of Local Government Units in Northern Albania.

The Functional Area concept

In September 2013, dldp started a study on functional areas in the five regions where the third stage of dldp would focus. The main objective of dldp through this exercise was to find stable partner LGUs (or LGU groups), which would be in the center of regional development dynamics, as well as LGUs that can serve as efficient service delivery models for other LGUs throughout the country.

The study of functional areas was carried out from September to December 2013, in five regions and a report published in January 2014 presented the methodology and instruments used, main findings and potential outcomes and impacts of this research for the territorial reform. The Albanian government found the functionality concept suitable for drafting the territorial reform and the concept is broadly used as a main principle for the new territorial division of the country.

The term 'functional area' refers to the notion that understanding a space – whatever the level it may be (municipality, region and so on) – should not be defined along administrative or historical lines, but based on how the different interactions happen within that space. This to show, for example, the way how it is used by its residents or in the basis of cooperation that happens between different governmental or economic entities.

Functional Area Programme (FAP)

As the natural next step to complement this functional approach, it was deemed reasonable to prepare a methodology for drafting functional area development programmes (FAP), which is

established on the understanding of the interaction dynamics within a functional area (analysis) and establishes a group of projects that would help this interaction between the residents in the area. The tool to be used also for the identification of good projects that can be funded by dldp as part of the grant fund for supporting the local services improvement but also from other funding instruments/actors, that have an interest to mobilize the development potential form the territorial reform that or can offer assistance for quick interventions in order to consolidate the new LGU.

At the same time, since to a great extent, the boundaries of the new LGUs correspond to the indicative boundaries of FA in the functional area study in five dldp regions, the FA programmes will also serve as a work plan for the Municipalities to strengthen cohesion of the new Unit; knowing the building on priorities that the territory offers, at the same time having an overview of the whole area regarding the potential to extend, optimize and improve the local public services.

FAP aims at an in-depth analysis of the main economic sectors and public services that are provided in the area and the identification of a group of projects that respond to both long term vision of territorial development and quick interventions that serve the consolidation of the new local unit.

FAP, besides being an intermediate step towards a long-term development strategy of the new Municipalities (when the clarified legal framework regarding the local competences, functions and finances will allow such strategy drafting), is also a different methodology of reading the territory not as a sum of territories of former local government units but as a dynamic organism that interacts in many aspects and continuously and, among other things, needs aimed public interventions to facilitate this interaction.

DLDP during October 2014 – April 2015 has drafted eight FAPs in eight areas: Malësi e Madhe, Lezhë, Durrës, Shijak, Kukës, Tropojë, Dibër and Mat. The work implemented by eight organizations that worked intensively in the field during these months, was based on several general guidelines that were enriched step by step by the experience in the field and with the relevant tools.

The objective of dldp through this publication is exactly to share this methodology with the national, regional and local stakeholders as a good experience that can be replicated in the new Municipalities after their constitution after the territorial and administrative reform.

Structure of the guideline

The structure of this guideline is organized in four sections:

- The FAP product divided in different chapters that explain the necessary analysis and FAP project preparation. (part A)
- The FAP projects and recommendation for the organizational structure (part B).
- FAP preparation process and the stakeholders involved. (part C).
- Annexes, mainly methodological tools developed and improved during dldp piloting. (part D).

PART A: FUNCTIONAL AREA ANALYSIS

1. **General Description of the Functional Area**

1.1 Territory of the functional area.
1.2 History, culture, traditions, main attractions
1.3 Demographic trends
1.4 Functional area main features

2. **Economy of the functional area.**

2.1 Economic characteristics of the Functional Area
2.2 Labor market. Employment / Unemployment structure.
2.3 Economic interactions of the Functional Area.
2.4 Deeper analysis of the Functional Area Economy main sectors

3. **Mapping the local services in the functional area**

3.1 Water Supply and Sewage
3.2 Roads and public transport
3.3 Waste Management

PART B: Functional Area Development Program

4. **Key projects**
5. **Recommendations for the organizational setup**

PART C: The Functional Area Program (FAP) preparation process.

6. **Process steps**
7. **Involved actors**

PART D: List of annexes

The chapters that describe the FAP product start with the description of the chapter structure, its objective, the data bases needed alongside the potential resources that can be used to collect the data and the methodological instruments suggested, continuing with the description of the expected product form this chapter. Several examples from the pilot FAPs are used in order to make this methodology more user friendly. The annexes detail the methodological instruments suggested to be used.

PART A: Functional Area Analysis

1. General Description of the Functional Area

The objective of this chapter is to give an overview of the functional area , to create an immediate idea of the territory, people, culture and dynamics on the Functional Area though the description of simple yet basic data and indicators aggregated at the FA level.

The structure of this chapter:

The product of this chapter is divided into the following sub-chapters:

1.1 Territory of the Functional Area (Example FA Tropojë)
1.2 History, culture, tradition, main attractions
1.3 Demographic tendencies
1.4 Main features of the functional area (example from the Kukës FA)

This introductory chapter will be mostly based on desk reviews of previous reports and data. The first preparatory step should be to collect existing information on different topics of the area. These will include regional and local strategies and/or profiles of the areas; the functional area study of dldp and of the government / star project prepared as part of the studies for the Territorial reform; INSTAT and Civil Registry data on population, INSTAT studies on the typology of the current Local Government Units; other as well as any other report deemed necessary in the preparation of this chapter.

The product of this chapter:

1.1 Territory of the functional area

Some of the main data to be included in this section are:

- Geographical location where the area is located, its surface.
- General data on the FA climate

- Access to the FA. How can the area be accessed, main distances and transport conditions from the capital, main ports, airports, major highways.
- Environmental Resources (main mountain ranges, plains, rivers, lakes, forests etc.)
- Composing Administrative Units

- **Possible Illustration:** Map of the FA in Albania; Map of the Region and the FA in it, geographical maps and administrative map (including its composing administrative units).

1.2 History, culture, traditions, main attractions

- A short historical overview of the area (i.e. historical facts of the inhabitation of the area and a short overview of its development)
- Description of cultural ties, traditions, ethnography, religion
- Describe the the main attractions; what is the area known for, etc.

- **Illustration:** Old maps, old pictures, pictures of main attractions (landmarks of the area) or similar.

1.3 Demographic trends

- Data on the population of the FA (its weight in the region; its comparison with national/regional averages/ population density)
- Data on population during the last 10 years as per the INSTAT data and civil registry office, if deemed relevant
- Migration trends to and from the area
- Population in the composing administrative units
- Urban-rural population and its changes
- Key data on the structure of the population and its families; age structure etc.

- **Illustration:** Table, charts with population comparisons.

***Example:* General Description of the Functional Area of Tropojë**

Tropojë Functional Area (TFA) corresponds to the Tropojë district, which is part of Kukës Region, together with Kukës and Has. There are eight Local Government Units (LGU) part of this FA, including Bajram Curri Municipality, and Bujan, Bytyç, Fierza, Lekbibaj, Llugaj, Margegaj and Tropojë communes (see map 1). These LGUs include 54 villages.

Map 1: Tropoja district

Tropojë is situated in northeastern part of Albania, bordering north with Montenegro, south Has District, west with Shkodër Region (Shkodër and Pukë districts) and east with Kosova.

Most of Tropojë falls into the eastern part of Albanian Alps. The border with Montenegro and Kosova is 31 km and 81 km respectively.

Tropojë district has a general area of 1.043 square km. Tropojë has a population of 20.491 inhabitants (according to 2011 census) There is a significant difference between the census data and the number of registered population of 28.216 (2014). 75% of the population lives in rural areas. The average population density is 20 inhabitants / km^2.

The distance between Bajram Curri and the capital Tirana is about 262 km (depending on the chosen road). Tropojë functional area is linked to the national road system through the national roads Bajram Curri – Qafë Morinë, Bajram Curri - Fierzë and Bajram Curri - Krumë.

The name of the area is linked to Tropojë village which, from 1925 to 1952, was the administrative center of this district. Since 1952, the administrative center of the district became Bajram Curri, which was built on the former Kolgecaj village, near Bisheva and Ponar mountains. The city took the name of the National Hero Bajram Curri (1862-1925), a renowned Albanian personality before and after the independence of the country.

Tropoja is a mountainous area. Most of the area is occupied by high mountains. In this area the second highest peak in Albania is situated: mount Jezerca with 2.693 m. The average altitude of the district is among the highest in Albania—1105 meters above sea level.

The climate in Tropojë is mountainous in the Alps and Mediterranean continental in the rest. The average temperature in Tropojë area is 11.5˚C, 0.2˚C in the winter and 21˚C in summer. The average annual precipitation is about 1.735 mm. During winter months it snows, especially in highest areas. There are mountain peaks with perennial snow.

1.4 Functional area main features

- Explain here the main findings of the dldp/government study on the functional area, add the findings of your study.

Short description of the composition of the area, i.e. its center(s); main interactions in the economy, administrative services etc.

- **Illustration:** Interaction maps; commuting, agglomeration etc.

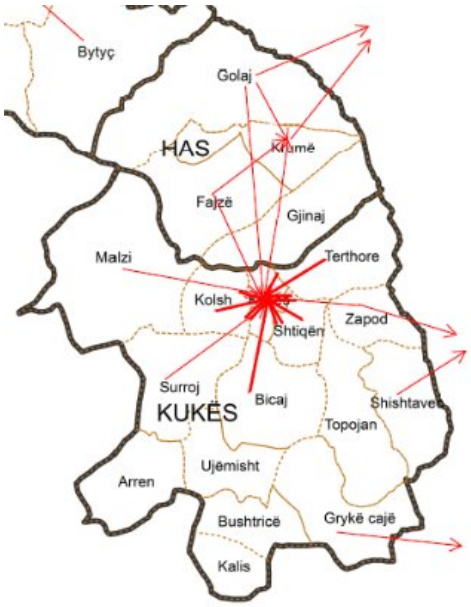
Example: **Main features of Kukës functional area** (text box)

Kukës FA may also be considered as the *main administrative center* of the Region, because it hosts the main deconcentrated institutions as well as the central governmental structures at local level, such as: Sub-prefecture, Court, Prosecution or regional departments of education, health, agriculture, etc. This results in an inter-institutional interaction of the offices at district level represented in Kukës, Bajram Curri and Krumë cities, interaction linked to the responsibilities and functions that each of these offices, both at district and regional level, have under their legal responsibility.

Kukës city, as the administrative center is the gravity center of the whole area. All the necessary social, administrative, economic services are situated there. Kukës FA is part of the *functional area concentrated model*, in which there is only an important center that is the city or the administrative center of the district. As such, it provides services and is the center of interactions for the whole area, increasing the possibility for generating local revenues for the local community.

The center of Kukës as a functional area, is distinguished for *interaction related to employment, consumption and access to services*. Characteristic for this FA is the concentration of the economic interaction from the communes towards Kukës center, a trend also noticed in the other FAs of Kukës Region: Bajram Curri and Krumë.

Map 6: Interactions in employment



Map 7: Interaction of markets

Source: Functional Area Study, dldp

Kukës municipality is the main center of the FA, and the most important under the economic, administrative and social aspects. Other economic centers include Bicaj, Shtiqën, Shishtavec and Shëmri (Malzi). *Despite the existence of these economic centers Kukës is also the place where the main commercial activity takes place.* This is also due to the economic structure of the area, where Kukës City is seen as the only important market place, where the main commercial interactions take place.

In the aspect of trans-boundary interaction, Kukës is also the main center of commercial interaction with Kosova due to its closeness with Kosova market and especially with the two main cities of the Southern Economic Region of Kosova, Prizren and Gjakovë. The direct access to the national road network as the result of the construction of Durrës – Kukës highway, has brought Kukës closer to the other markets within the country, increasing the FA access to both the local and regional markets.

Kukës, as an urban center has a relatively high population density, surrounding LGUs have an average population density, while the rest of the LGUs that are far from the center are less inhabited and with very weak interactions, being distanced from the functional area.

Two important trends are noticed in this district: the general depopulation followed by inter-regional migrations from rural areas to urban centers. In recent years the population of municipalities increased by 3.8 %, while the population of communes was reduced by 2.5%. The communes that have experienced the strongest reduction are: Kalis (42.8%), Kolsh 30.6%, Fierzë (13.5%) and Topojan (12.8%). Kukës municipality is the LGU with the population density above the regional average, with 2569 inhabitants/km^2. The lowest density figures are observed in Arrën (10 inhabitants/km^2) and Grykë-Çaje (20 inhabitants/km^2) communes. Kukës municipality has a relatively young population. The trends of age groups have been more or less stable starting from 2006.

The main factors affecting these demographic developments are related to the economic transition: closure of many state-owned enterprises and the resulting unemployment; extremely poor transport and communication infrastructure; generally difficult terrain; unfavorable climate and agricultural conditions; as well as uncontrolled exploitation of forests.

What is observed in Kukës Functional Area is the fact that near the functional center of Kukës, as an urban center, there is a relatively high population density, surrounding LGUs have an average population density, while the rest of the LGUs that are far from the center are less inhabited and with very weak interactions, being distanced from the functional area.

The factors impacting the present situation are:

1. Economic transition and decrease of job offer;

2. Migration from rural to urban areas within the region as a result of difficult working conditions in agriculture, the low productivity of this sector and limited access to services in rural areas.

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2. Economy of the functional area.

The objective of this chapter is to provide data and analysis on the current status of the economy and its development potentials for the functional area. The idea is to focus on key indicators of the economy; understanding its most important sectors and sub-sectors in the FA; identifying challenges and respective recommendations for improvement. A special emphasis is given to the identification of the dynamics of economic interaction within the FA as a tool to better understand its drivers and potentials in the area.

Data collection: Local Economic Development strategies, profile of the local/regional economies, data collections from the government offices; chambers of commerce; local/regional development agencies. National and regional sectoral strategies should be consulted when developing this analysis.

Other methods to collect information might include business surveys through direct interviews and/or focus groups. The findings and recommendations will be discussed in SWOT analysis and objective setting workshops. Depending on the sector, some of the methods might be used; this analysis cannot be only desk review, data will have to be collected in the field. It is of course desirable to get quantitative data to the largest extent possible[1] and then complete this via qualitative more in-depth interviews, workshops or focus-groups.

2.1 Economic characteristics of the Functional Area

The information here will provide for an understanding of the structure and nature of the economy of the functional area. Main branches of the economy in the FA should be identified in this section. The main branches are dominant sectors, identified as such through a review based on collected data, as well as the sectors with high potential for growth identified by the workshops with local actors and/or objectives of existing local strategies.

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[1] One of the main lessons from this pilot stage for drafting eight FAP in eight FA where dldp has worked, is that it is difficult to find data that are disaggregated at FA level; and when found they are different from different sources. For this reason a mixed approach has been proposed in the methodology to combine quantitative data with qualitative tools to limit the margin of error. Based on the experience of this pilot we consider, as necessary for this type of analysis, that the continuous data verification and cross-tabulation is sufficient to understand the main trends in the economy and main sectors of FA, in order to have confirmed findings and valid relevant recommendations.

Main data[2] to be collected and help with the analysis, include:

- GDP by region in Albania; including data on the dominant sectors.
- Number and size of the firms by sector in the Functional Area.
- Number employees by sector in the Functional Area.
- Identification of the biggest firms by production and employees.
- Identification of important clusters, if relevant.
- Number of new business startups by size and type, sector, activity, export etc.
- Recent foreign and domestic investments (Or planned to happen soon).

Illustration: G.I.S Maps with comparison of LGUs, graphs per sector; tables with data on number and type of businesses etc.

***Example*: Features of the economy of functional area Malësi e Madhe (text box)**

In 2012, from the INSTAT data[3], the **GDP per capita** in Shkodër Region is 70 % of the national level, among the lowest in the country, ranking the region between Korçë, Kukës and Lezhë, while the highest

The structure of the chapter:

The product of the chapter has these main sub-chapters:

2.1 Economic characteristics of the Functional Area
2.2 Labor market. Employment/Unemployment structure and other social indicators

2.3 Economic interactions of the Functional Area (example FA Lezhë)
2.4 Analysis of the key economic sectors in the FA (Example agriculture in FAP Dibër)

levels of this indicator after Tirana reach 113 % (Fier region) and 104.5 % (Durrës Region).

The structure of the Gross Domestic Product of Shkodër Region, based on **Gross Value Added in every sector of economy** of the Region, for 2012 is as follows:

- *service sector* of trade, hotels and restaurants, transport, post and telecommunications and others create 44.1 % of GVA, which is under the sector national average at 51.6%

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2 See Annex 1:" Database for the economic analyses used during the piloting of dldp in eight FA.
3 INSTAT, Regional Accounts in Albania, 2012

- *agriculture and fisheries* create 33.9 % of GVA, under the sector national average of 21.8 %;
- extraction and processing *industry* creates 12.2 % of GVA, under the sector national average of 14.4 %;
- construction creates the remaining 9.8 % of GVA, again under the sector national average of 12.2 %;

As a conclusion for Shkodër Region during 2008-2012, despite the fluctuation in years of the gross value added of these economic sectors, the relationships between them have been stable; primary sectors for this period are services and agriculture and fisheries.

In the functional area Malësi e Madhe presently there are 1095 businesses operating, based on the data of National Registration Center in November 2014. They are mainly small businesses, concentrated mostly in Koplik Municipality, and also in Kastrat and Gruemirë communes. Their distribution by type of activity for each local unit is given in the table below.

Table 1: Active businesses in Malësi e Madhe FA, till 27.11.2014

Bashkia/ Komuna	Bujqësia, gjuetia dhe silvikultura	Peshkim	Industria nxjerrëse	Industria përpunuese	Ndërtim	Hotele, Restorante	Transporti dhe telekomunikacioni	Tregtia, të tjera	Pasuritë e patundshme, të tjera	Shërbime kolektive, shoqërore e personale	Gjithsej
Koplik	9	22	0	24	24	114	67	266	15	19	**572**
Qendër	1	23	0	0	0	1	10	4	0	0	**40**
Kastrat	10	5	0	6	8	24	33	86	2	6	**186**
Gruemirë	4	31	0	11	10	26	31	47	2	1	**169**
Kelmend	1	4	0	2	1	4	17	8	3	1	**43**
Shkrel	11	0	4	1	3	11	31	21	0	0	**85**
ZF Malësi e Madhe	**36**	**85**	**4**	**44**	**46**	**180**	**189**	**432**	**22**	**27**	**1,095**

Source: National Registration Center, Tirana

Biggest part of the businesses in the area is concentrated in the field of services, especially trade, hotels and restaurants, as well as transport and telecommunication. The table below lists the main economic activities of each local unit together with the sector they operate and the number of employed persons. The database is from 2012[4], while it is complemented with 2014 data from the Agriculture District Directorate of Malësi e Madhe.

At Functional Area level, the agricultural, services and trade economic activities are the biggest employers in Malësi e Madhe, together with the construction businesses.

Four businesses of medicinal plant collection - operating in Koplik, Bajzë, Qendër and Gruemirë - are an important part of the overall activity of medicinal plants in the area, one of the most profitable activities in agriculture, which starts with the cultivation by farmers and is addressed especially to the foreign market.

[4] DLDP, 2012: Report for the second delineation of the functional areas

A dynamic view of the economic activity in the functional area is given through new businesses registered in NRC during the period September 2009 - November 2014, together with the sector where they plan to operate. Thus, the highest number of businesses registered in this period is in Koplik, and the lowest number in Kelmend. *Fishing* is among the new activities most chosen by the entrepreneurs, spread almost at the same scale in this period in Koplik, Qendër and Gruemirë, being units with access to Shkodër Lake. The businesses in the sector of transport and telecommunications services have also experienced almost a uniform growth in the functional area, while in hotel and restaurant services a bigger number of new activities are observed in Koplik. *Trade* is the sector that has grown more in the period 2009-2014, significantly concentrated in Koplik, as compared to surrounding communes.

Considering all data, agriculture with its present weight in FA economy and tourism as a still unexploited development potential are the main economy sectors that will be studied.

2.2 Labor market. Employment/Unemployment structure and other social indicators

Labor market information provides the workforce profile, highlighting skills, shortages etc.

Indicators to be collected are shown in here:

- Employment / unemployment age structure, level of education
- Employment by economic sectors, public/private, main employers and their location.
- Educational and vocational training available for the inhabitants of the FA.
- Employment / Underemployment in agriculture (if relevant)

Data on social indicators especially data on poverty as well as gender related issues can be inserted in this chapter as well.

Main types of indicators to be included:

- Poverty of the area, as a headcount, percentage of families receiving economic aid.
- Poverty by administrative units, to map the poverty in the FA
- Gender related indicators, women unemployment

Illustration: Charts, graphs, comparisons in different LGUs, etc.

Data collection: Functional Area studies; INSTAT study on the typology of the current Local Government Units INSTAT Census data business surveys; direct data collection from the tax

directorates and offices; review of existing strategies, or Local Economic Development Strategies; INSTAT and Local Employment data in offices, information from the Regional Directorates on Vocational Education and Training etc.

2.3 Economic interactions of the Functional Area.

Here a summary of the economic features of the FA is given, not only as the sum of the economies of the LGUs inside the area, but rather giving the dynamic picture of the economic centers, dynamics, potentials etc. It draws largely on the earlier studies prepared for the functional area research.

Indicators to be collected and presented here might include:

- Employment patterns identify where people are mostly employed, main employers in the area, commuting pattern.
- Consumption, identify the location of main markets and respective movement trends.

Conclude with an overview of the functional area its linkages, core FA, importance of the sectors, main economic centers, peripheral areas in the FA underdeveloped potential areas, recommendation on the main economy sectors to be further analyzed.

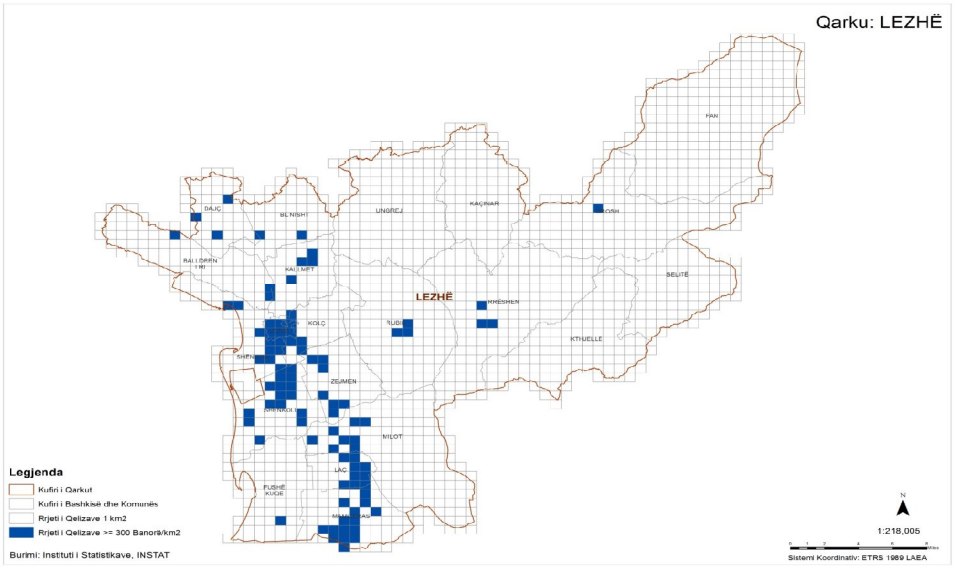
Illustration: Maps showing the interactions within the FA, location of main centers etc.

Example **Economic interactions within the functional area of Lezhë (text box)**

The map of Lezhë Region presented below is a detail of the map of Urban Clusters in Albania, published in the last publication of INSTAT: "A New Urban/Rural Classification of the Albanian Population", May 2014. This typology, also used in EU countries, is a new Urban/Rural territorial classification, which considers as basic classification units 1km^2 cells. Lezhë as a region is generally rural because the rural population is over 50% of the total population (37, 8% urban and 62.2% rural). The less dense units in Lezhë Functional Area are Balldreni Ri, Blinisht, Dajç, Kallmet, Kolsh[5], Ungrej and Zejmen. They are called low density because more than 50% of their population lives in rural grid cells.

[5] In the INSTAT urban/rural typology study Kolsh is confused with Shënkoll

Figure 1 - Population density map in 1 km ^{2} grids and with the boundaries of existing LGUs



Source: INSTAT

The units with average density are Shënkoll, Lezhë and Shëngjin because less than 50% of the population lives in the rural network cells and less than 50% of the population lives in agglomerations with higher density. This classification shows that in 5 from 8 units with low density (Balldren, Blinisht, Dajç, Kolsh, Ungrej), the whole population lives in rural areas. In Zejmen and Kallmet, for example, 98.8% and 95.6 % respectively lives in rural areas. Three most urbanized parts of the functional areas are Lezhë with 99.3 % of the population living in urban areas, Shënkoll (62.8%) and Shëngjin (54.7%)[6].

The map above gives a clear view of the population concentration in the functional areas of Lezhë. These demographic features of the area, combined with the indicators of commuters, show the density of interactions in the area.

Number of commuters from/to the Functional Area:

From the data of Census 2011, INSTAT has processed the data regarding the commuters[7]. The two tables below show the commuting between local units in Lezhë and towards other units in the country, which allow better understanding the dynamics of interaction, directions of commute and main employment centers.

6 The figures are from INSTAT study, "A new Urban/Rural Classification of the Albanian Population" May 2014.

7 Albania Commuting from Home to Work, May 2014

Table 2 - Flow of persons commuting from their home to work in another unit

Functional Area	Municipality/Commune	Daily outflows in units[8] (a)	Daily inflows in units[9] (b)	Net Daily Flow (b) - (a)
Lezhë	BALLDREN I RI	198	31	-167
	BLINISHT	59	13	-46
	DAJÇ	42	39	-3
	KALLMET	122	3	-119
	KOLÇ	278	9	-269
	LEZHË	506	1523	1017
	SHËNGJIN	534	381	-153
	SHËNKOLL	268	188	-80
	UNGREJ	6	11	5
	ZEJMEN	189	77	-112

Source: INSTAT

The tables show that:

- **Lezhë Municipality** is the unit with the highest net inflow of persons commuting for work (1017), especially from Kolsh, Shëngjin, Shënkoll and Zejmen units[10]. In all the other units (except for Ungrej), there are more persons leaving their unit to work somewhere else, inside the functional area or outside it (e.g. in Tiranë, Krujë, etc.)

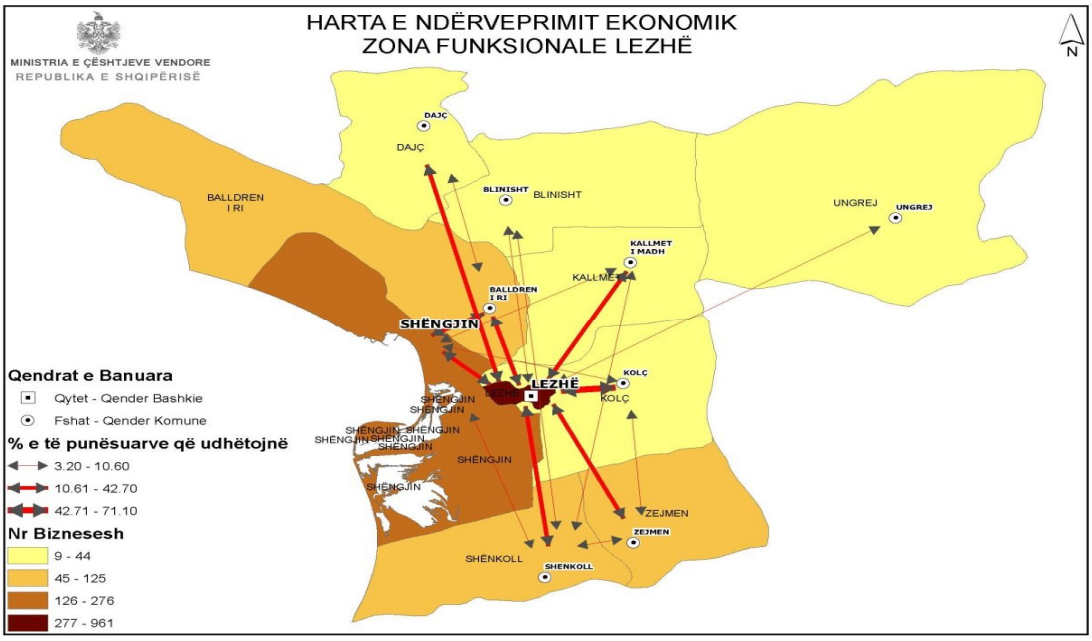
- **The units with the highest number of persons outflowing from the unit** for work to another local unit are: Kolsh (-269), Balldren (-167), Shëngjin (-153), Kallmet (-119), Zejmen (-112)

8 Persons commuting for work from one local unit to another

9 Persons inflowing from other units for work

10 See table 5 below

Figure 2 - Map of economic interaction (distribution of businesses and commuting)



Source: MCV

Geographic distribution of businesses in the area is also closely connected with the access to goods/services and the employment and high concentration of the population in urban centers. According to INSTAT data, the number of active enterprises that operate in Lezhë functional area is 1,696 businesses distributed by LGU as follows. The city is also a center for banking and financial services in the area.

About 80% of the businesses are situated in 3 LGUs: Lezhë, Shëngjin and Shënkoll. The table shows that the private sector is more dynamic and developed in the branches of Trade, Services and Industry.

The highest number of businesses per 1.000 inhabitants is observed in Lezhë (62) and Shëngjin (43), and the lowest in Ungrej (6) and Kolsh (9).

Table 3 - Distribution of active enterprises by LGU

Commune / Municipality	Agriculture and Fisheries	Industry	Construction	Trade	Services	Total	Businesses per 1,000 inhabitants
Balldren i Ri		8		42	27	81	13
Blinisht	4			19	11	37	11
Dajç		6		23	13	44	11
Kallmet		9		18	12	42	10
Kolsh		4		15	15	37	9
Lezhë	6	93	54	394	414	961	62
Shëngjin	35	19	9	97	116	276	34
Shënkoll	6	17	4	47	51	125	10
Ungrej					9	9	6
Zejmen		18	4	32	30	84	15
FA Lezhë	**55**	**177**	**79**	**687**	**698**	**1.696**	**26**

Source: INSTAT (2012), Census 2011

Distribution of businesses in LGUs is closely linked not only to the access of inhabitants of these areas to goods and services but also employment. According to INSTAT data, the interaction of employed who commute is relatively high towards the urban center where the biggest number of businesses is located.

2.3 Analysis of the key economic sectors in the FA

Based on the analysis done so far and consultations, the current 2-3 more important or potential economic sectors are analyzed in more detail.

A description of the analysis to be conducted should at least include:

- Collect detailed data from different resources on the priority sector at national, regional and FA level.
- Identification of the problems and needs in these sectors; identification of the most important (current and potentially) priority sub-sectors.
- Provide an evaluation of the market opportunities for the priority sector.
- Provide analytical recommendations for linkages of the sector with other sectors of the FA economy.
- Conduct a SWOT Analysis of the sector within the FA, including consultations with different relevant stakeholders.
- In consultation with relevant parties, set objectives for the improvement in the sector.
- Prepare recommendations for improvements in the sector, specifying the potential LGUs role.

Example **Part from the Analysis of agriculture sector of Functional Area of Dibër: (text box)**

The agricultural sector is the most important and a traditional sector for Dibër area, which is distinguished for both productivity and quality of its products. The productivity of agriculture products depends on the cultivated surface. Most of the production is consumed by the families themselves and the rest goes to the market. Main characteristic of agriculture in Dibër is that the economies are organized at family level, both the small economies and the economies that are bigger or more structured.

Agricultural production, according to the data from the Agriculture Department but also from the discussions with the LGU, the products cultivated in Dibër are typical traditional products such as:

cereals, vegetables, beans, forage, potatoes and fruits, with the biggest share of apples, plums, cherries, etc. The table below presents the quantity of production for main crops.

Agricultural products' market: biggest part of the agricultural production goes for subsistence needs and the rest to local market in Peshkopi and the national markets, mainly in Tirana. The quantity produced for the market is small. The table below presents the quantity of agricultural production for the market.

Products	Apple	Plum	Cherry	Potatoes	Beans	Cereals	Vegetables	Onion	Alfalfa seeds
Production in tones	1700	1250	640	14000	1330	18800	10300	2000	80
Quantity for the market	1100	900	500	8000	600	5000	6000	1100	40
%	65	65	78	57	45	27	58	55	50

As shown in the table the fruits with the highest market orientation are the most demanded, such as cherry with 78% and apples and plums with 65%. The products less demanded by the market are cereals with 27%. This means that we should think differently for these two types of products, increasing the production of fruits by extending the area cultivating apples, cherries, plums and reducing the areas used for cereals, because they are less demanded by the market. The market of agricultural products in Dibër is not formalized yet at the desired quality, because it lacks product branding, certification, collection points and sale points.

Cost analysis: The products differ a lot in yield, production cost and market price, and very often they remain almost unchanged in the market. The table below presents these data for each product.

Agricultural crops	**Yield/ha**	**Sale value 1kv**	**Gross revenues per 1ha**	**Expenses in lekë**	**Net revenues per 1 ha**
Cereals	40	2500	100.000	60.000	40.000
Forage	50	1500	75.000	35.000	40,000
Fruit trees	400	5000	2,000,000	400.000	1,600.000
Vineyards	250	6000	1,500,000	500.000	1,000,000
Vegetables	400	4000	1,600,000	800.000	800.000
Potatoes	400	3000	1,200,000	600.000	600.000

Table with cost analysis (data from SNV study for the agricultural market)

As shown in the table the highest output is in fruits, vegetables and potatoes that exceed 400kv/ha. Also the highest net profit is in these crops, ranging from 1.6 million Lekë for fruits (apple, cherry and plum) to 600 - 800 thousand for vegetables and potatoes. The cereal and forage crops have less or no profit, and they are cultivated because of the tradition and used for subsistence and food for animals.

Agro-processing has started to intensify in recent years. The investors and farmers from Dibër have invested in small, medium and big lines to process agricultural products, especially for processing milk,

fruits (juices and alcoholic drinks), refrigerating rooms for fruits, and artisan products of jams, pickles, compote and jufka (pasta), which are traditional products of Dibër. As seen in the table below, most investments have gone to build milk processing lines and refrigerating storage for fruits, depending on the production and raw materials.

The *agriculture infrastructure* in Dibër area is under the required standard. Infrastructure is related to irrigation system, agriculture machinery and agriculture supply centers/points.

Irrigation system: The irrigation system lacks for 53% of the agricultural land, leaving only 10.594 ha out of 19.117 ha irrigated, and in reality only 7.542 ha are irrigated because the rest have problems with irrigation channels or water sources.

Agriculture Machinery: Agriculture machinery too leaves a lot to be desired; there is a total of 432 agriculture machinery in Dibër, approximately 0,02 machinery per ha, resulting in 10.473 ha of land to be cultivated manually, 4969 ha cultivated with animals and 12.870 ha cultivated by tractors. This indicator shows the primitivism of agriculture work.

Road infrastructure: The high fragmentation, where for each family we have approximately 1.03 ha land for one family, which is further fragmented into smaller plots, also creates a problem for the road infrastructure. The narrow roads have brought social problems because the lands and plots are distributed according to 1900 period. This road system hinders the mechanization and modernization of agriculture in Dibër.

Agricultural supply points: Points for advising and supplying with seeds, pesticides, saplings and other support materials are small or incomplete, with most of them concentrated in Peshkopi (7 points) and Maqellarë (2 points). These centers are private initiatives, and there are no formalized points with the right technical assistance, laboratories, control and other service, resulting in seeds, saplings or pesticides not being within technical standards and required quality.

Findings:

The greatest challenges facing agriculture in Dibër, according to focus-groups and individual interviews with key stakeholders, are:

- High fragmentation of land that increases the service costs, reduces profit, damages product quality and quantity, hinders the access of producers to the market and investments in this sector.
- The lack of studies and farmer orientation to shift from traditional primitive agriculture to intensive and integrated agriculture.
- The lack of capacities and experts per number of farmers and apathy in learning and adapting new knowledge and techniques in agriculture. This is reflected in the lack of skills to draft plans and application files for attracting investments in the subsidies scheme and other programs with a focus on agriculture.
- The lack of cooperative structures and the ability to collaborate and cooperate between farmers. There is a law on Joint Agriculture Associations, which helps formalizing the cooperation between farmers, but there is no work done and no farmer awareness campaign

regarding the steps, models and benefits of this type of cooperation, the formalization of cooperative structures.
- The lack of a complete market chain that would include the brand, collection points, sale shops, control, promotion so that the agriculture products of Dibra have their brand and market line.
- The high diversification of products, resulting in farmer families and producer groups cultivating many crops with low yield and low profitability.

Recommendations:

- Dibër area should develop the regional map (land management plan) for the agricultural products most appropriate to the climate and land composition.
- The priority crops with the highest profit the focus should be on are: fruit trees (apples, cherry, plums), Animal farming (sheep in alpine pastures and goats in low and high forests), as well as increase the number of poultry farms (family units with 500-2000 birds) and beekeeping.
- The creation of cooperatives or agricultural cooperation enterprises as the best alternative to reduce production costs and increase revenues.
- Increase investments in agro-processing sector (mainly small artisan lines) suitable to the production capacity of the area and with high production quality.
- Increase the number of agriculture experts both in the Agriculture Directorate and local government, increasing the advisory support for farmers.
- Creation of agriculture collection points from storage, market, quality control to agriculture services (machinery, pesticides, advisory, etc.)
- Establish vocational training centers and courses (formal and informal "learn on the job") for new farmers, agricultural management and new technologies.
- Investment projects in agricultural infrastructure for irrigation (channels, reservoirs), roads, etc. Local government should draft priority projects for larger works serving a big group of farmers.
- Establishment of specialized technical centers dealing with quality control (laboratories) and weather forecast.
- Development of value chain for Dibra agricultural products, creating the local brand and the network of shops in the local market, especially in the metropolis.
- Local government should apply for projects and loans that promote development of agricultural product and byproduct chain (e.g. for apples, starting from nursery to processing).

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3. Mapping the local services in the functional area

The objective of this chapter is to provide a map of the situation of the provision of local services in the functional area. It focuses on the key services provided directly or as a shared function by the Local Government. A good analysis here understands the main problems and services and identifies key recommendations for the improvement, extension and optimization of the service offered for a substantial number of the inhabitants of the FA.

All the functions provided by the Local Government can be analyzed here both direct and shared functions. Given that analyzing all of them will be a lengthy, difficult and costly process the proposal is to focus on key services.

Depending on the service to be covered different techniques and sources might be used. However, a general list might include:

- Collection of data from existing studies/strategies/profiles/plans of LGUs in a given functional area.
- Official data collection from the former Local Government Units (administrative units) officials and the public utility companies / deconcentrated agencies at local/regional level.
- Interviews with public officials.
- Workshops on problems identification and potential cooperation.

Product of the chapter:

The key services that were analyzed as key services in eight LGUs in dldp process include in any case the following three services:

1- Water Supply and Sewage
2- Roads and public transport
3- Waste Management

Obviously, other services can be integrated in the analysis, depending on the specific weight that each service has in a Functional Area with its specifics. Below there is an explanation of the type of required analysis for services and the annexes give in more detail the guidelines for conducting analysis for these three main functions. Illustrating examples are given to create a clearer idea about the type of analysis. We think these guidelines may also be adapted for the analysis of other local functions.

For each of the function/service the analysis of FA services includes the following main sections:

- A summary of the main data on the services provided currently by the LGUs in the area.
- A list of the main indicators used and the source of data collected.
- Visualizing the services in different administrative units through G.I.S mapping.
- Describe the management structures and processes in place. Who provides the service? How is it organized?
- Listing of the main issues and/or problems as identified locally and/or by the experts.
- Identify key recommendations for the improvement of the service.

Structure of this chapter:

The product of this chapter is divided into the following sub-chapters:

3.1 Water Supply and Sewage

The analysis[11] is focused on these main issues:

- General data on service coverage
- Description of FA infrastructure
- Service management/financing
- Summary of findings grouped along these main lines:

- Present situation of service coverage in FA.

- Situation of the W&S infrastructure in FA; main/planned investments.

- Management, especially the management of utilities that are S.A.

- **Recommendations for organizing/integrating the service in the new Unit, grouped in these two main lines.**

  - **Recommendation for prioritizing the investments**
  - **Service management and financing in the new Unit**.

Example: **Summary of main findings for WS&S service in Tropojë FA (Text box)**

- Tropojë has sufficient water sources to fulfill the needs of its population for water.. Nevertheless, the potable water supply of residences is not at a satisfactory level.

- The water supply service doesn't cover a considerable part of the population (about 30%). The most problematic are the communes of Lekbibaj and Bytyç, and the distant villages of other Tropojë communes.

- The consumers are not continuously supplied but only periodically, and the duration of the supply hours has decreased.

- The performance in the management of potable water is poor due to the lack of water supply and sewage management plans, low level of collection, high service costs, and lack of investments.

- The level of collections is low (about 35%) and is because the water meters lack or don't function.

- The expenditures are covered in a small percentage by revenues (about 35-40%).

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[11] Annex 5 presents the detailed guideline for the analysis of water and sewage utility.

- Generally the water supply is a gravity flow system. In Fierzë the supply uses pumping which creates cost related problems because of the use of electricity for pumping.
- Sewage service exists only in Bajram Curri Municipality and partially in Margegaj and Fierzë communes.

Recommendations for organizing / integrating the service in the new Unit

- The improvement of water supply management should be a priority of the local government. This should aim at: increasing the supply coverage and extend water supply hours for residents; supplying villages not yet covered, and; developing human resources for the management of water supply (specialists, hydro engineers, etc.)
- Due to the lack of meters, the water supply tariff in Bajram Curri is per capita. On the other hand, even in this form the tariff is only collected 35% and doesn't cover the service costs. It is necessary to install the meters and determine the water supply tariff and a plan for its collection.
- The sewage system should be in the center of attention because it is directly linked to the quality of life of citizens as well as environmental protection.
- It is necessary to Carry out a feasibility study for the potable water supply and sewage systems for the whole territory of Tropojë and develop a water supply and sewage management plan.

Illustration: The FA map with the population coverage with water supply and sewage in different LGUs, tables and charts comparing water tariffs, etc.

3.2 Roads and public transport [12]

The analysis is focused on these main issues:

- **Access to the FA.**
- **Transport within FA**.
- **Organization of public transport** inside and outside FA.
- **Management and financing of roads/transport.**

[12] Annex 6 presents the detailed guideline for the analysis of roads/public transport in FA.

Summary of main findings along these main lines:

- The present situation and the need for investments in transport/roads in the functional area.
- Situation of public transport in FA.
- Management of road maintenance in the Regional Council and Local Units.
- Financing of maintenance and investments in public transport and roads.

Recommendations for organizing/integrating the service in the new Local Unit, along these two main lines

- Recommendation for prioritizing investments
- Management of the road network in the New Unit
- Improvement of public transport service/its optimization in the new local Unit.

Example: **Findings and recommendations for integrating the road and public transport service in FA Malësi e Madhe**

1. The *main inter-urban road* segment Shkodër - Hani i Hotit, of a very good quality, provides the area with a stable and continuous access to the rest of the country as well as the international market through the Hani i Hotit border crossing point.
2. Considering the changeable and very rugged relief of Malësi e Madhe FA, the improvement of the internal road network is a basis for its uniform economic and social development; the latter being especially important for the northern alpine area which, until today, is comparably more remote regarding these interactions. In this framework, in the capital investment plan, FA should plan a gradual growth of *secondary interurban road* network to connect all the commune centers to the FA center.
3. Additionally, the construction of interconnecting roads is of special importance for tourism development which, according to the above economic analysis, is defined as a key sector for the development of the whole FA. An important element for the promotion and development of tourism is exactly the opportunity to visit at the same time several tourist point in Malësi e Madhe, including the lake, mountainous and alpine parts. Such thing requires support from a road network extending to all local units and includes their tourist attractions.
   In this framework, in the capital investment plan, FA should plan a gradual growth of *local road* network to provide access to tourist attractions in remote places of the FA.
4. Extending the *local road network* for creating a functional administrative unit, supports precisely the orientation of competitive advantages of the areas that until now are governed separately, towards a joint development. The integration of the villages through the *local road network* is a necessity for Malësi e Madhe, which has only one urban center, and will be based on the development of agriculture and tourism.
5. With the creation of a single unit, the public transport service will be designed and administered in order to include the interests of many more citizens, improving the interconnection of remote villages with the most urbanized centers.

6. Compared to the amount of maintenance expenditure for 2014, spent by all the local units, their estimated amount for the functional area is much higher.
7. The administrative unit should be able to create its sufficient revenues to cover high operational expenses for road maintenance and provide minimal public transport in main road axes, while other segments will be covered by private public transport. In this aspect, there is a need for careful evaluation of tax base and local tariffs that Malësi e Madhe FA will have, as well as the measures that can increase collection from paying entities.
8. While the capital investments for the improvement of roads and connection of the FA center with peripheral units will remain under the care of state budget, the Fund for the Development of Regions or donations to this sector.
9. Due to the high operation and maintenance costs, the population density and volume of goods, and for as long as there will not be a national plan to revive the railway system in Albania, we will not see the railway segment Shkodër - Hani i Hotit functioning as an efficient interurban communication and transport system separate from the national system, for at least a mid-term period (3-10 years). In these conditions, it looks that this railway system will not serve as a development incentive for FA, on the contrary, substantial subsidies would be required from the state budget to make it functional and useful.

Illustration: The FA map, with the general and main road network, possibly highlighting the main network and showing the public transport lines.

3.3 Waste Management[13]

The analysis should focus on these main issues:

- **Analysis of present situation** of waste management.

This analysis is based on data collection for each administrative unit and on indicators such as:

  - General data on waste generation and collection.
  - Data on service provision infrastructure, areas remaining uncovered, waste treatment.
  - Data on the service management and financing, how the service is organized and provided.

- Assessment of feasibility for the service integration into the new unit, assessment containing these main elements:

13

- Technical assessment with mapping of the main situation and drafting several potential schemes.
- Economic assessment with cost estimates for each scheme and proposal of tariff strategy.
- Organizational aspect with processing the best legal and organizational scenarios for service provision.

Example: Main findings from situation analysis of waste management in Lezhë FA (text box)

Table 4 *Population coverage with waste management services*

Unit	Lezhë	Shëngjin	Shënkoll	Kallmet	Balldren	Kolsh	Zejmen	Blinisht	Dajç	Ungrej
Territorial coverage	80%	85%	70%	70%	70%	50%	70%	Data missing	Data missing	Not provided
Population coverage	85%		70%	30%	39%		70%	Data missing	Data missing	Not provided

The frequency of service provision varies according to units, area inside the unit (center or periphery) and also according to season. E.g. in Lezhë and Shëngjin service can be provided even twice a day during summer when the population of the units increases significantly. The table below presents the situation in each unit.

Table 5 *Frequency of waste management provision in the Area*

Unit	Lezhë	Shëngjin	Shënkoll	Kallmet	Balldre	Kolsh	Zejmen	Blinisht	Dajç	Ungrej
Frequency	Every day In the summer – 2 times daily	City - Daily Villages - 1 times weekly	1-2 times a week	2 times a week	2 times a week	1 time in 2 or 4 months	2-3 times a week	Data missing	Data missing	Not provided Not provided

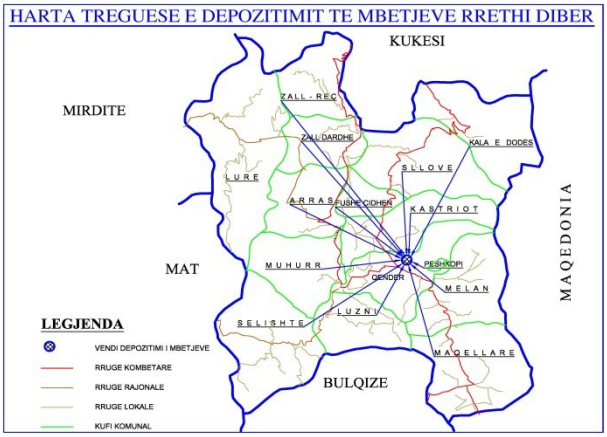
Summary of main issues:

- Limited budget and lack of investments from own sources of LGUs. The average operational budget for waste management is low.
- Insufficient budgets make it impossible to invest in equipment, vehicles, and containers to improve and extend the present waste management services.
- An inadequate tariff system which is not based on clear policies to cover operational costs of each service provided to customers. There is no regulation at local/regional level, which would help the authorities to develop a fair and effective tariff system able to cover service costs. *(e.g. very low tariffs are applied for residents (except for Lezhë Municipality) and higher tariffs are placed on other customers)*

- Extremely low level of collections from residential customers. The negative differences created in the budget are subsidized from other revenues of the unit, to cover the service costs or other customers are charged more. No system has been found yet to increase the collection of dues from residential customers (e.g. through the utility invoices when they will be transferred under the direct administration of local units.
- Lack of transparency, communication and information with the public. Despite the fact that service contracts foresee funds for awareness rising, there is a lack of public information in the area regarding service costs, tariff levels and other environmental issues. Exceptions here are Lezhë Municipality and Blinisht and Dajç Communes, through inter-communal utility Zadrima. Lezhë is also involved in increasing the awareness regarding service tariff collection, as well as the amount of recyclable waste through information and communication, and Inter-Communal Zadrima has a citizen information group and organizes continuous awareness raising activities.
- Lack of local waste management plans (with the exception of Lezhë municipality)

Example: **Recommendations of the waste management analysis in Dibër FA**

- Draft a detailed waste management plan for the functional area, which would define the proper technical standards and identify the real costs of service coverage.
- Increase investments to buy bins and transport vehicles, with acceptable technical standards.
- Increase efforts for raising community awareness, to contribute in cleanliness of the area and separate waste collection.
- Increase the efforts to start waste separation and recycling from the citizens to landfill.
- Build a new landfill, in line with required technical standards for the whole Dibra area.
- Improve waste management in the existing landfill, eliminating waste burning and addressing leachate, as well as fencing the landfill not to allow the animals feeding near the landfill.
- Develop small, medium and big projects for this sector, preceded by a study and situation assessment and mobilization of funds from different donors for their implementation.



<u>*Service improvement scenario:*</u> Build a landfill in Dibër area, at Kabe stream, near Kuben, 6 km from the city of Peshkopi. This landfill will be constructed in line with technical standards, and will serve Peshkopi municipality and 12 other existing Units. Lurë and Selishtë communes are not included, because they are very distant and in a spread area. Stationary points are planned for these communes.

Illustration: FA map with the comparison of different data for each Unit; schemes used, proposed organization, etc.

PART B: Functional Area Development Program

4. Key Development Projects in the Functional Area

5. Recommendations for organizing the new local unit.

4. Key Development Projects in the Functional Area

The functional area development programme becomes real through the identification and preparation of a bundle of priority projects that result as priority projects of the FA. This chapter guides the work for the identification and preparation of project ideas in supporting the FA.

In a first phase, a high number of projects will be identified, mainly deriving from the information gathered during the analysis. In a joint discussion in the FA forum, all the members will be also invited to present project ideas; in a separate workshop all the projects will be discussed.

Through the prioritization criteria, a group of 12-15 projects will be further developed into more complete project documents[14].

In general the projects will be grouped in three main groups:

Economic development projects

The economic development projects will typically include:

- Projects that will have a focus on the priority economy sectors as identified in the FAP.
- Projects that will have an impact on the private sector development, public private partnerships, strengthening of the SMEs
- Improvement of the business climate, assistance to the business start-ups.
- Marketing of the territory etc.

Public service improvement projects

Public service improvement projects will include projects that aim to improve public services under the competency of the LGUs in the wider functional area identifying actions that will deliver better services to the FA citizens, as a norm via strengthened cooperation.

[14] See annex 6 on the format of the project document.

The public service projects will typically include:

- Infrastructure projects such as roads and public transport
- Water Supply and Sewage
- Waste Management
- Social Services project
- Shared functions such as improvement in the education and health care infrastructure etc.

Quick start projects are typically deriving from the recommendations of the governance analysis and can quickly mobilize to improve (especially) administrative services in the new LGU.

In reality it is possible (and even desirable) that a project falls in more than one category i.e. improvement of services serving economic development ideas as well.

For each key project, it's relevance for the development of the FA should be specified, the benefits should be specified, a rough cost estimation should be available, responsibilities clarified, and realistic ways of financing should be identified.

Examples of projects from pilot FAP of dldp

Creation of the "Wine road"

Type of project Economic development/Social Cohesion
Location of the project Manëz and Sukth
Total project value (EUR) 21,000

The goal of the project is to promote home made products by winegrowers and farmers (e.g. wine, cheese, etc.) of the area and promote the domestic tourism in the FA.
Through land tourism, Durrës Municipality can: a) promote and provide domestic products directly impacting the revenues of rural residents; d) increase the choices for tourists by providing alternatives to sea tourism; c) promote the area profile;
d) even become attractive for residents from Tirana or other urban areas.

Processing of animal products

Type of project Economic development/ Location of the project Mat and Klos
Total project value (ALL) 31.8 mil

The goal of the project is the sustainable economic development, using the local comparative and competitive advantages in animal products.

- Investing in animal products processing lines in the territory of Mat and Klos municipalities with a capacity up to 1 ton/day for milk processing units and 800 kg/day for meat processing (2 dairies and 1 sausage making plant built in FA territory).
- Increased volume of sales and revenues for local farmers.
- Developing local registered brands of local products.

Clean Dibra

Type of project Public services
Location of project Dibër FA, all administrative units
Total project value (EUR) 420,000

Objective: Improve the waste management system in Dibër area, allowing the coverage of its whole territory in administration, for 141 villages and Peshkopi city, within 2015-2017.

- Waste Management plan.
- Increased capacities of LGU staff.
- 80% of the families have access to waste management service (collection, transport and landfilling).
- Dibër community is aware on the cleanliness of the territory and relevant obligations.

Establish citizen information office and one-stop-shop offices

Type of project Governance/Quick
Location of project Kukës FA, all administrative units
Total project value (EUR) 73,000

Objective: *Creating necessary infrastructure aiming at facilitating services for citizens to provide them in the shortest time possible and improve product quality.*

R1: Create modern physical premises for service delivery to the public

R2: Improved management of work processes and procedures to provide services to community

R3: Establish an integrated public information and communication system.

- *The one-stop-shop office will serve all the citizen of the Functional Area.*
- *The intervention will benefit Kukës Municipality which, with the new territorial reform, will be the central structure in FA.*

5. Recommendations for organizing the new local unit.

The reorganization of local government after the reform should be a process mainly driven by expected bylaws of the government for the organization of the new LGUs. The New Local Unit will nevertheless be responsible for its internal organization and a good decision on internal organization may be taken after the review of service provision in the existing units.

The objective here is to give some recommendations that can be adopted by the new Local Unit. The analysis and respective recommendations[15] will be focused on the organizational chart of different LGUs and their integration in the new LGUs, and especially recommendations on the best management of services stemming from service review.

Necessary steps for the analysis will include:

- **Analysis of Local Unit organizational chart:** It should review the organization in departments, functions covered and human resources, specialties that presently are in the Local Unit and respective job descriptions if they exist.
- **Public service management in Present Local Units.** As part of the analysis of three public services, we should normally have sufficient data to see the differences in service organization between Local Units.
- **Consulting/discussion process with the administration of the main Local Units:**

After the above two analysis have been conducted (desk work with the information collected so far), it is recommended to organize a workshop with representatives from: The administration of the central Local Unit and the administrations of main present Units and representatives at technical manager level of Private or Public Companies that carry out main public services in the field.

Identification of recommendations on the organizational structure of the new administrative unit

The analysis is based on the organizational chart of the existing local unit in the center of FA, highlighting the proposed changes in the organization of the New Unit. Typically the recommendations include:

- Creating, merging the departments of the New Unit, in order to respond to the functions that will be covered by the New Unit.
- Integrating the main public services in the New Unit.
- Recommendations on human resources/specialties of employees needed to fulfill these functions.

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[15] Annex 5 is a broader guideline for conducting the organizational review.

Example: Recommendations on the organizational structure of Malësi e Madhe local unit (text box)

The structure of Malësi e Madhe Functional Area will be established on recommendations that reflect the principles of functionality of the local unit, and also support the direction of development given in FAP, the objectives of strategic development and relevant strategic projects.

Functionally the new structure should:

1- Preserve the central functions unifying them in central offices in the central unit of the functional area. Staff saved from the economies of scale may be reallocated to other sensitive sectors that demand growth.
2- Improve the capacities of the staff in finance and urban planning sectors, in order to ensure a good start of work in the new functional area.
3- Extend several central services into those parts of the territory where they have not been provided previously.
4- Ensure that the existing local units retain those services that have to be close to the residents and, for different reasons, cannot be provided by the center of the functional area, but keeping a continuous communication and control with the center.
5- Public services should be provided in a uniform way throughout the territory.

Present employees of water utilities in two LGUs should join the Malësi e Madhe Water and Sewage S.A. and these units and their water supply systems should be part of the administration and coverage area of Malësi e Madhe Water and Sewage S.A.

Waste collection and disposal service should be uniformly provided for the whole functional area, in line with the recommendations given in the service section of FAP. In this context, the functional area structure should have central specialists who establish the service standards and monitor its provision by the subcontractor. The staff presently carrying out waste collection and removal may join the companies that will provide this service in the future.

Office of services should determine the standard, frequency and method for maintaining roads, squares and sidewalks. This service should be contracted and the role of the respective service office should be mainly planning and monitoring.

Under the development perspective, the new structure should:

1- Have an office for the development of key economic sectors.

The structure of Malësi e Madhe functional area should have an economic development department whose work will be the orientation and support of the development of strategic sectors important for different areas of the unit (plains, lakes and mountainous).

Within this department there should clearly be:

a) Farmer Information Office, a project persistently requested by the residents in the area
b) Tourism Development Office, as a continuation of the good experience in Kelmend and a support for the creation of the rights products for tourism development and implementation of strategic projects related to this sector.

2- Provide services serving the area, which have not been provided previously, such as monitoring of environment and protected areas.

Environmental specialists will be necessary also regarding the *sustainable* development of the tourism sector, as a strategic sector of the area development.

6. **Process steps**

7. **Involved actors**

The Functional Area Programme here is seen as a development program for a Functional Area delineating potential for the development combining external expertise (dldp service providers) and local knowledge (consultative forum with members proposed from different sectors of the territories). A Functional area forum will be created and consulted with the support of LGUs and other stakeholders that will assist the service provider in data collection, preparation of project ideas and development of projects.

Nevertheless, the process proposed below for the preparation of FAP contains steps that will combine the technical with the political aspects in the first stages of the new Municipalities.

6. Process steps:

Step 1: Discuss and agree on the idea with the Mayor and Administration of the LGU.

Presentation in PowerPoint to launch the idea.

- Organize the meeting with the LGU Mayor, representatives of the Council and administration (also the other key actors may be identified at this stage).
- Discuss the idea, project description and organization.

Main outcome: Involvement of the LGU Mayor. Council staff for the support of FAP drafting process.

Step 2: Functional Area Analysis:

- Experts/staff of the local units collect the necessary data for the preparation of the Functional Area Analysis, including interviews and workshops, as suggested by te methodology.
- Establishment of FA Forum. In this stage, the FAP forum will have a facilitating role, mainly assisting the service providers in data collection but also in discussing the outcomes of the analysis contributing in describing the FA concept.

Main outcome: The FA analyses prepared in compliance with the guidelines provided in this methodology. The findings and the recommendations of the analyses are consulted and agreed upon with the FA forum.

Step 3: Identification and preparation of key projects (2 months)

Projects can be identified from several sources:

- From the recommendations of FA analysis.
- From the FA **forum members** and representatives of local administration. If necessary, the forum can be divided in two or more groups to identify the projects according to expertize. The experts that are engaged have a key role in facilitating project identification.
- From **existing projects** identified in existing development strategies in the LGUs before the reform.

As a process:

- **The initial selection** of projects can be done through some simple criteria agreed within the group. They can include: the coverage of FA population by the proposed project idea, compliance with analysis, maturity of the project, etc.

- **Drafting** of priority projects by the experts

- **Discussing and approving** the FA package in FAP forum.

Main outcome: A group of 10-15 economic development projects; improvement of public services and governance in the form of project ideas.

Step 4: Preparing recommendations on the structure and processes for FAP implementation. (1-2 weeks)

Main outcome: Proposed organizational scheme of LGU that allows quick following of the priorities identified in FAP.

Step 5: Promoting and informing main stakeholders about FAP.

Main outcome: An intensive communication campaign inside FA to inform and engage main local actors to promote FAP in the area. Leaflets, banners and public exhibitions, local TV news, chronicles and debates, social media are tools that can be used in this direction.

Step 6: Drafting final document and approval of FAP.

Main Outcome: Finalized document approved by the Municipal Council.

7. Involved actors:

The objective of this chapter is to describe the main actors participating in the preparation of a FAP and what is expected from each of them.

The process of drafting and approving the FAP includes several groups of actors in different levels.

- **New Local Government Unit.** Mayor. The Council and Administration of the new Local Government Unit are key actors and owners of the FAP document. They play a key role in data collection, analysis, preparation of projects and approval of final document.

- **FAP Forum** is a forum established with the goal to draft the FAP. It is a forum that brings together the main stakeholders of the development of the area and serves as a consultative forum, critical but also cooperative with the municipality and experts to find information and draft projects. A proposed forum membership includes Municipality and Municipal Council, business groups, representatives of de-concentrated agencies, representatives of Region council, Universities and civil society.

- **General public of FA.** Besides the representation in the forum, more focused meetings and presentations of FAP and projects may be conducted with stakeholders and general public. [16]

- **External expert group.** FAP has a very technical character with in-depth economic and service analysis, and for this reason it is recommendable that a group of experts assist the Municipality in its preparation. This group may be a specialized consultant company or experts of different fields that the Municipality may hire in the most needed fields[17].

[16] In the pilot programme, dldp successfully tested both special meetings with stakeholders and public exhibitions and public interactions through voting for best projects.

[17] Annex 8 lists the necessary human resources for drafting a FAP and relevant qualifications from the experience of drafting 8 FAP pilots.

List of annexes:

Annex 1: Database for the economic analysis used during the piloting of dldp in eight FA

Annex 2: Guidelines for preparing and holding a workshop for identifying interactions in FA.

Annex 3: Detailed guidelines for public services - Water supply/Sewage.

Annex 4: Detailed guidelines for public services - Roads/public transport.

Annex 5: Detailed guidelines for public services - Waste management.

Annex 6: Guidelines for preparing projects part of Functional Area Programme.

Annex 7: Analysis and recommendations for organizing new Local Units.

Annex 8: Human resources necessary for drafting a FAP

Annex 1: Database for the economic analyses used during the piloting of dldp in eight FA

Indicators	*Source*	*Comments*
GDP per capita in Albania by regions	INSTAT: Regional accounts	The latest data, issued in 2014 and covering 2012, also include detailed data for each region by sector.
Registered businesses by Local Units/new/closed in recent years.	NCR - National Registration Center	The data are updated.
Businesses registered by Local Units divided by branches of economy	NCR - National Registration Center	The data are updated.
Active enterprises by sector	INSTAT, Register of enterprises	Data at Regional level
Number of economic units with joint ownership (foreign investments)	INSTAT, Register of enterprises	Data at Regional level
Number of enterprises by number of employees (Categories by no. of employees)	INSTAT, Register of enterprises	INSTAT, Register of enterprises
Enterprises with the biggest number of employees by sector	Tax office, National Employment Service	
Daily commute towards work centers from one LGU to another	INSTAT	Processing of INSTAT census data
Population concentration in FA (indicator: 1 km^2 with a density higher than 300 inhabitants/km^2).	INSTAT	INSTAT, "A new Urban/Rural Classification of the Albanian Population" May 2014.
Employment by sector	INSTAT, Employment office, Regions, Local Units	The data should be cross tabulated to achieve a reliable outcome.
Unemployment rate	INSTAT, Employment office, Regions, Local Units	The data should be cross-tabulated to achieve a reliable outcome.
Different data for the analysis of branches/clusters of the economy (e.g. agriculture, tourism, industry, transport, etc.)	INSTAT, Regions, Local Units, Tax offices, data from Ministries or deconcentrated line offices	Regional departments may be the main source of data for the analysis of economy branches.

Annex 2: Guidelines for preparing and holding a workshop for identifying interactions in FA.

Objective of the workshop: The objective of the workshop is to collect information from local stakeholders about the existence and frequency of social and economic interaction in potential functional areas.

Background

After the first step of preparing the initial delineation of functional areas, the experts should prepare a seminar for each proposed functional area. During the seminar we try to collect as much information as possible about the frequency of interaction between LGUs/administrative units.

Agenda:

5-10 min.	Presentation of meeting goal
25-30 min.	Presentation of findings so far and general discussion on area dynamics
25-30 min.	Discussion of economic interactions and employment in the area.
10-15 min.	Discussion about health and education services.
5-10 min.	Discussion on leisure time. Where do people pass their leisure time?
20-30 min.	General discussion about the boundaries of potential functional areas and opportunities/challenges of the area/region.
10-15 min.	Closure; information on next steps - discussions.

The meeting should not last more than 2.5 hours.

Methodology:

The local expert will act as a facilitator of workshop discussion. He/she will work through big local maps as a starting point. Through the generation of discussion, a colleague of the local expert will draw the interaction line directly on the map: different colors will be used for different sectors. (i.e. red – for the employment – green for the economy, etc.). Depending on the logistical arrangements, several large scale maps will be used. The interaction lines must show both the intensity and direction of the interaction.

Workshop participants:

- Representatives from all the LGU-s of the area (if not feasible, at least the biggest LGUs/administrative units).
- Representatives from the de-concentrated institutions: Region/district education directorates; public health care; water supply utilities, irrigation boards; prefecture/sub prefecture; tax departments, employment agencies.
- Local business associations; chambers of commerce; local/regional economic development agencies
- Civil society organizations with activity/branches across the functional area.

No more than 15 participants per workshop.

Logistics:

The local experts will invite the participants about a week ahead of the meeting and confirm their participation. It is important for the participants to know ahead what the workshop is going to be about. No more than 15 people should participate in one workshop, to keep the interaction workable. Time and venue are normally up to the expert, optimized so most of the invited people will attend. **Items Needed** include: printed maps of the functional area / region, camera, attendance list, flipchart paper, training box (fresh markers, tape, scissors, pens, extra paper, paperclips, eraser, CDs or memory sticks, batteries, film, extension cord etc.)

Reporting:

A short two page report with the minutes of the discussion with the attached maps (pictures of the maps) resulting from the discussions will be prepared per each workshop.

Annex 3: Detailed guidelines for public services - Water supply/Sewage.

1. Description of situation

1.1 General data on service coverage This section should list the main data related to the coverage of W&S service in the FA, both in the area within the jurisdiction of the main utility but also the areas outside jurisdiction that are directly managed by the local units. Data related to the percentage of population and settlements connected to a network of water supply and sewage, according to LGUs.

Possible Illustration: FA maps with coverage by LGU, charts or tables with this information.

Data to be collected for this section	Source of information	Methodology
& of population supplied/nor supplied with water by LGU	- INSTAT, W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD - Questionnaire/interview with W&S Utilities/ Questionnaire/interviews with LGUs
Average hours of water supply for residents by LGU	- INSTAT, W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD - Questionnaire/interview with W&S Utilities/ Questionnaire/interviews with LGUs
% of families connected / not connected to the network of sewage by LGU	- INSTAT, W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD

1.2 Description of FA infrastructure

Describe the present situation of water supply infrastructure, where are the main water sources and how are they utilized; Which are the main water supply systems in the area and their coverage. What is the situation of public works, main network and distribution

network? When the main network investments have been made, how depreciated is the infrastructure?

Describe the present situation of sewage infrastructure. Is there any removal of waste waters, are there any environmental problems caused by the lack of waste water treatment? Is there a sewage treatment, how the waste wasters are removed? What is the situation of infrastructure, network, connections, etc.?

List the investments in process/planned that are important for the functional area.

Possible illustrations: Map with the location of sources, territory covered by the main systems, map with the extension of main investments.

Data to be collected for this section	**Source of information**	**Methodology**
Existing situation of water supply and sewage networks in the FA: • Location and quality of water sources; • Length and conditions of main networks and other infrastructure by LGU	W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD - Questionnaire/interview with W&S Utilities/ Questionnaire/interviews with LGUs
Length of secondary networks, family connections	W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD - Questionnaire/interview with W&S Utilities/ Questionnaire/interviews with LGUs

1.3 Service management/financing

How is the service presently managed, how is organized the utility that provides the main service in the area? Who is a shareholder from the Local Units, how is the internal organization? How is the service managed in the units outside the jurisdiction?

Describe main data regarding finances. How much water is produced and sold, which is the price inhabitants pay in the different local units? Are there differences? How much the revenues from water tariff cover the expenses?

Expenditures and revenues for managing the sewage system.

Possible illustration: Price of water in different local units, cover of water supply expenses in different Local Units

Data to be collected for this section	**Source of information**	**Methodology**
Management structure of water utility: - Represented municipalities and communes - Organization, coverage, human resources	W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD - Questionnaire/interview with W&S Utilities/ Questionnaire/interviews with LGUs
Finances: - Water production and sale index - Price/m^3 in enterprises and communes - Main expenditures and percentage of expenditure coverage in water supply - Main expenditures and percentage of expenditure coverage in sewage	W&S utility of the area, Local Units	Existing databases/reports of ERRU, reports to WSGD - Questionnaire/interview with W&S Utilities/ Questionnaire/interviews with LGUs

2. Summary of main findings

In a summarized way below are the findings along the main lines:

- Present situation of service coverage in FA.
- Situation of the W&S infrastructure in FA; main/planned investments.
- Management, especially the management of utilities that are S.A. and

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3. **Recommendations for organizing/integrating the service in the new Unit.**

In this section the main recommendations for this service will be placed, discussing main possible scenarios for the new Local Unit.

- Recommendation for prioritizing investments based on the data such as:
    - Significant environmental problems, service coverage, service hours, density of served population, state of network, etc.
- Service management and financing in the new Unit
    - Scenarios of service development in the new Unit, recommendations to improve the management structure, inclusion within the utility of areas not covered by the service, addressing price differences, improving management and financial data of utilities.

Annex 4: Detailed guidelines for public services - Transport/roads:

1. Description of situation

1.1 Access to the FA. Identify main access roads to functional area (airports/ports/railways/national roads/transboundary roads if relevant, etc.). Investments in process or expected that can change the present situation.

Possible illustration: Map of FA location in the country, connection to infrastructure corridors

Data to be collected for this section	Source of information	Methodology
- Distance of the FA center from main national infrastructure - Main investments in process or planned	- Ministry of Transport/ARA/Port Directorates/Railways/Border crossing (if relevant)	- Review of national transport strategies, interview with the respective National Directorate

1.2 Transport within FA.

- Describe the urban and rural primary and secondary road network.
- How this network responds to the interactions identified in previous FA analysis? Thus an overlap between employment, consumption, services maps of FA and the road network.
- How this network responds to the economic development potentials of the area, how it serves the internal social cohesion, meaning the access of peripheral areas to FA center.
- Describe the connection created by the main roads, traffic, population and territory that is connected, importance to the economic development, state of roads, etc.
- Main investments (carried out recently or planned) that can change the situation.
- Identify the main network that will create a good access inside the FA.

Possible illustrations: Map with main primary and local roads, highlighting those with highest traffic; map with main interactions of FA.

Data to be collected for this section	Source of information	Methodology
Network of national, rural, local roads of FA according to these categories: - Number of kilometers and categorization: - Asphalted/gravel - Technical state from very bad to very good	- Regional Directorate of ARA - Regional Council / LGUs - Database / state road inventory	- Utilization of existing databases at central level/ADF - **DATA/INTERVIEWS WITH LGUS** • **Questionnaire/workshop on services[18]** - INTERVIEWS WITH THE ROAD ENTERPRISE OF RC/
Urban road network; length/category/technical situation	Local Government Units/Mainly urban LGUs	**Questionnaire / interviews with LGUs***.

1.3 <u>Organization of public transport</u> inside and outside FA.

- Main public transport lines; frequency of lines.
- Distances inside FA (Commune center - FA center, table with communication lines inside FA).
- How many of public transport lines are licensed; how this transport is managed; how the service is monitored by present LGUs.

Possible illustration: Lines licensed by each unit and number of vehicles; matrix with lines and itineraries, etc.

[18] It is important to get the opinion of LGUs, through interviews or workshops to discuss the situation of roads and traffic with key stakeholders, Regional Council, central LGU and the biggest surrounding LGUs, etc. This workshop may be valid for all issues related to transport. The expert can build this workshop discussing the information found so far and with very concrete questions on the road network maps.

Data to be collected for this section	Source of information	Methodology
Main public lines (identifiable, licensed and unlicensed)	• Regional council • LGUs	• Questionnaire/workshop on services • Individual interviews with responsible persons/departments in the Region/LGU.
Service frequency and quality	• Regional council • LGUs	• Questionnaire/workshop on services • Individual interviews with responsible persons/departments in the Region/LGU.

1.4 Management and financing of roads/transport.

- List the roads that are presently owned/maintained by local government units (make a summary / roads themselves may be an annex). Are there differences between present state inventory and the network maintained by each Unit or Regional Council?
- How the maintenance is presently organized by the Regional Council and local units (contractors / machinery and employees from public companies?). Are there sufficient technical/managerial capacities at the present? Are there differences in service and maintenance by different present Local Units?
- How the investments are made? What are the main sources?
- Financing/how much LGUs spend for road maintenance?

Data to be collected for this section	Source of information	Methodology
Road maintenance organization	• Regional council • LGUs	• Questionnaire/workshop on services • Individual interviews with responsible persons/departments in the Region/LGU.
Expenditure for roads during recent years	• Regional council • LGUs • Ministry of Finance	• Questionnaire/workshop on services • **Database from the Ministry of Finance/budgets of LGUs.**[19] • Individual interviews with responsible persons/departments in the Region/LGU.
Number of qualifications for the staff working for road maintenance.	• Regional council • LGUs	• Questionnaire/workshop on services

2. Summary of main findings

In a summarized way below are the findings along the main lines:

- The present situation and the need for investments in transport/roads in the functional area.
- Situation of public transport in FA.
- Management of road maintenance in the Regional Council and Local Units.
- Financing of maintenance and investments in public transport and roads.

3. Recommendations for organizing/integrating the service in the new Unit.

In this section the main recommendations for this service will be placed, following several main lines and discussing main possible scenarios for the new Local Unit.

- Recommendation for prioritizing investments based on the main data such as:

[19] It is very important to obtain figures from the Local Units themselves regarding their maintenance expenditures in recent years.

    - Compliance with the mobility in FA; promoting the economic development based on the analysis of economic development and interactions; strengthening social cohesion, etc.

- Management of road network in the new Unit

    - Estimate kilometers for management/maintenance in the new Unit; estimate of necessary funding for maintenance; identifying the financial gap between present situation and requirements for service. Recommended service organization in the new Unit.

- Improvement of public transport service/its optimization in the new local Unit.

Annex 5: Public services - Waste management

The first step of the analysis will be the document work to review existing information, studies, plans. The information found may serve as a source for the data. The table below summarizes the main data to be collected, internal source of information and methodology to be applied to collect these data.

Data to collect	Source of information	Methodology
GENERAL		
Waste generation in each LGU and in all the functional area. By type of waste if possible (urban, inert, hospital waste)	- Local Government Unit - Assumptions based on national/regional averages	- Questionnaire with LGUs in FA - measured: if possible from amounts disposed by LGU in the landfill, or; - through assumption. In this case the coefficients for the estimate are in the National Strategy or to be provided by dldp
Annual quantities of recycled/composted waste	- Local Government Unit	- Questionnaire with LGUs in FA
Areas with specific activities with potential impact on waste generation.	- Local Government Unit - Assumptions based on national/regional averages	- Questionnaire with LGUs in FA - Coefficients for the estimates to be provided by dldp
INFRASTRUCTURE AND SERVICES		
How the service is provided? Municipal or private? What types of services are presently provided in the sector by the LGUs? E.g. Collection; sweeping; disposal; recycling; composting?	- Local Government Unit	- Questionnaire with LGUs in FA
Number of families, number of businesses to which the service is provided in each LGU; Coverage at family level as % of the total	- Local Government Unit	- Questionnaire with LGUs in FA

Present equipment in LGU: Number, type and state of bins; number, type and state of trucks	- Local Government Unit	- Questionnaire with LGUs in FA
Where do LGUs dispose of their waste, in a sanitary/licensed landfill or illegal dumping sites? Does the LGU provide a site for construction waste? State and characteristics of landfills, risk analysis for each site	- local government units (regional environmental agencies)	- Questionnaire with LGUs in FA - Interview with regional environmental agencies
MANAGEMENT		
How much the municipality/commune spend for waste management - trends during the last 3 years and how much LGU collects from waste tariffs?	- Local Government Unit	- Questionnaire with LGUs in FA - Existing data from dldp for several communes
How much from the tariff is for families/businesses? What is the % of tariff collection?	- Local Government Unit	- Questionnaire with LGUs in FA
Is there any approved waste management plan? Rules and regulation on waste? How does the LGU ensure service monitoring, i.e. supervisor, direct control by LGU, heads of villages, et.?	- Local Government Unit	- Questionnaire with LGUs in FA
Is there any cooperation with other LGUs in this sector?	- Local Government Unit	- Questionnaire with LGUs in FA
Mapping the situation, showing the present landfill sites, transport routes, coverage, cooperation, etc.	Consultant	- GIS maps

Steps to integrate the waste management service in the New Local Unit:

1. **<u>Analysis of present situation</u>** based on the summary of the review of above indicators

2. Assessment of feasibility for the service integration into the new unit, assessment containing these main elements:

- Technical assessment with mapping of main situation and development of several potential schemes, including the extension of existing service and progressive reduction of waste dump sites.

- Economic assessment with cost estimates for each scheme, as regards the investments, operational costs, costs/resident and optimization of services, as well as proposing the tariff strategy.
- Organizational aspect with processing the best legal and organizational scenarios for service provision.

Annex 6: Guidelines for preparing projects part of Functional Area Programme

1. General data

Project Title	*The title of the project must be short, concise and refer to key objectives or activities of the project*
Type of project	*Economic Development/ Public Services/Quick Start project*
Project Location	*The exact location where the project will be implemented, the LGUS of the FA that will benefit*
Total estimated budget	*Insert the amount*

1. Background and problem analysis. A brief analysis of the situation that you want to change explaining the need for the project; is the project aligned with the analysis conducted during the FAP preparation[20]? (max. 10 lines)

Explain clearly the problem that you are targeting through the project. The problem statement provides a description of the specific problem(s) the project is trying to solve, in order to "make a case" for the project.

Explain the need for such an intervention; where is it deriving from; how it relates to the overall description of the FA needs and problems. Relevance of the problem in relation to the problems of the sectors in the FA.

Important: This section needs to consider whether the project respond to the analysis conducted as part of the preparation of FAP. Please make specific reference to this analysis

2. The specific objective/s of the project (max. 4-5 lines)

The specific objective(s) should address the identified core problem in terms of the benefits to be received by the project beneficiaries or target group as a direct result of the project intervention.
Important: Normally the objective of a FAP[21] shows if the project is contributing to the economic development, internal cohesion, and improvement of the public services and/or improvements of the governance of the FA or new LGUs.

[20] FAP - Functional Area Programme.

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3. The expected results and indicators of the project (max. 5-6 lines)

The results must detail possibly in numbers the benefits of the FA communities in terms of portion of the communities benefiting and type/size of benefit. It should also (dependent on the type of project) clarify the economic benefits, the levels of service improvements, and potential improvements in the governance of the FA (i.e. new LGU).

Important:

- *Number of beneficiary population, % of the total population of the FA*
- *Number of LGUs, % of territory of the FA benefiting from the intervention.*

4. Project activities (max. 5-6 lines)

Important: An estimation of the project duration and main possible project activities

5. Project maturity (5-6 lines)

Is there a clear concept /feasibility study /design already prepared? If yes, please make reference to this document.

Is the project a continuation of existing initiatives (i.e earlier interventions would be lost/damaged if the project would not continue?).

In case the project does not build on earlier studies or projects, please describe the preparation activities that need to happen.

Important: Define the stage of the project: project idea, project concept, feasibility study, detailed study design and respective cost estimation.

6. Funding sources and implementation partners (max. 3-4 lines)

Describe here the potential funding sources for this project. Why could the project be interesting for that specific funding scheme?

Who would be best placed actor to implement the project?

Important: Funding sources; Implementing actor(s)

7. Project costs (max. 3-4 lines)

Give a pre-estimation of the budget needed for the project, if possible divided by main activities (including preparatory activities if needed)

Important: An estimation of the total costs of the project.

Annex 7: Analysis and recommendations for organizing new Local Units.

1. Background

After drafting the Functional Area programme, the main challenge is implementing this programme. Essentially, the implementation of the programme will need:

a) Necessary financial resources for programme implementation.
b) Human resources with sufficient qualification for FAP implementation
c) Properly organized governance structures.

Typically, with the territorial and administrative reform where the borders of the functional areas significantly match the borders of the new local Unit, the implementation of the programme is potentially easier than the case of coordinating inter-unit collaboration.

The organization of the structures of new Local Unit, the relationship with the new administrative units (former communes), is expected to be regulated to a great extent by the legal framework expected to be approved soon.

Nevertheless, is seems that the new Units will have the right to regulate their internal organization, depending on the specificities of the Unit and their discretion.

In this context, considering the analysis conducted on public services, the expected growing role of the unit related to the economic development, it is important to give recommendations on the internal organization of the new local unit aiming at the successful implementation of FAP.

2. Necessary steps for the analysis

- **Analysis of organizational chart of existing Local Unit.**

The consultant should analyze the organizational charts of existing LGUs of functional areas. In the case of the FA with many local units, it may be sufficient to analyze part of them if it is reasonably expected that they are to a great extent similar to each other.

It should review the organization in departments, functions covered and human resources, specialties that presently are in the Local Unit and respective job descriptions if they exist.

- **Public service management in Present Local Units.**

As part of the analysis of three public services, we should normally have sufficient data to see the differences in service organization between Local Units.

More specifically, according to services, we are bringing again to attention some of the aspects where the analysis may focus:

- Roads and public transport:
    - Provide road maintenance services through private contractors or public companies
    - How the services are monitored; is there a need for specialties and labor force for the maintenance of rural roads?
    - Provide public transport services through private contractors or public companies

- Water supply and sewage:
    - Integration of areas outside jurisdiction, how the service will be organized in those areas that until now have been covered directly by the communes?
    - Are there differences between water tariffs in the territory of new Unit?

- Waste management:
    - Provide public transport services through private contractors or public companies / how can it be integrated?
    - Monitoring the service throughout the territory; is there a need for additional specialties and human resources?

- **Consulting/discussion process with the administration of the main Local Units:**

After the above two analyses have been conducted (desk work with the information collected so far), it is recommended to organize a workshop with representatives from:

- Administration of central Local Unit and the Administrations of present main LGUs.

- Representatives at technical management level of Private or Public Companies that provide main public services in the field

Together will discuss review findings, clarify unclear issues and discuss potential recommendations for the organization of the administration and services in the new local unit.

1. **Identification of recommendations on the organizational structure of the new administrative unit**

The analysis is based on the organizational chart of the existing local unit in the center of FA, highlighting the proposed changes in the organization of the New Unit.

Typically the recommendations include:

- Creating, merging the departments of the New Unit, in order to respond to the functions that will be covered by the New Unit, especially the needs to respond to FAP implementation (e.g. a more active role in economic development).

- Carry out the integration of main public services in the New Unit as one of the main field of FAP implementation and the impact they have in the organization of the new Local Unit.

- Recommendations on human resources/specialties of employees needed to fulfill these functions.

Annex 8: Human resources necessary for drafting a FAP.

Main experts needed for the task

A) Team leader/Local development expert

Responsibilities in the project: Coordination and management of expert team; establish and maintain contacts with functional area officials, reporting to dldp counterparts.

Required experience: More than 10 years of professional experience in projects/programmes related to local government and local economic development. Demonstrated experience in local development plans and strategies, institutional analysis of local government.

B) Senior professional of economic development (2 persons)

Responsibilities in the project: Collection of data on area economy; conduct analysis for identified priority sectors, holding interviews, workshops with business groups, prepare report on recommended improvements in priority sectors.

Required experience: More than 7 years professional experience in economic development projects. Deep certified knowledge of the economic sector they are proposed to cover. Experience in business survey tools, knowledge of local government functions, experience in training, workshops, etc.

C) Public service experts (1-2 persons)

Responsibilities in the project: Collect data and map public services in the functional area; identify and prioritize interventions; prepare project concepts and assess costs for priority projects.

Required experience: Engineers/urban planner/Economist. At least 7 years of professional experience in the above fields of public services; work experience with Local governments in Albania; experience in planning and/or budgeting public services, etc.

D) Local expert (junior).

Responsibilities in the project: Support the group of experts, data collection, coordination with local stakeholders, logistic and facilitating role in organizing interviews and workshops.

Required experience: Based in the functional area. At least 3 years of experience in the area; knowledge of the territory and local government functions; experience in organizing and facilitating events, data collection, etc.

E) Data analyst and/or GIS expert (junior)

Responsibilities in the project: Prepare tables, charts and GIS maps aiming at presenting an understandable format the data collected and analyzed (Reference about the illustration is given throughout the guideline).

Required experience: At least 3 years of experience in preparing GIS maps; experience in using professional computer programs for data compiling and organization, etc.