

United Nations Development Programme
Country: ALBANIA
Project Document

Project Title	STAR 2 – Consolidation of the Territorial and Administrative Reform
GoA - UN Programme of Cooperation for Sustainable Development (2017 – 2021) Outcome	Outcome 1. State and civil society organizations perform effectively and with accountability for consolidated democracy in line with international norms and standards.
GoA - UN Programme of Cooperation for Sustainable Development (2017 – 2021) Output	Output 3.1: Local Government Units (LGUs) are able to deliver equitable, quality services and strengthen influence of citizens in decision-making.
Implementing Partner:	Minister of State for Local Issues

Brief Description: The Government of Albania implemented a radical reform for reorganization of local governments in the territory consolidating 373 units into 61. The aim of the reform was to transform the quality and character of local governance, enabling local public institutions to operate with greater human and financial resources in a larger territory that allows for efficiency and economies of scale. The undertaking of the territorial reform was intended as a basis for further administrative and fiscal decentralization and the modernization of public administration in general.

The consolidation of the new LGUs resulting from the administrative and territorial reform is an immediate and pressing priority to be addressed for ensuring a well functioning of the local government institution and the continuity of services the citizens expect and deserve. With the project at hand, the focus of the assistance shifts to supporting the newly established LGUs to strengthen their management and administrative capacities for delivering more efficient, inclusive and equitable services of higher quality in an open, transparent and participatory manner so that public expectations for more efficient, effective and responsive local governments are met.

The present STAR2 project is developed in continuity of the results of its predecessor STAR as well as in complementarity with the assistance of various partners for strengthening the institutional and administrative capacities at local level. In full account of these considerations, STAR2 project will have a national coverage and benefit all 61 LGUs, with an assistance designed to unfold along three main components:

- (1) Strengthening institutional and administrative capacities of LGUs;
- (2) Improving service delivery at LGUs level; and
- (3) Increasing good governance through citizen oriented and meaningful participatory decision-making.

Along the provision of assistance, STAR2 project will employ a few key features:

- The project will rely, whenever relevant and within its focus, on good practices / models developed by other initiatives/ development partners and upscale them to all LGUs. This would require an improved and structured coordination among development stakeholders from consultations to decision mechanisms as well as an improved flow of information and knowledge sharing.
- The project will also strive to complement different national or international partners' initiatives through working on adjacent assistance topics that need to be addressed for ensuring a comprehensive body of capacity building or through inclusion of a larger number of beneficiaries benefiting from the available assistance in order to contribute to creating a critical mass of skills within local administrations and all local government units.
- The project will pay particular attention to promote producing and usage of data disaggregated by gender and sub-population groups as well as their systematic dissemination and use of evidence at local and national levels so as to ensure that services are addressing disparities experienced by vulnerable groups.
- The project will be instrumental in promoting new technologies, e-government and e-services, that have the potential of making local governments more efficient, transparent and accessible by the public. This endeavor will be accompanied with the establishment of a comprehensive performance management system regarding particularly the aspect of measuring the quality of municipal service delivery.

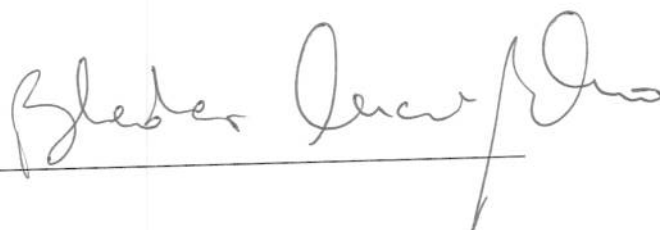
- The project will make efforts to achieve gender equality results and mitigate vulnerabilities through local governance practices of deepened democracy, effectiveness, efficiency and partnerships with civil society in service delivery design as well as in watchdog functions.
- Across its three blocks, the project will promote accountability mechanism to ensure that policies, services, rules and procedures are responsive to rights, entitlements, needs and demands of men and women and that the former are designed, at the extent possible and in accordance with the existing frameworks, in full compliance with a meaningful participation process.

Similar to its predecessor STAR project, the present project constitutes the due process and fund management support to the Minister of State provided by the international community in Albania. The Minister of State for Local Issues is the leading national institution with a direct oversight of policy for local governance reforms and for provision of technical assistance to the new LGUs. The project will provide assistance at two levels: One, at the local level for systematic and inclusive capacity building for all local government administrations, and for organization of public service delivery systems for a more integrated, innovative, transparent, and accountable ways to the benefit of and relevantly responsive to men, women and marginalized; and, Two, operational and organizational support to the Ministry of State to enable leadership and coordination of this assistance.

Operational support is provided by UNDP under UNDP rules and regulations and within the legal framework of the Standard Basic Agreement between the UNDP and the Government of Albania, of 17 June 1991.

Programme Period:	2012-2016 & 2017-2021	Total resources required	\$8,168,668
		Total allocated resources	\$7,521,800
Key result area	Democratic Governance and Rule of Law	Government of Albania	\$244,800
Atlas Award ID:	00097212	European Union	\$3,975,500
Start date:	15 July 2016	Government of Italy	\$1,361,000
End date:	31 Dec 2019	Government of Sweden	\$1,228,000
Pre-PAC meeting date:	09 Mar 2016	Government of Switzerland	\$512,500
Management arrangements	NIM – National Implementation Modality	UNDP	\$100,000
		USAID	\$100,000
		Unfunded amount	\$646,868

Agreed by Government of Albania (Minister of State for Local Issues):



Agreed by UNDP:



ACRONYMS

AAC	Albanian Association of Communes
AAM	Albanian Association of Municipalities
AITR	Agency for the Implementation of the Territorial Reform
ALA	Association of Local Autonomy
ASPA	Albanian School of Public Administration
CB	Capacity Building
CDR	Combined Delivery Report
CoE	Council of Europe
COFOG	Classification of the functions of government
CS	Civil society
CSL	Civil Service Law
CSO	Civil society organization
dldp	Swiss-funded decentralization and local development program
DLG	Decentralization and Local Governance
DOPA	Department of Public Administration
e-PAV	electronic platform of Local Administration - product of the Swiss CoE project
FIL	Freedom on Information Law
GDA	General Directory of Archives
GDT	General Directorate of Taxes
GoA	Government of Albania
HR	Human resources
HRM	Human Resources Management
HRMIS	Human Resources Management Information System
HRMU	Human Resources Management Unit
IPMG	Integrated Policy Management Group
LGAP	Law on General Administrative Procedures
MoF	Ministry of Finance
MSLI	Minister of State for Local Issues
MTBP	Medium Term Budget Programme
NIM	National Implementation Modality
NPD	National Project Director
NSDI	National Strategy for Integration and Development
OSS	One Stop Shop
PAC	Project Appraisal Committee
PAR	Public Administration Reform
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PFP	Project Field Presence
PLGP	USAID's Planning and Local Governance Project in Albania
PM	Project Manager
PMT	Project Management Unit

PPR	Project progress report
PSC	Project Steering Committee
RDF	Regional Development Fund
SBAA	Standard Basic Assistance Agreement
SC	Steering Committee
SDG	Sustainable Development Goal
SOP	Standard Operating Procedures
TA	Technical assistance
TAR	Territorial and Administrative Reform
TNA	Training Needs Assessment

Table of Contents

I.	Situation Analysis	6
I.1.	The current local government context in Albania	6
I.2.	Local government one year after the adoption of the new administrative and territorial division.....	8
I.3.	The new Strategy on Decentralization and Local Governance and the Organic Law ..	11
I.1.	STAR 1 project and its lessons learned.....	12
I.2.	International partners ongoing and planned support to local governance	15
II.	Project Rationale and Strategy	20
II.1.	Project Rationale	20
II.2.	Project Relevance	22
II.3.	Project Development Objectives.....	24
II.4.	Project Strategy and Approach.....	24
II.4.1.	Project Strategy	24
II.4.2.	Project Approach	28
II.4.3.	Project management structure.....	31
II.4.4.	Stakeholder Participation Matrix.....	34
II.4.5.	Communication and Visibility	37
II.5.	Project outputs and activities	38
II.6.	Sustainability of results.....	51
III.	Work Plan and Budget	53
III.1.	Indicative implementation time-frame	53
III.2.	Resources	56
III.3.	BUDGET	57
IV.	Results Framework.....	61
V.	Institutional and Financial Management Arrangements	68
V.1.	Institutional Management Arrangements	68
V.2.	Financial Management Arrangements	70
V.2.1.	Pooled Budget Management.....	70
V.2.2.	Financial Reporting and Budget Controls.....	71
VI.	Monitoring Framework and Evaluation	73
VII.	Legal Context.....	74
VIII.	Annexes.....	75
VIII.1.	Annex 1 - Risk Log	76
VIII.2.	Annex 2 - Basis of estimation for scaling up the OSS	84
VIII.3.	Annex 3 - Estimation of filing needs for the local archives.....	85

I. SITUATION ANALYSIS

I.1. The current local government context in Albania

The local government system in Albania is going through series of structural and institutional reforms. Public Administration Reform (PAR) is the main governance framework for local governments and governance reforms as well as one of the key priorities for Albania's European integration. These reforms began at end 2013 with a sweeping reorganization of local governments in the territory by reducing their number from 373 to only 61. Several policy developments of key relevance to strengthening the local government institution and local governance in general have followed suit intensively in the last couple of years.

In **February 2014**, after a series of amendments and drafting of secondary legislation, a **new Law on Civil Service 152/2013** – the backbone of a sustainable public administration machinery – became effective. As per the Law, the scope of the civil service broadened to include, besides selected categories of employees of central government dependent institutions, similar positions at local government level, bringing the number of employees enjoying civil servant status to about 20,000 (local governments accounting for about 5,000) starting from April 2014.

In **June 2014**, in recognition of undertaken and ongoing reforms, **Albania was granted the EU candidate status**, an important landmark towards EU membership, although advancing along the membership process remains conditional on further results to "intensify anti-corruption efforts and implement its anti-corruption strategy and action plan [...] reform of the public administration and the judiciary, the fight against organised crime and corruption, the protection of human rights and anti-discrimination policies including in the area of minorities and their equal treatment".¹

The **law No 115/2014 "On the territorial and administrative division of the local government units in the Republic of Albania"**, adopted by the Albanian Parliament in **July 2014** and cleared by the Constitutional Court in December 2014, paved the way for the organization of local elections of June 2015 on the basis of a new organizational structure of 61 local governments. Since June 2015, the local government in Albania operates through 61 municipalities, which have assumed the responsibilities and challenges of managing local public matters.

In **September 2014**, the Albanian Parliament adopted the **new Freedom of Information Law (FIL)**, which entered into force on November 1, 2014. Under the new law provisions, every public authority (municipalities included) is obliged to designate a Coordinator for the Right to Information whose task will be to supervise the authority's responses to information requests. The FIL is fully applicable to the local level and its implementation is a critical element of transparency.

In **October 2014**, the Albanian Parliament approved the **Law 146/2014 "On the notification & public consultations"**, a first direct legal instrument for stakeholders and the public to partake and influence decision making. Consultations are obligatory when central/ local norms / documents / strategies of relative importance are to be enacted. The law provides for raising complaints when interested stakeholders are not consulted. When it comes to the decision-making at the local level, there are three distinct phases of crucial importance and obligation regarding consultations: 1) pre-consultation on decisions, 2) open meetings ensuring public participation, 3) announcement or public display of municipal decisions and other related acts². The implementation of this Law directly contributes to the level of accountability of local public offices.

¹ Council conclusions on Albania (24/06/2014)

² "On the Budget", "On the Fiscal Package", "On the Rules & Regulation" and "On Land Ownership & Transfer" are four type of decisions for which consultation with stakeholders is a compulsory procedure prior to approval in an open plenary session by the municipal council. The requires from the city council (not the Mayor) to organise the consultation process, relaying in various form of cooperation with the CSOs, as provided by art 35 of the law 8652 "On the Local Government", as amended

In **December 2014**, the Government of Albania adopted the **Strategy of Public Finance Management**. The PFM Strategy aims at putting in place a prudent macro-fiscal framework, improving medium-term budgeting of public expenditure, collection of revenues and transparent reporting while at the same time strengthening control and financial management practices, prevent and fight against fraud and corruption in the management of public funds. This policy document makes only one reference to gender, committing to include in the proposed package of amendments to the Organic Budget Law the implementation and management of gender-based budgeting as part of the budgeting processes carried out by line ministries. The adoption of the Strategy was a key milestone that enabled the way for the EU Sector Budget Support programme.³

In **April 2015**, the **Public Administration Reform Strategy 2015-2020**, along with the **Strategy for Anti-Corruption 2015-2020** were adopted. The PAR Strategy is structured around four main pillars: (i) Policymaking and quality of legislation; (ii) Organization and functioning of public administration; (iii) Civil service and human resource management; and (iv) Administrative procedures and oversight, while Innovative Governance is considered as a horizontal objective, aiming at efficiently providing services to the public by a professional and well-organized administration. Although the Strategy notes that "the policy of maintaining and promoting gender equality will be at the center of the reforms that will be undertaken", this is the only reference in the document, hence the document remains practically very gender-neutral.

The PAR Strategy identifies several key challenges in reforming the public administration, which relate to sustainability and de-politicization, effective control mechanisms, strict implementation of the Civil Service Law and transparent recruitment procedures, enhancement of the quality of services delivered to citizens, use of information technology in service delivery, and fight against corruption. As part of envisaged implementation actions, the Strategy calls for capacity building through in-depth and continuous training of civil servants of local public administrations, especially in improving managerial and leadership skills, establishment of performance management and monitoring systems for local governments, and the adoption of ICT technology for delivering administrative services at the local level also through the introduction of the concept of "one-stop-shops".

Fight against corruption remains one of the key development challenges for Albania, as well as one of the five key priorities in the country's European integration process. Albania's Anticorruption Strategy 2015-2020 proposes a three-pronged approach: prevention, repression and awareness-raising for achieving a vision of "transparent and high-integrity institutions that enjoy citizens' trust and ensure a qualitative and incorruptible service". Special considerations are given for the implementation of the Strategy at the local level with an emphasis on strengthening the image of the local public official (transparency and accountability), on enhancing involvement of civil society in drafting, implementing and monitoring various initiatives of local interest and concern and increasing the adoption of systems that discourage corrupt practices and promote transparency (easing service provision procedures and establishment of one-stop-shop facilities, publishing of financial data, improved financial management and reporting and establishment of service delivery and monitoring mechanisms)

A positive step was marked on the eve of **June 2015 local elections**, which were organized based on a revised electoral code that adopted a zipping candidacy system, allowing for a jump increase in the number of municipal councilwomen. The turnout of eligible voters in the local elections was 47%, of which 42% was comprised of women voters. Despite the 50% nomination quota for local councils, the outcome was at 35% of women elected as council members in aggregate numbers. Indeed, still the number of councilwomen varies considerably from municipality to municipality: only Tirana has slightly more than 50% councilwomen, other smaller and/or rural municipalities feature more often one to two councilwomen from approximately 15+ municipal councilmen.

In addition, women were nominated in 16 municipalities for the positions of the mayor, 9 of which were attained or 14%. On the other hand, none of the political parties competing in the elections were led by a woman. Nevertheless unlike in 2011 and 2013, for the first time all competing political parties were able to complete and present proportional candidacy lists based on a 50% to 50% gender balance.

³ http://eeas.europa.eu/delegations/albania/press_corner/all_news/news/2015/20150414_en.htm

Despite the improvements in recent years, the electoral legislation is not yet complete in terms of better practices relating to gender balance.

A **new Crosscutting Strategy on Decentralization and Local Governance 2015-2020** was adopted in **July 2015**, and represents the government's vision for strengthening local governance and local democracy through (i) improving the overall efficiency of local government structures, (ii) strengthen local fiscal capacities, (iii) fostering sustainable local development, and (iv) deepening good governance and local democracy through participation, civic engagement and the creation of community structures for dialogue and consultation in decision-making. This Strategy again is very thin from a gender perspective, despite the generic statement that "priority will be given to increase representation of women and girls in local governance structures at representational and executive level" and the commitment to make efforts "to increase to 50% [the number] of councilors coming from youth and women in local councils".

In **September 2015**, **Albania joined the global commitment to work towards the new 2030 Agenda for Sustainable Development** "to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources". The implementation of the Sustainable Development Goals (SDGs) Agenda will greatly depend on local action and leadership, in coordination with all other levels of governance.

The **new Law 139/2015 on the Organization and Functioning of Local Government (Organic Law)**, was adopted in **December 2015**, as part of the Decentralization Strategy Action Plan. The Organic Law provides the new framework for local government operations, in line with the government strategic vision for furthering decentralization and within the new context of the post administrative and territorial reform. The Law establishes the most important normative framework for the organization and functioning of local government as well as the reference for changes in sectoral legislation and bylaws.

A **key development for 2016** will be the drafting of the **Law on Local Government Finances**, which is surrounded by a lot of expectations for improvement and legal sanctioning of a larger and sustainable fiscal envelope for local governments. Increased funding for local government is essential to enable the local administration to perform their functions, especially in the context of the consolidated local governments and taking into account the comparatively low local government financing in Albania compared to neighboring countries and beyond. USAID, the lead technical assistance in this area, cautions that unless the unconditional grant is increased and made more predictable, "TAR's strategic goal of improving overall public sector governance in Albania" will be compromised⁴.

1.2. Local government one year after the adoption of the new administrative and territorial division

Since June 2015, the local government institution operates with 61 municipalities and 373 administrative units, with an average of 46,000 inhabitants for municipality. Along this period, each municipality has engaged in reorganization and consolidation of its structures and staff, including for absorption of the new transferred competencies/functions. As of June 2016, the total number of employees at the local level is 18,638 employees, of which 3,134 or 17% are civil servants and 2,095 or 12% are public servants employed in the administration under the Labor Code provisions. Around 504 staff are currently estimated to be under the probation period for civil service status.

The majority of local employees are engaged in direct local service delivery (3,522 employees); or work for municipal companies or subordinate institutions (7,501). 1,345 employees are currently engaged in municipal police or territorial inspection structures.

⁴ USAID, Planning and Local Governance Project (PLGP) - Policy Paper: Creating an Equitable, Transparent, and Predictable Unconditional Grant Formula, Sep 2015

In accordance with the Law on the Organization and Functioning of Local Government, several new competencies/functions were transferred to the local government since early 2016. The following are the new 22 functions, for which local government are to be responsible:

1. Establishment and administration of social services at the local level for the poor, disabled, and vulnerable categories
2. Establishment, in collaboration with the Ministry for Social Welfare, of a social fund to finance social services
3. Construction, rehabilitation and maintenance of pre-university education system buildings (including administration of maintenance staff)
4. Management and regulation of preschool education system (including kindergartens' education staff)
5. Development of health related educational and promotional activities and management of health centers and services at the local level
6. Development, protection and promotion of cultural heritage of local interest and their infrastructure
7. Organization of cultural activities and promotion of national and local identity as well as managing the related infrastructure
8. Protection measures from air pollution at local level
9. Protection measures from soil pollution at local level
10. Protection measures from water pollution at local level
11. Protection measures from acoustic pollution at local level
12. Development of environment related educational and promotional activities at local level
13. Protection of nature and biodiversity
14. Management, operation and maintenance of irrigation and drainage infrastructure transferred to local ownership
15. Land management and protection
16. Establishment and administration of local information and rural extension systems
17. Establishment and administration of grant schemes for local agriculture and rural development initiatives
18. Management of public forest fund
19. Management of public pastures fund
20. Provision of fire protection and response services
21. Allocation of financial grants to support small business activities at local level
22. Construction, rehabilitation and maintenance of local road signposts

Nevertheless, strengthening the financial and fiscal autonomy of the new local governments is paramount in ensuring that the ambitious goals of the Decentralization Strategy and the Organic Law on Local Self-Government are achieved. The government has committed to support the devolution of more powers to the local level with additional financial and fiscal decentralization measures. These measure range from the increased share of local governments in national revenues in the form of unconditional and conditional grants, to increased revenue raising autonomy, this latter requiring also improved local capacities for revenue generation.

The unconditional transfer constitutes the single most important source of revenue for the majority of local governments, accounting for more than half of total income for at least 43 of the 61 new municipalities in 2016.

The total pool of the unconditional transfer has fluctuated over the years with a downward tendency in the recent years. In 2016 it amounts to 11,8 billion ALL, or 4,67% of national revenues from taxes and customs (2014 baseline). This is slightly lower than the 2014 pool, which accounted for 12,6 billion lek of 4.96% of national tax revenues. A new equalization formula for the allocation of the unconditional grant was also introduced in 2016, to ensure a fair and equitable distribution of resources in the new context, based on population density, and other demographic factors that may lead to variances in service costs such as the number of students in pre-university education as well as a revised fiscal equalization system.

The newly transferred functions in 2016 were financed through "specific transfers", which were added to the unconditional transfer pool in a special annex to the state budget on municipal finance. The newly transferred functions of preschool education (total staff transferred); pre-university education; fire protection; forest administration, and water and irrigation are financed through specific transfers which are in essence soft earmarked block grants. The process of transfer has encountered challenges in accurately identifying the funding as well as staff to be transferred to the local level. These new functions

are likely going to be financed through specific block transfers in the medium term, to allow municipalities to adjust to the new context and understand the financing needs.

The Regional Development Fund is another significant source of funding for local government, providing competitive grants for bigger projects, primarily road and education infrastructure. Its weight in overall local government financing has almost steadily increased since 2011. It amounted to 12,8 billion lek in 2015 (4.6% of national tax revenue). In 2016, the RDF budget is 9 billion lek or 3.6% of national tax revenues, shrinking in size for the first time since 2011.

Performance of local own source revenues has staggered over the years, undermined by frequent changes in fiscal legislation, which have eroded local taxing authority; along with the challenging local conditions caused by the economic downturn. As a result, the share of own source revenues in the overall budget of local governments has decreased to 39% of total income in 2015, as opposed to over 50% share in 2008. Although own source revenue collection has increased steadily in the past five years in absolute terms, own source revenue output equaled the 2008 levels for the first time. The total share of local unconditional funds to the total budget of local governments is estimated at 70% in 2015, down from 82% in 2014.⁵ The relative share of discretionary funding has decreased due to the commensurate increase in conditional funds to local governments (RDF) over the recent years, although discretionary funding has also increased due to better performance in own source revenue collections.

A new local finance law, that is currently being prepared by the government with donor support, is expected to tackle several local finance issues, related to the stability and predictability of local financial resources, through the a) anchoring of the size of the total pool to a macroeconomic variable; b) exploring the potential for increasing the number and sources for sharing of national taxes; as well as c) devolving more revenue raising authority to local level through increased discretion in setting tax and user charge levels.

The process of financial consolidation following the merger of municipalities also shed light on a number of shortcomings in financial management at local level, in particular with regard to considerable outstanding liabilities and expenditure arrears that local governments had accumulated over the years. The estimated amount of arrears by the end of 2015 was 13,5 billion lek, of which:

- arrears from accounts payable to contractors and third parties amount to over 9.7 billion
- borrowing from financial institutions 2.9 billion lek, and
- accounts payable for payroll and taxes 0.85 billion lek

Arrears accumulated in the new municipality of Tirana account for 38% of the total. Tirana along with other nine larger municipalities have accumulated over 65% of total arrears at the local level.

The significant size of these liabilities is a heavy burden to local finances and an issue for which local governments seem to not be able to solve alone without central government/Ministry of Finance involvement and the adoption of a feasible approach that has yet to be developed.

⁵ Source: PLGP/USAID presentation on local finance law

I.3. The new Strategy on Decentralization and Local Governance and the Organic Law

The new Crosscutting Strategy on Decentralization and Local Governance 2015-2020 fits the new context of local government organization and has the ambition to create an efficient system of local self-government where the latter is empowered and able to provide quality services and manage the territorial development sustainably. The implementation plan spans across three phases, from short to long-term.

Phase I: Short-term (2015-2016) - The main focus of this phase will be the review of all the existing legal framework⁶, particularly the adoption of a new Law on the Organization and Functioning of Local Government, and the Law on Local Finances. In more details the scope of this phase will include:

- The new Law on the Organization and Functioning of Local Government;
- Strengthening the Agency for the Implementation of the Territorial Reform;
- The new Law on Local Government Finances;
- The new formula for the allocation of unconditional grants;
- The new model of organization of municipalities;
- The national midterm training plan for LGUs;
- Revision of legislation regarding the property tax and the fiscal cadastre;
- Revision of legislation for fire protection;
- Revision of legislation in the field of social services and social care;
- Revision of legislation on social housing;
- Functional reviews of the water and sanitation sector;
- Capacity building for implementation of projects financed by the EU;
- Institutional and infrastructural support for the transition period following the territorial reform;
- Provision of support for local capacity building in the field of local economic development;

Phase II: mid-term (2017 to 2018) – will focus on strengthening the capacities of local governments, including, inter-alia:

- Establishment of one-stop-shop model of service provision in all administrative units;
- Capacity building for revenue collection/tax administration at the local level;
- Support the functionality of city councils;
- Development of minimum standards for public service delivery at local level;
- Establishing systems of performance-based monitoring of public services;
- Support development of local plans on forest and pasture management;
- Implement the training program for local government units;
- Full devolution of fire protection service;
- Consolidation of irrigation and drainage management;
- Consolidation of urban and rural road maintenance function;
- Support re-organization of local public transport
- Harmonization of regional and local development policies;

Phase III: long-term (2019 to 2020) – will aim at consolidating the reform results, assessing progress and outlining the new strategic horizon.

The **new Law on the Organization and Functioning of Local Government** introduces several novelties regarding a new definition of local government functions, decentralization of new competencies to the local level⁷, the roles and competencies of the elected and executive levels in the new municipal

⁶ As a result of the implementation of administrative-territorial reform and the revision of LGUs' competencies including the decentralization of new functions, there is a need to intervene at the level of legislation, particularly where legislation is still unclear or contradictory regarding decentralized and deconcentrated functions (accounting for about 70 laws and bylaws). DLG Strategy 2015-2020

⁷ agriculture, irrigation and drainage, forests and pastures, rural roads, fire service, pre-university education, and social services.

structure, including the administrative units⁸, new requirements on service provision and the necessity to apply service standards⁹, a new concept of determining the level of local finances¹⁰ and obligations for enhancing local democracy and good governance through improved transparency, accountability and participation¹¹.

Contrary to the earlier policy documents and strategies, the Organic Law refers visibly much better to and requires compliance with the Law of Gender Equality in various aspects of composition and functionality of the local administration. The Law calls for maintaining the gender balance in appointing vice mayors, and other officials serving various local committees, boards, or commissions, equal access to possible economic opportunities or grant schemes financed from the local budget, and also for gathering and processing gender-sensitive local statistics and designing gender-sensitive systems of indicators for measuring service performance.

I.1. STAR 1 project and its lessons learned

A pooled donor funding (Italy, Sweden, Switzerland, UNDP, and the US), subsequently co-funded by the Government of Albania, was established in late 2013 to support the development and implementation of the administrative and territorial reform. The pooled fund constituted the STAR (Support to Territorial and Administrative Reform) project, implemented under the leadership of the Minister of State for Local Issues with fund and project management ensured by UNDP.

The STAR project arrangement was a novelty in donor coordination and a valuable instrument to the Government for resourcing and managing the various aspects of the reform, ensuring a structured approach and enabling expertise inputs in the development and implementation sequence.

Through STAR project, UNDP offered project management and implementation and helped attract and manage donor contributions for the reform. From the beginning, the project was devised as an instrument for providing, through the MSLI, technical, operational and logistical support to the reform process along the implementation. In about two years, it led to the following major outputs:

- MSLI supported in developing the reform roadmap
- securing the necessary technical assistance for a contextual assessment of local governments situation and the development of territorial division options
- extensive and structured consultations with relevant stakeholders across the country on various reform stages and actions
- the law on territorial reform, drafted and endorsed by the Parliament
- a due diligence process of local government units based on developed guidelines and the methodology
- operational tools for the actual amalgamation process for the new local government units, started in early 2015, in anticipation of June 2015 local elections (amalgamation manual, prototype organizational structures of new municipalities)
- assessment of the legal and administrative framework as well as the physical demarcation of administrative borders of new local government units, aimed at solving existing administrative ambiguities
- piloting of One-Stop Shops for administrative service delivery through developing a replicable prototype in two selected LGUs

⁸ including transitional provisions until end 2017, allowing local government to reorganize administrative units starting from 1 January 2018.

⁹ the Law includes for the first time a special chapter on "public service management", including some important principles for service management such as sanctioning the obligation to design performance management standard for each of the utilities and their monitoring.

¹⁰ the Law brings about a positive improvement in terms of predictability of the unconditional grant, anchoring it to a fixed percentage of public revenues from taxes and customs. However, such percentage has yet to be set.

¹¹ including provisions related to the obligation to ensure transparency, access to information and the right of citizens' participation in decision-making. The right to consultation obliges local governments to fulfill all obligations arising from the law on public notification and consultation.

- piloting of a prototype of digitalization of archives in cooperation with the General Directorate of Archives in one selected LGU, which could potentially lead to the development of a replicable model
- assistance to 26 new and smallest municipalities to prepare short-term Local Development Operational Plans including specific projects fiches for capital investments
- support to the MSLI and its AITR in a number of additional tasks involving the formulation of various legal documents and templates
- provision of monitoring and quality assurance capacities to MSLI along the reform implementation
- coverage of a substantial share of operating costs incurred by MSLI for planning and monitoring processes

The Government recognizes the merits of the pooled fund, not only for financing purposes, but also for the substantive knowledge base of the partnership where the funding partners to STAR are themselves development partners with years of local governance experience in their home countries and in development cooperation, in Albania and elsewhere. Further, the STAR project also presents the commitment of the international community in Albania to a nationally owned and driven local governance reform – communicating a unity of purpose between Government and international partners, going beyond alignments attained through formal coordination mechanisms.

The STAR project provided technical assistance to the MSLI as well as capacity support for MSLI to carry out the reform. In this sense, the STAR project proved to be well-positioned in assisting the MSLI accomplish its tasks on time.

Although beyond the control of STAR project, the main reform results were achieved without a broad political consensus between the main position and opposition leaders. Such discordance at the highest political level not only affected the pace of implementation, but also obstructed the dialogue and collaboration with the local governments and their relevant associations¹², besides excluding completely the second tier of local government (the regions) from the reform. However, at present, in a post-reform context, the number of first level local governments is 61, organized in two associations, which makes the dialogue possible and imperative.

From a gender perspective, remarkably, there are no gender-related data nor gender references or considerations in the two main preceding comprehensive studies: "Territorial Reform in Albania" by SKL International (Dec 2012), and the "Paper on Administrative-territorial reform in Albania. Criteria and process of implementation" by Paweł Swianiewicz, commissioned by Council of Europe (Nov 2013). In both documents, the focus has been put on the efficiency deriving from an optimal reorganization and the generic potential the size and scale could bring versus the current highly fragmented status of local governments.

Along the same trend, Swiss dldp's "Study on Functional Areas in Albania" completed in January 2014 and the STAR1 commissioned assessment on the local government situation in Albania and the proposal of the applicable criteria for the new administrative division remained focused on technical parameters of functionality, socio-economic gravity centers, population, geographic access and cultural proximity.

As a matter of fact, the reform design and implementation remained deeply a matter of technical nature (and of high political sensitiveness as well). Only modest efforts have been made at different stages of implementation of STAR project to take gender perspectives into consideration. Initially, gender considerations were limited to measuring inputs or processes, namely the number of women participating in the public consultations across the country, which represented in aggregate around 28% of the number of local stakeholders involved.

In the second half of implementation, unlike the previous practice, STAR1 project sought to integrate a gender expertise in drafting local operational development plans for 26 selected new local government units. The plans attempted to integrate gender perspectives in defining local problems and setting future local priorities, through ensuring gender expertise for coaching working teams and reviewing the

¹² Referring to the three former associations representing 382 LGUs

outputs, advising on relevant gender indicators to collect, data gathering, analysis and the identification of changes to fulfil the needs of men and women. The process involved and benefitted several participating local stakeholders and local government employees.

STAR lessons learned

A recent Evaluation exercise undertaken at the concluding stage of STAR1 project implementation, besides praising the project as a highly efficient and effective model of support to Government reforms, has also identified a number of important issues to address in case of a further replication of that model. The key findings relate to coordination, quality, institutionalization and improved stakeholders' involvement.

With regard to coordination, the Evaluation report notes that much more effort was needed to coordinate the various streams of development assistance in the same area. It follows with the finding that the presence of a structured platform or procedure in place for timely sharing information about the progress of STAR would have contributed to more synergy and less competitiveness among ongoing donor projects. It highlights the need for an improved coordination and more systemic technical information to the donors about STAR project outputs.

In addition, it notes that, in some cases, STAR project Steering Committee was considered to have the responsibility to play the role of informing international donors on the broad TAR progress, and therefore, often STAR and TAR have been mixed. A lesson learned in this theme is that the STAR project inputs should be more focused in supporting the national leadership to better coordinate and create synergies between assistance provided by development partners. UNDP's coordination role in knowledge management was not exercised adequately and STAR project management forums could be better used for more knowledge sharing, and updates on various project results and processes. This, going forward, would strengthen not only synergies and complementarities but also improve project impact.

The report also comments on the fact that STAR project should have been more attentive to the quality of documents/reports provided by contractors and especially by individual experts, on top of the quality control applied by the MSLI. The quality control process must be further improved by including clear indicators of achievement in any contract and evaluate the performance of experts in selected stages.

Although it is recognized that STAR project was in full implementation when the Agency for the Implementation of Territorial Reform was established in early 2015 and under the time pressure of the upcoming local elections of June 2015, the report notes that STAR should have invested more efforts to synergize with the Agency. The report underlines that any further support for TAR must consider as precondition the collaboration and complementarity with the Agency, taking into account its capacities and the functions for which the Agency was established.

The report also notes that STAR project, despite its wide operational outreach to the local level, was not able to involve in its actions and collaborate with the two Associations of Municipalities. It draws attention on the necessity of future collaboration with these entities not only at a technical level but also as a need to building political consensus from the bottom.

Looking back at the background upon which the administrative and territorial reform was developed, including the preceding available studies and assessments which helped designing the reform as well as the following studies and assessments conducted during the reform development and implementation, it can be concluded that the entire exercise was almost fully treated as a purely technical exercise (in addition to its political dimension). In spite of the reform ultimate aim to enable the environment for improved local governance and services to the citizens, interventions were not broken down and articulated in terms of disaggregated benefits to various social categories nor did it refer to diverse gender expectations.

On the other hand, taking into account the nature of proposed directions of assistance under STAR2 (local administration, services and good governance) and the nationwide extension of the future project, a special emphasis needs to be put on data generation, collection and analysis for evidence-based, transparent and participative responses and solutions. Indeed, STAR2 proposes to undertake a number

municipality for integrated water supply service provision (infrastructure investment and capacity building for the Water Company and municipal staff).

OSCE – the Presence in Albania, contributes to the area of local governance and decentralization with assistance mainly focused on the following matters: (1) the establishment of participatory and consultative structures foreseen by the new Law on Local Self Governance, i.e. technical support to set up the procedural framework for the functioning of the National Consultative Council; (2) identification of models and practices suitable for the organization and functioning of Community Structures in Albania as well as provision of support to target municipalities to draft regulations for the organization and functioning of such community structures; (3) identification and addressing of systemic issues related to the process of property transfer and management at local level as well as capacity building of target local officials on the transfer and management process. OSCE is also substantially engaged in supporting the participation of women in Albania's political life, working towards the re-establishment and strengthening of gender mechanisms at national and local levels.

Sweden - Sida has consistently supported the consolidation of the Albanian Association of Communes for ensuring its membership capacities for effective and structured representation. However, in anticipation of new developments that led to the administrative and territorial reform, Sida, in the framework of its assistance to the AAC, commissioned in 2012 to SKLI International a first comprehensive study on the necessity and variants of local administrative reorganization in Albania. This analysis was embedded in the rationale for launching the TAR in late 2013. Sida was the first partner to contribute financially to STAR project in 2013, in a swift response to the Government commitment for reform, which enabled STAR support to kick off within that year. Since, Sida has been a leading supporter to the territorial reform and the main contributor to the STAR project in support to the Government commitment. Sida is considered a potential major contributor to the next stage in supporting the consolidation of the new LGUs under STAR2.

Switzerland, besides contribution to the STAR project, provides support to local government and local democracy through some key projects, among which the three most relevant in the context are:

1. Strengthening Local Government Structures and Cooperation of Local Elected Representatives in Albania (SLGS & CLER) – implemented by the Council of Europe and the Academy of political studies
2. Decentralization and local development program (dldp) – implemented by HELVETAS Swiss Intercooperation
3. Leviz Albania – implemented by a consortium of local NGOs
4. PEFA at subnational level

Building on earlier CoE assistance to local governance, the SLGS & CLER project is implemented within the timeframe 2012- June 2017 and focuses on three main themes: inter-municipal cooperation (IMC), human resource management (HRM) capacity building at the local level, and promotion of cooperation among pluralist locally elected representatives. The project had to adapt to context developments during its implementation, especially with the adoption of the new Law on Civil Servants, enacted in 2013 and in force since February 2014, and the structural changes to local government being developed under the territorial and administrative reform, legislated in 2014 and adopted through June 2015 local elections. Given these developments, the project strengthened its focus on supporting the implementation of the Civil Service Law and promoting the establishment of human resource management systems at the local level; the project implementation itself being extended until mid-2017.

The project has assisted DoPA in developing secondary legislation on implementation of the CSL, and in coordination with DoPA will adopt manuals and guidelines, tools and procedures for implementing and monitoring the compliance with the civil service legislation regarding the whole HR cycle from job descriptions to recruitment, performance appraisals, career development, mobility, training planning, etc. In the framework of the project, a Training Needs Assessment (TNA) methodology has been developed, including assessment tools, data entry, processing and results generation system that allows interaction between the demand (LGUs) and the service provider (ASPA).

To date, the project has supported the development of e-PAV (electronic-Platform of Local

Administration), a web-based HRM electronic system, designed to serve the purpose of documenting the local administration workforce; which can be used as an HRM tool by LGUs, but also by DoPA and ASPA for training purposes, linking the civil service performance appraisal with training aspect, etc. A project help-desk, manned by two staff, is already established to support the 61 municipalities and 12 counties as far as implementation of CSL and HRM are concerned, including support for operating the e-PAV.

Within the project framework, it is envisaged to engage in awareness-raising campaigns on civil servants rights and obligations in line with the Labor Code and the CSL. A draft communication strategy is being prepared for the education of public administration and civil servants of LGUs Labor Code and CSL, associated with the related tools of communication. On the other hand, the project will support the establishment of fully-fledged HR management units (HRMUs) at the LGU level through on-line legal assistance via the help-desk established, on-line assistance on the usage of the e-PAV and on-the-job coaching and technical assistance.

Switzerland, in partnership with the Council of Europe, also provides support to the Albanian Academy of Political Studies. The Academy's focus is on building the skills and competencies of the new generation of political leaders, opinion formers and decision makers, who occupy or will occupy senior positions particularly at local level, through a comprehensive specialized training, adapted to the circumstances of Albania. A close partnership is set with Central Election Commission and Ministry of Education for promoting first time voter awareness and participation in the electoral processes. The planned external review in September 2016 will provide basis for a potential follow up phase to this partnership.

Another important SDC-funded programme is the **decentralization and local development programme (dldp)**, which has been supporting municipalities and communes in northern Albania since 2006. Dldp's works at both the local and national level. Its goal is about inclusive quality service delivery to citizens improved by strengthening the capacities of local governments in Northern Albania, by anchoring dldp's products at the national level and by contributing to a conducive legal framework.

At the local level, the programme areas include strategic planning and budgeting, public finance management, improvement of public services with a focus on urban waste management, e-governance (one-stop-shops), transparency, knowledge management and capacity building. At the national level, the programme provides support for the establishment of Centers of Competencies and good practices, institutional building for central institutions and de-concentrated agencies, contribution to national and sectoral strategies through promoting dialogue with institutional and policymaking actors, civil society, media and business community, cooperation and exchange with other programs.

The programme has entered its third phase of implementation which will last until end of 2017, while there are plans to continue in the areas of waste management and PFM until mid-2019. Geographically, dldp is expanded and active in five Qarks, namely Shkoder, Lezhe, Diber, Durres and Kukes. As for the remaining seven Qarks, dldp will work through national actors and institutions to facilitate and assure the dissemination of its tools and practices. As part of larger plans, dldp has developed to date two curricula, on Strategic Planning/Public Finance Management and waste management planning for local level in partnership with relevant line ministries and the Albanian School of Public Administration.

Leviz Albania is a recent initiative supported by the Swiss Development Cooperation and aims to encourage and support civic mobilization and engagement and the demand for accountability through a bottom-up process. It helps civil society organizations, citizens and other actors such as media to voice their concerns and interact with the local authorities/decision-makers, through platforms that enable engagement with their representatives and demand accountability from them. The project is built around two main axes: (1) (local) Civil society actors influence in defining priorities, decision making and ensure supervision of local authorities, and (2) (national), Civil society actors undertake and support structural changes to improve democracy at local level. The project first phase lasts from 2013-2019.

PEFA: The Swiss Government is currently starting a Public Expenditure and Financial Accountability (PEFA) assessments in five municipalities- in collaboration with PLGP/USAID: the first steps are feasibility studies, then a full assessment will be done in order to identify capacity needs in PFM at local level. Its results are foreseen for November 2016. A follow up project in the five municipalities is planned to follow.

UNDP Albania - will be shortly engaged in a three-year (2016-2019) regional project - Regional Local Democracy Programme (ReLOaD) in the Western Balkans, which is co-financed by the European Union and will include five WB countries. The project aims to strengthen partnerships between local governments and civil society in the region by scaling-up successful models of transparent and project-based CSO funding for greater civic engagement in decision-making and improvement of local service delivery. The initiative will seek to help establish and institutionalize a transparent, development-oriented and project-based approach to funding of CSOs by municipal budgets that contributes to realization of legitimate local priorities in line with local development strategies. The project will target 49 local governments, 10 of which in Albania, and enable adaptation to a country specifics of a funding model, explore possibilities for up-scaling the pilots and promote and facilitate cross-country thematic networking of CSOs and local government representatives.

UN Women – the organization will be granted funds from the European Union implement a programme focusing on (i) vocational training for central and local level civil servants on gender mainstreaming across sector policies; (ii) feed the Government policy planning process with an effective gender perspective; (iii) increase the gender approach in the service delivery at municipal level.

USAID is a contributor to the government STAR project on territorial reform. Also, USAID runs a particular programme in support to local governance – Planning and Local Governance Project (PLGP) along the timeline January 2012– July 2017. The project aims at helping the Government of Albania and local governments to successfully implement decentralization legislation, policies, and reforms, providing assistance in four areas: effective government decentralization policies and legislation, improvement of the efficiency, transparency, and accountability of local government operations, improvement of local government management and oversight roles regarding selected public utilities, and strengthening the capabilities of the central and local governments to plan and manage urban and regional growth.

In the policy area, USAID has been involved in the formulation of the national crosscutting Strategy on Decentralization and Local Governance and the new Organic Law on Local Governments as well as the public consultations of these strategic documents. USAID is also the most active international player in the area of fiscal decentralization and revision of the inter-governmental transfer scheme, in support to the Government commitment to reforming this sector.

In the field of financial management and local tax administration, USAID supports and assists partner LGUs in improving technical skills and strengthening administrative capacities by providing “on-the-job training” and “demand-driven” guidance. The designated six model municipalities (Elbasan, Fier, Kucova, Lushnje, Berat and Korca) will be in the scope of such assistance. The full implementation of the new computerized tax and finances systems will allow for more efficient and effective administration of tax collection and local expenditures. USAID is also to be engaged in the formulation of the Law on Local Finances as per the government plan to have it in place in 2016.

USAID assistance in urban planning benefits directly five model municipalities (Elbasan, Fier, Kucova, Lushnje and Berat), where the scope of the assistance is to help draft General Local Territorial Plans, fulfilling the obligations of the planning legislation and supporting these new local governments to adapt quickly in their management, administrative, and services-provision roles, in the aftermath of the territorial reform. In addition, USAID through the PLGP will deliver thematic training to all eleven partner municipalities on the implementation of the planning legislation (how to draw plans and deliver building permits). Also at the request of the Ministry of Urban Planning, USAID will provide training for all 61 Mayors on their roles in territory planning and development.

USAID’s scope of assistance at local level includes eleven partner municipalities of Elbasan, Korça, Vlora, Kamza, Fier, Berat, Lushnja, Kuçova, Saranda, Vora, Patos. Technical assistance and on-the-job training focuses on a variety of issues, such as: public financial management (including transparent and accountable budgeting and tax collection), revenue collection, asset management, internal auditing and controls, PPPs, project proposal writing for EU funds, ICT support, service provision, civic engagement, merging of financial statements, and ensuring procedures for managing ongoing service and investment contracts as LGUs are merged in response to the TAR.

World Bank - The Bank, with the intention to get involved in local government support, has initiated since September 2015, a "Sub-national Finance and Governance Review" assessment to help prepare a financial assistance package for the sector. As per the Bank timeline, the assessment will not be completed until March or April 2016, preceding a project preparation that would be potentially active by the beginning or mid-2017. The envisaged project would be of a duration of about five years and will indicatively consider providing support for public service delivery, accountability and citizens' participation in the provision of services, planning and monitoring.

II. PROJECT RATIONALE AND STRATEGY

II.1. Project Rationale

The territorial and administration reform to date represents changes in the structural dimension of the local public administration. The advent of the territorial and administrative reform and the subsequent policy developments in several relevant sectors mean that support for local governance is at present not “business as usual.” The reforms set in 2014 and 2015 create the momentum and rationale for continued support to local governance through the coordinated mechanisms of STAR.

The new municipalities need to reorganize themselves internally to ensure maximum efficiency and effectiveness in the administration of the territory. A recognized key ingredient for empowerment is the amount and sustainability of local finances. Local finances are still at a low level. Despite the genuine and legitimate local governments’ need for increased financial resources, such an increase by itself would not necessarily turn them into more effective, citizen-oriented service providers. The new administrations will also need to develop the vision, skills, consistency, sustainability and commitment to serve its citizenry in new, transparent and accountable ways.

Local authorities are also the best placed to develop local policies that reflect specific socio-economic situations, address the persistence of inequality and promote models of responsive governance for the diverse expectations and needs of the citizens. In that view, Albania’s legal and policy frameworks on gender equality have significant implications for local government in relation to the practical implementation of respective laws and policies in its daily work. Decentralization (as a part of good governance) should respect principles of gender equality and involve not only the vertical transfer of power, responsibility and resources but also ensure a more inclusive horizontal process that ensures that power, responsibility and resources are equally shared by both women and men and that differentiated gender needs are taken into account. On the part of local governments, this requires the embracing of the concept of gender inclusion and sensitivity and the building of capacities and skills required for taking action.

Going forward, the new 61 municipalities have in common many opportunities and challenges. In terms of opportunities, the following are, among others, important to build upon:

- There is a strong political commitment to deepen decentralization reform and empower local governments.
- This commitment is evidenced through a set of Government policies and initiatives that – though still work in progress – offer many windows of opportunity for making lasting impacts for improved territorial management, service delivery and local development.
- There is commitment by national authorities to increase the level of local government resources – presently the increase has affected the envelope of the Regional Development Fund; a further fiscal revision, in favor of LGUs’ discretion and authority, is needed.
- Government is committed to rolling out its Public Administration Reform at the local level
- Modernization and re-engineering public services with a focus on people, including local level services, are an integral part of various national strategies and action plans for attainment within a 7-year period.
- There are a number of ongoing and planned initiatives supported by development partners that addresses a broad range of local governance policy, institutional and technical matters
- The Government is making efforts to ensure harmonized donor assistance in the framework of budget support coordination requirements, offering the potential of increased synergies
- The current STAR platform offers a workable, proven model for government-led coordinated work
- Substantial pledges for continuation along the STAR arrangement have been made by a broad group of development partners

At the same time there are a number of challenges which require attention:

- The implementation of the Civil Service Law at the local level is in its infancy, while an overall approach of human resources management to ensure stable and adequate professionalism of local administrations still needs to be developed
- The implementation of the Organic Law on self-government requires revision of several laws/bylaws to avoid legislation conflicts
- The present is a period of transition where several competencies are not yet fully transferred to local governments, in terms of authority and finances, as defined by the legal framework, with the next challenge being the capacity to administer these new competencies.
- All local governments are struggling with structural re-organization in the territory, adding to that new governance challenges regarding the definition and establishment of urban-rural relations
- Besides human resources re-organization, there is need to reorganize and optimize services.
 - There is an immediate need for an expanded scope of services potentially requiring different provision approaches, and
 - In the meantime, current service provision still lacks efficiency and should aim for more adequacy, inclusiveness and equity with regard to diverse needs and expectations of men and women and specific vulnerable social groups.
- A more advanced level of local democracy is required to mitigate the potential adverse effects of territorial consolidation, that is to offset the increased proximity of citizens to their local governments, and strengthen accountability and transparency for improved local government effectiveness
- In addition to the fact that fiscal decentralization is not yet resulting in an increase of predictable resources, municipalities have still low revenue generation as well as revenue and expenditure management capacities.
- Systematic diagnosis of PFM systems at the local level is lacking. A number of challenges in PFM at the local level are widely recognized, including i) poor budget programming and alignment with strategic frameworks; ii) weak budget execution, financial reporting and accounting capacities; iii) inflated planning and weak tax enforcement; as well as iv) lack of consistent financial management and control procedures, in particular with regard to internal and external audit scrutiny as well as internal financial control.¹³

Rapid Municipal Survey to Inform Priorities

A simple survey addressed to all new municipalities was carried out, as part of the preparation of the present STAR2 proposal, in February 2016. The core of the survey was to ask municipalities to appraise, from their perspective, the main proposed areas of intervention for STAR2, i.e. (1) Service reorganization, (2) Support for new competencies, (3) One-stop-shops for service delivery, (4) Digitalization of local archives, and (5) Citizen-friendly municipal halls. Municipalities were also asked to rank, from their perspective, the most pressing priorities they need to address and for which they would seek assistance.

The questionnaire was conveyed to all municipalities through the two municipal associations. With an overall rate of response of 52% (49% of small municipalities and 70% of the large ones), the following are the aggregate results:

<u>Importance ranking of proposed interventions</u>		<u>Ranking of most pressing priorities</u>	
One-stop-shops –	88%	Service delivery –	84%
Service reorganization –	85%	Administrative capacities –	78%
Digitalization of archives –	85%	Territorial planning –	66%
Support for new competencies –	74%	Financial management –	59%
Citizen-friendly municipal halls –	54%	Urban planning –	56%
		Improved revenue generation -	53%

¹³ A dldp rapid assessment, carried out very recently with the aim to feeding into the new Law on Local Finances, has shown as well critical lacks in guidance/legal situation towards PFM at local level, which adds to the need for addressing shortcomings on local capacities and proper oversight

Beyond needs for a larger fiscal envelope, current local governments' needs for assistance could be clustered around the following three main categories:

- (i) institutional and administrative capacities,
- (ii) service delivery, and
- (iii) good and participatory governance, which correspond to the triple role of the local government as a political institution representing its citizens, a public entity delivering services and a local agency supporting local development.

The ongoing assistance, as mentioned earlier in this document, touches upon the above four areas with various intensity, depth and geographic scope. For each of these areas there are some ongoing or planned programs/projects as part of the bilateral or multilateral country development assistance frameworks of various development partners. But there are also many gaps to address in terms of geographical coverage and/or skills and practice. For example, USAID's PLGP programme, besides its policy level assistance, focuses its field operations on about 15 municipalities, the Swiss dldp programme besides its mainstream assistance to the central level operates mainly in the northern part of the country. There is, therefore, a need to support all local governments in a standardized, coherent, comprehensive and inclusive manner, to enable them to complete the transition to reformed local governance. In this respect, the wealth of good practices developed by the above ongoing programmes should be scaled up for maximizing the benefits and effectiveness of the contextual developed knowledge.

This "unfinished business" of the territorial and administrative reform requires not only that further capacity building is provided across all 61 municipalities, but also that the central government has the resources to continue providing coherent policy advice and support. The success of local governance reforms overall hinges on the ability to work simultaneously at local and national level.

STAR2 is proposed as one of the instruments, under national leadership, to facilitate coherence in policy implementation, providing new management and participatory tools, scaling up agreed upon best practices (be it innovative and more efficient service delivery models, management practices and instruments, innovative good governance approaches, etc), and fine tuning response to selected capacity gaps through reaching out all municipalities and offering them the opportunity to benefit from standardized assistance.

II.2. Project Relevance

The reform and modernization of the public administration, including the decentralization reform and the strengthening of local government are core elements of the strategic development vision for Albania and among key priorities for the European integration of the country.

The draft National Strategy for Integration and Development (2015-2020) commits to developing a "public administration ... in accordance with the European Administrative Space ... to provide high quality services to citizens and businesses in a transparent, effective and efficient way, through the use of modern technologies and innovative services ... through impartial and professional civil employees as part of efficient structures". Also, the NSDI commits to substantially advance the administrative and fiscal decentralization agendas for empowering local governments to foster sustainable local development with a high institutional integrity that enjoy public trust, [and] guarantee quality services. These commitments are set within a larger engagement of transposition of the EU Gender Equality acquis into the Albanian legislation so as to ensure gender perspective is an integral part of governing structures, policies, and planned resources.

The overall Public Administration Reform (PAR) vision is about "development of public administration, which provides high-quality services for citizens and businesses in a transparent, effective, and efficient way through the use of modern technologies and innovative services and that complies with the requirements of European integration through impartial, professional and accountable civil servants".

PAR objectives, applicable to the local level, provide for an efficient and sustainable administration that would provide accessible, simplified, integrated and citizen-centered public services with full transparency and accountability, including the establishment of integral performance management and monitoring systems.

The Strategy for Decentralization and Local Governance reiterates the aim for the consolidation of local human resources and their skills: "empowering the local administration [through] the establishment of a non-bureaucratized, professional and transparent public administration ... able to respond to the expectation of the business and the community for public services [and the development of] a special "performance monitoring system" for the LGUs ... to guarantee the accountability of the public administration and ensure efficient delivery of services at the local level".

The reforming of the public administration and local governance is also a response to the growing demand from citizens not only for better service delivery but also for increased participation in the decision-making processes, where men and women should meaningfully participate in the processes of consultation to represent their needs and perspectives and strengthen accountability. The reforms are and should be conducted in alignment with national commitments to gender sensitiveness and equality and must ensure that men and women will have equal access to all functions in the reformed structures; that resources will be managed to the benefit of men and women, and goods and services delivered are equally accessible to men and women and cater for their diverse interests and needs.

The PFM strategy 2014 – 2020 creates a sound framework for effective PFM reforms. Technical assistance on taxation and revenue management is provided to the central level in cooperation with the IMF. Some other related elements of PFM reform receive international assistance, such as the functioning of the treasury management, strategic budget planning and financial management and control systems across the administration. However, imminent amendments to the law on the management of the budgetary system in Albania (expected in 2016) will establish binding regulation for general government entities (including local government) for the development of medium term budget frameworks. Integration of MTBP practice through management information systems will help instill budgetary discipline at local level as well as enable financial oversight both at the local and the national level.

Public administration reform is also one of the main pillars of the EU enlargement policy. Accordingly, "a well-functioning public administration is a prerequisite for transparent and effective democratic governance. ... it determines a government's ability to provide public services and foster the country's competitiveness and growth. It also plays a fundamental role in the European integration process by enabling the implementation of crucial reforms and organizing efficient accession dialogue with the European Union. [It is also] an indication of the capacity of its national public administration to implement effectively the *acquis communautaire*, in accordance with the criteria defined by the European Council in Copenhagen (1993) and Madrid (1995)".¹⁴ As part of the requirements for EU accession, a candidate country must also mainstream gender equality in all policies, at all levels and at all stages by the actors involved in policymaking, comply with the EU Gender Aquis and create an institutional framework which has the capacity to monitor gender equality actions and promote the fulfillment of the principle of gender equality.

The latest EU Progress Report (2015) on Albania notes that "substantial efforts are needed to clarify the functions and responsibilities of the newly created local government units ... to increase their financial and administrative capacity ... to achieve the objective of a professional and depoliticized public administration... [and] to ensure effective implementation of the civil service law at local level". The Report also reiterates that "local government units need substantially greater capacity to deliver services to the public, including one-stop-shops for all public services [and] to develop the capacity to design and implement local development plans", while "efforts are needed from both central and local government units to develop and implement a comprehensive training plan for the staff of the new local government units".

¹⁴ OECD Principles of Public administration, <http://www.sigmaweb.org/publications/principles-public-administration.htm>

The EU 'Enlargement Strategy and Main Challenges', 2014-2015, states that a well-functioning public administration is necessary for democratic governance. It also directly impacts governments' ability to provide public services and to foster competitiveness and growth. Adequate management of human resources, better policy planning, coordination and development, sound administrative procedures and improved public financial management, including revenue administration and collection are of fundamental importance for the functioning of the state and for implementing the reforms needed for EU integration.¹⁵

Recognizing that the implementation of the 2030 Global Agenda will greatly depend on local action and leadership, in coordination with all other levels of governance, it is preliminarily assessed that the proposed Project contributes simultaneously, and at different extents, to several global sustainable development goals: poverty (SDG1), good health and wellbeing (SDG3), gender equality (SDG5), clean water and sanitation (SDG6), decent work and economic growth (SDG8), reduced inequalities (SDG 10), sustainable cities and communities (SDG11), climate action (SDG13), etc.

II.3. Project Development Objectives

The overall development objective of STAR2 is

to ensure functionality, recognized by men and women, of the newly established local governments, so that local administrative and service delivery outcomes are effective, qualitative, participatory, and inclusive, and correspond to evolving decentralized competencies and responsibilities.

The contribution towards the fulfillment of the development objective will be achieved through support and technical assistance along the following three main specific objectives/components:

1. Strengthened institutional and administrative capacities of local administrations
2. Increased local service delivery efficiency, quality, coverage, accessibility and inclusiveness for men and women
3. Enhanced local democracy through fostering citizen-oriented governance and participatory decision-making, leveraging the roles of women as actors of change

II.4. Project Strategy and Approach

II.4.1. Project Strategy

STAR2 builds on the national commitment to reform and strengthen local governance and public administration in general, enhance the efficiency and transparency of public institutions for an effective response to public expectations and fight against corruption, make citizens central to service delivery transformation and modernization, and create a climate of trust, cooperation and democratic decision-making for a healthy and sustainable development.

STAR2 proposes to follow the same implementation arrangements as its predecessor, STAR1. Therefore, a pooled fund contributions will be managed in accordance with UNDP's rules and procedures for project management, with UNDP having a fiduciary responsibility for complying with the applicable rules for financial management and reporting. The Government/ Minister of State for Local Issues will retain the responsibility and the leading role in expenditure decisions and coordination of various activities, in consultation with the project Steering Committee. This arrangement would allow for further synergies among donors towards a more harmonized and coherent development approach anchored in national development goals for development effectiveness.

¹⁵ http://ec.europa.eu/enlargement/pdf/key_documents/2014/20141008-strategy-paper_en.pdf

Coordination mechanisms - STAR 2 will attempt to operate in a tighter coordination regime, more so given the complexity and the broadness of the themes it proposes to address. On a strategic level, it will operate under the oversight of a Steering Committee, chaired by the MSLI and composed of international partners contributing to the pooled fund and key relevant national stakeholders. The two Associations of Municipalities and the Agency for the Implementation of the Territorial Reform are part of the Steering Committee, in light of the policy and political developments since STAR1 conception.

The project will need to interact with a number of relevant central level institutions to coordinate its activities on sectors of concern so as to be able to adjust dynamically. Referring to the main project areas of interventions, there is a need to establish a close coordination with the Department of Public Administration, ASPA and the Ministry of Finance, but also with several other line ministries such as that of Agriculture, Economy, Environment, Urban planning, and central agencies or departments, the Directorate of Civil Emergencies, the National Agency for Information Security, INSTAT, etc. To ensure such coordination, a viable option would be to align with the existing sub-group within the PAR IPMG platform, the institutional framework established under the Government's integrated planning system¹⁶, or if deemed necessary establish an ad-hoc STAR2 coordination group, which would consist of technical and management level representatives from the institutions relevant to STAR2 areas of assistance.

On an operational level, in addition to project specific field tasks, STAR2 will cooperate and synergize with the AITR in its field work. STAR2 envisages to have a basic physical presence on the ground for establishing and maintaining close relations with the project's local stakeholders, identification and organization of target groups for capacity building, monitoring the implementation of various activities of the project, assisting in solving implementation issues that may arise, collecting project relevant data from the local level, etc. On the other hand, the AITR scope of work includes assessing the local situation with regard to local government consolidation and reorganization and identify issues to address, facilitation of institutional coordination for a full takeover of delegated competencies, helping local governments understand and interpret the legal frameworks, conveying local government concerns to the appropriate central institutions etc. The AITR carries out these functions at its best, employing six field inspectors who cover all the LGUs. The synergy between the two, will benefit both parties, and will be worked out in more detail during the inception.

In follow up to evaluation findings and to ensure better technical coherence, STAR2 introduces regular monthly technical level meetings of all SC member representatives for technical level discussions. The key role of such technical meeting is to follow progress, share information on project operations, discuss and review options and if necessary propose adjustments to the technical approach/content, monitor compliance, handle issues or different views of technical nature and the like. The Project Management Team (PMT, below organigram refers) will be expected to be present at these monthly technical meetings either through the PM or through at least one of the designated team leaders.

Knowledge management and scaling up - STAR2 project will unfold and be implemented in a context of other ongoing and planned assistance. Along the implementation, the project will constantly seek to not only avoid overlaps, but also look for opportunities to scale up best practices and models developed by other partners with the aim of enlarging the geographic scope of benefits and beneficiaries drawn from the developed knowledge.

For instance, assistance in local administration capacity building, which includes support for understanding and implementing legislation relevant to human resources management as well as administrative and financial management, will be provided in conjunction and in complementing the assistance provided by specific programmes of Switzerland/Council of Europe and USAID.

Similarly, support to service delivery will combine consolidation of e-governance service provision tools, taking into consideration alternative and parallel models developed by Swiss dldp and USAID PLGP programmes, with the introduction of elements of service re-engineering and performance based

¹⁶ The Good Governance and PAR IPMG has two Thematic Groups that deal with issues relevant to this project: 1. Civil Service (covering also the issues related to capacity building) and 2. Decentralization

monitoring. The nation-wide application of the one-stop-shop model will be one of the signature outputs of STAR2 project.

The idea of supporting a single, preferred model of one-stop-shop is preferable as it will enhance economies of scale when rolled out, encourage inter-operability between municipalities and with the central government, and simplify (and render more efficient) the provision of technical assistance and maintenance support.

With regard to good and democratic governance, beyond an increase in rhetoric, vibrant and participatory local democracy has yet to take hold in most of Albania's municipalities. In the recent ad-hoc municipal survey, the importance attached to participatory governance by Mayors was still close to zero. The recently adopted strategic and legislative frameworks, however, provide a renewed opportunity to strengthen accountability and promote transparency and dialogue with the citizens. This is an area that will be much expanded in STAR2, also through learning from and complementing other ongoing initiatives.

STAR2 will also make use or further develop and tailor to the specific context some products developed by its predecessor STAR1, such as the different typologies of municipal organigrams, the municipal Standard Operating Procedures and the Code of Conduct, etc.

Nevertheless, these developments are much dependent on TWO main pre-requisites:

First, detailed information on practices, models, initiatives and findings should be shared timely with the Government, in order to help the latter understand what else needs to be addressed, at which level and extension, and coordinate STAR2 support in for complementing or scaling up assistance as necessary. Such a requirement for timely and substantial information sharing is applicable to assistance provided in almost all areas of support to local governance from the demand or supply sides and should include the scope, coverage, timeline, progress, issues, other complementary areas requiring assistance, etc. This course of action will strengthen synergies among development partners' programmes as well as maximize capitalization of actual achievements.

The support for the establishment of a network of local governments' one-stop-shops is of particular importance as it is directly linked to service delivery. The Government will have to make an informed decision that takes into consideration the selection of an optimal model that is feasible, affordable, sustainable and accepted by the user. The Government should be able to receive timely and in full the necessary information from the relevant models in operation, from the developers as well as the user municipalities, and consult the options prior to select what should be supported by STAR2. This decision should be taken within the inception phase of STAR2.

Second, – respecting the **subsidiary principles and local autonomy** - STAR2 will be undertaken in line with the subsidiarity principle, meaning that decisions about policies and approaches will be left whenever possible and to the extent allowed by the law to municipalities themselves. While the project will offer policy solutions, tools and methods, the participation of any local government in the proposed capacity building schemes or the adoption of any project tool or methodology will rely on the discretion of the local government itself. The project will also avoid the promotion of overlapping practices in cases where similar practices are in place, function well and meet users' satisfaction¹⁷. Nevertheless, and taking into account relevant national legislation, the project will propose performance standards for administrative and public service delivery which will be similar for all LGUs or along some LGU typologies that all LGUs would have to meet accordingly.

While performance measurement places its emphasis on the outcomes of public policies, actions and services to (i) make the most of limited resources; (ii) improve decision-making processes, and (iii) strengthen participation and transparency, for evaluating the performance there is a need for comparison with some standards, which could come from past performance, best achievers, political

¹⁷ For instance, STAR2 will not aim to introduce another one-stop-shop model in the municipalities of Shkoder, Lezhe and Korce, since some other models are already in operation. Similarly, STAR2 will not attempt to replace the tax management software in operation in some municipalities covered by the USAID PLGP programme

Capacity building – the project has a strong capacity building component targeting all political, managerial and technical levels of local administration. The project will make sure women at all levels of local government are offered equal opportunities to benefit from the capacity building assistance. The aim will be to ensure 50% of local government employees benefiting from capacity building should be women, including all women mayors and vice mayors as well as all current councilwomen, who constitute 35% of the total number of municipal councilors.

Operational – the project will work with local governments to assess selected local services from the viewpoint of efficiency, effectiveness, quality, and responsiveness with the aim of identifying ways to improve, reorganize and deliver them more adequately in the new local territorial context. As part of the process, the project will advocate for ensuring the participation of men and women in designing services through different consultation forums, group surveys, etc. Women as subjects of rights for whom services may need to be specifically adapted will be the norm approach of the project.

To ensure this aspect is taken care with due quality and professionalism, a Gender Specialist will be engaged and tasked to advise all project teams in developing their interventions and delivering their tasks. The Gender Specialist will be engaged since the outset of project implementation to help develop during the inception period a gender baseline, advise on engendering project interventions and identify more accurate gender-inclusive project indicators.

Environment – Environmental and social concerns will be an integral part of design and implementation of capacity building, system development and scaling up activities, especially when they pertain to environmentally or socially sensitive interventions/recommendations, such as in the case of review of various public utility services, urban and territorial planning, waste management, irrigation and drainage, forest and pasture¹⁹, and fire protection or the design of their performance indicators. The interventions planned under the project will ensure full compliance with UNDP's social and environmental standards and safeguards.

Similarly, the project will employ the services of an Environmental Specialist, who will be tasked to contribute to the development and implementation of capacity building and knowledge products through overseeing the production of related training products/materials, learning tools and other training documents, provide advice on project activities with environmental impact, identify environmental safeguard compliance risks in the design and implementation of environmentally sensitive interventions, and ensure necessary corrective action is taken.

II.4.2. Project Approach

Final beneficiaries – Different from STAR1, whose focus was on supporting the central government in designing and implementing the territorial reform, STAR2 project's aim to contribute to improved local good governance for men and women through focus on supporting all local governments, identifying gaps and needs and building capacities in different departments of the local government offices, inclusive of the full chain of decision makers, civil servants and executives, ranging from the mayor to the unit administrators. In considering the local governance as a broader area of play of actors beyond the local authorities, the project, in the framework of its three components, will also seek and promote the role of civil society and the citizens at large in strengthening local democracy and holding local officials

¹⁹ It is worth to note here that forests & pastures management plans have been within the scope of a recently completed World Bank programme, Natural Resources Development Project (NRDP), which helped develop communal forest and pasture management plans in 281 former communes. A new World Bank project, Environment Services Project (ESP), builds upon the NRDP results and will, in the new administrative and territorial context, address the issues related to: (i) making use of the developed management plans and extending the process to cover the whole territory and integrate those communal management plans into 61 integrated municipal management plans, (ii) reducing land degradation in the short term, (iii) approaches generating economic benefits from the utilization of communal forests, (iv) improving land conservation practices, (v) addressing LGUs' and user associations' low capacities in understanding and planning for medium term potential revenues from forest utilization, etc.

accountable. ²⁰Support to central government / MSLI will be commensurate with the role of the latter as policy enabler and oversight for such a massive endeavor. STAR2 support will be of a supplementary character, bringing added value in the sense that it enables MSLI and its Agency for the Implementation of the Territorial Reform to do things it would not be able to do with already existing capacities and resources.

Technical assistance - While the use of local expertise will prevail across the project areas, some international expertise is deemed necessary and critical, especially in developing capacity building modules on leadership, local tax and revenue management as well as the development of the content and design of new proposed systems for performance based service delivery monitoring; the developed training modules and systems will be then implemented mostly with local expertise.

Depending on the specifics of the requirements, the envisaged technical assistance could be secured through engaging individual experts or consultancy entities, this latter case would be applied for a few blocks of activities where it is deemed necessary to ensure consistent technical assistance in few interdependent or related areas. A fully detailed implementation plan for each of the objectives and sub-objectives will be elaborated during the inception period, including recommended modalities for procuring the respective services.

Infrastructure/Equipment support- Although there are several project sub-areas that depend on the availability or securing of some basic equipment/premises (for instance, OSSs and archives digitalization), the project will have a very light component on equipment and hardware; the main proposed project input is to secure filing items (boxes and files) for the digitalization of local government archives. One of the assumptions, and pre-conditions, is that the central Government will secure the necessary IT equipment for the digitalization, local governments participating in the OSS and archives digitalization replication will have to co-finance and secure respectively the OSS IT equipment and the premises for the location of both the OSSs and the archives.

Inception – STAR2 is designed as a complex, nationally run project, which seeks to provide multifaceted solutions to several immediate local government priorities at a national scale. The project implementation is challenging, if only counting the high number of envisaged capacity building activities and the ambition to scale up several successful experiences at a national level, let alone other envisaged innovative interventions (like municipal integrity plans, local governance mapping, benchmarking, virtual participation in council meetings, etc.). The journey to embark on includes a number of novelties that relate to mentality and institutional changes besides the infrastructural ones – the most significant being that of inculcating a new administrative culture – and an intensive interaction with a broad number of stakeholders, especially the local ones.

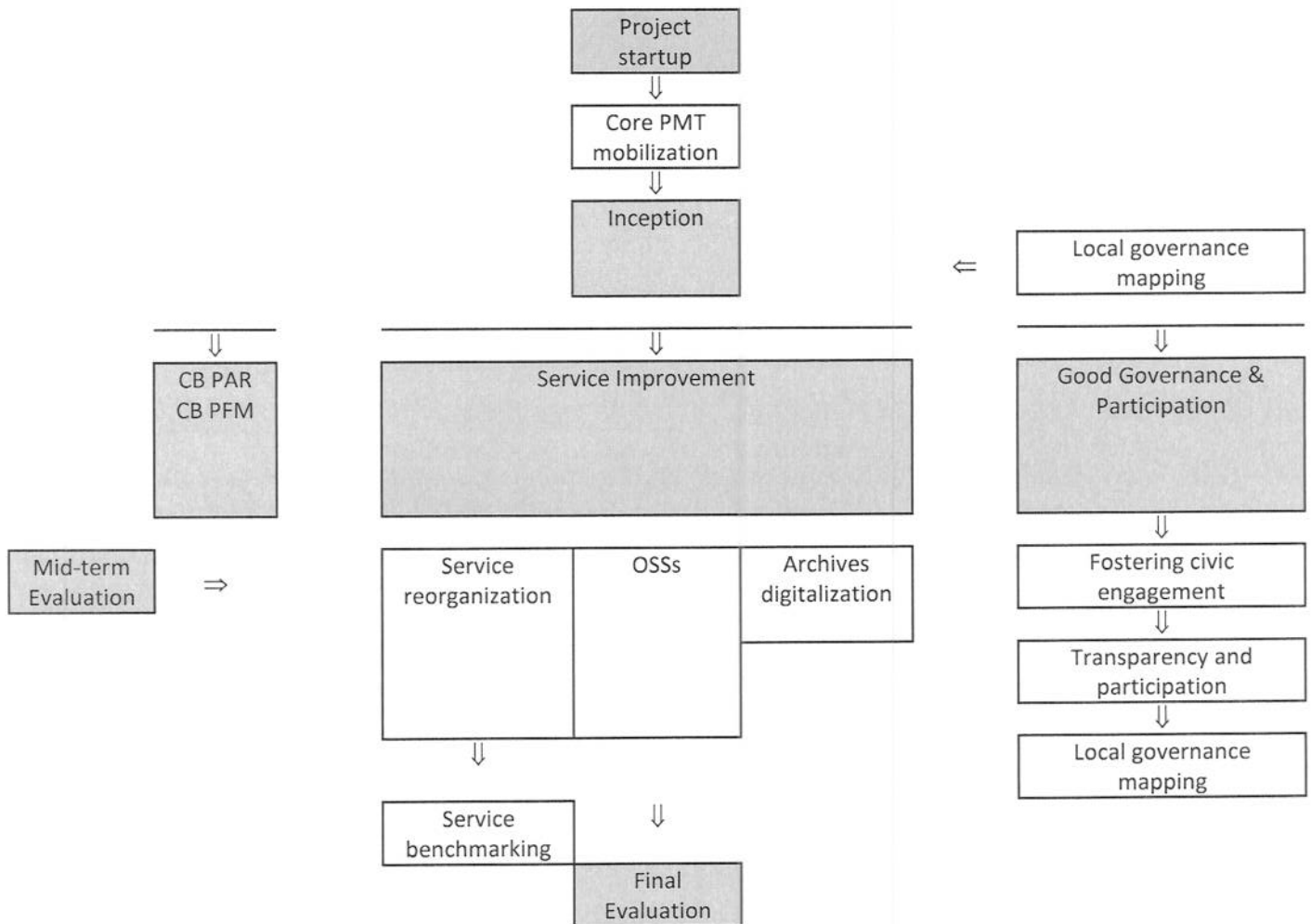
In order to cope with such complexity, an inception period of maximum four months is envisaged at the outset of implementation. The inception period is an intensive period of review, consultation, and finalization of the purpose and activities to be achieved, leading also to an update of the overall activity schedule, the monitoring framework, and the finalization of the risk matrix, taking into account likely developments and additional expert perspectives. The project update during the inception phase will also benefit from a gender and environmental review of the project interventions, the development of a gender baseline, and an update and fine-tuning of relevant progress and quality indicators. The inception period is also important in detailing and establishing critical operational arrangements. This includes a further definition of working with various institutional stakeholders, strengthen synergies and complementarity as well as the articulation of inputs and profiles for the required technical assistance.

Local governance mapping - In addition to the inception, or as part of it but not only, STAR2 proposes to undertake a local governance mapping as a special output of the project, to be conducted at the outset and at the end of project implementation. The first mapping of good governance-related indicators will be carried out with the aim of understanding governance gaps and what exists that can

²⁰ In this dimension, the project will take into consideration and possibly synergize with the current ongoing initiative supported by Swiss government Leviz Albania

be built on in each municipality. This exercise, which will potentially start during the inception period, is expected to help fine tune subsequent and specific STAR2 interventions. The second assessment, towards the end of the implementation, will feed into the project evaluation and measure the likely local governance changes that have taken place, attempting to also identify those attributable to STAR2. The methodology to be adopted will draw on UNDP's extensive knowledge²¹ on local governance assessment as well as other relevant sources.

The three pronged implementation approach will indicatively unfold as follows:



²¹ UNDP (2009), A Users' Guide to Measuring Local Governance, http://www.undp.org/content/undp/en/home/librarypage/democratic-governance/local_governance/a-users-guide-to-measuring-local-governance-.html,

OECD (2009) Donor approaches to governance assessments: Guiding principles for enhanced impact, usage and harmonization, <http://capacity4dev.ec.europa.eu/public-pub.sector-reform-decentralisation/document/oecd-2009-donor-approaches-governance-assessments-guiding-principles-enhanced-impact-usage-#sthash.Bbkcxqyq.dpuf>

UNDP (2013), Local Governance Mapping

http://www.mm.undp.org/content/myanmar/en/home/operations/projects/poverty_reduction/LocalGovernancePillar1/local-governance-mapping/, etc.

II.4.3. Project management structure

STAR2 will be implemented under the framework of UNDP Albania Country Program 2012-2016 and the new CPD 2017-2021 from 2017 onwards, applying the National Implementation Modality (NIM) whereby the Minister of State for Local issues is designated as the Implementing Partner. As per UNDP NIM procedures, the MSLI will designate a public official as the National Project Director-NPD²², being the Minister's delegate and focal point for taking decision and approving project transactions.

Project Steering Committee

A Project Steering Committee (PSC) will be established to oversee the overall STAR2 implementation. The PSC will be chaired by the Minister of State for Local Issues and composed of representatives of:

- Agency for the Implementation of the Territorial Reform
- Representative from ALA
- Representative from AAM
- Representatives of development partners contributing to the pooled fund
- UNDP Albania

- Representative from the Ministry of Finance (optional/as relevant invited by MSLI)
- Representative from the Ministry of Innovation and Public Administration (optional/as relevant, invited by MSLI)
- Other key stakeholders as deemed necessary and agreed by the PSC

The role of the PSC will be to guide and monitor progress of implementation. The PSC is responsible for making by consensus management decisions for the Project when guidance is required. The PSC will meet minimally quarterly or as often as necessary upon the request of one of its members.

Project Management Team

A Project Management Team (PMT) will be established for the implementation of STAR2, providing also capacity support to the MSLI for various coordination and oversight functions. Under the overall direction of the NPD and guidance of the Project Manager²³, the PMT will be responsible for the day to day implementation of project activities. The three project Components will be led by Senior Team Leaders who will directly report to the Project Manager. The PMT will play the secretarial role for the Project Steering Committee. The Project Manager and the PMT are accountable to the NPD and UNDP for a sound management of the project as well as effective delivery of project activities.

The project strength will however rely on the field presence, given that almost all activities relate to capacity building of local administrations and other non-public local stakeholders. An indicative level of effort for the capacity building component alone, calculated based on an average of 25 people per training session, results in a total number of over 300 trainings or about 800 training days, benefitting overall over 7,000 people. Intensive local interaction is also necessary for developing and adopting an e-service delivery network and –re-engineering the public service sector. Hence, a critical key for the project success lays on securing local stakeholders' support, collaboration and internalization of project aims, which requires communication and closeness, therefore an adequate field presence.

Based on these considerations, STAR2 project proposes to establish a field presence in six locations - Project Field Presence – PFPs, which will allow for more focused support and communication with six clusters of ten municipalities in average. The exact location of the PFPs will be determined during the inception period in consultation with the MSLI and then resourced. In terms of capacity building

²² A National Project Director (NPD), as per UNDP project terminology, is a government official designated by the implementing partner to have full oversight of the Project, be responsible for the achievement of project objectives, have the authority to request payments, contracts and be the liaison between the government counterpart and UNDP to ensure proper project execution.

²³ The Project Manager, is a person hired by the project to ensure day-to-day management and coordination of the project activities and make sure the project progresses in full compliance with set objectives and parameters. The Project Manager reports to the NPD and UNDP

implementation arrangements, whenever possible capacity building/training events will be organized in clusters of ten municipalities, in accordance with the coverage of each of the PFPs. In doing so, PFPs will be central in both facilitating preparations, organization and then ensuring the necessary follow up and backup support to the target local governments.

UNDP will also ensure a dedicated administrative, logistic and financial management for the implementation, in addition to the provision of common services for human resource mobilization, procurement and logistics. The indicative composition of the PMT is as follows:

Minister of State for Local Issues			⇐ AITR
National Project Director – NPD			
Project Management Team – PMT			
Project Manager - PM			
Senior Team Leader Capacity Development	Senior Team Leader Public Service Delivery	Senior Team Leader Local Democracy & Good Governance	
<ul style="list-style-type: none">▪ Local Government Policy Expert▪ Knowledge Management and Coordination Specialist▪ Field Presence Coordinator▪ Local Government Data Analyst▪ Gender and Social Inclusion Specialist▪ Environment Specialist			
<p>PMT Support</p> <ul style="list-style-type: none">▪ Public Relations & Communication x 1▪ IT Expert x 1▪ Project assistants x 2▪ Drivers x 2			
National experts International experts Likely small consultancy contracts	National experts International experts Some contracts on Service reorganization piloting Performance based service management and national benchmarking OSS rollout	National experts International experts	
<p>Project Field Presence</p> <p>6 offices x 2 people (local government, finance, service expert)</p>			
<p>↑↑ ↑↑</p> <p>Project Coordination Unit</p> <p>Project Coordinator x 1 Monitoring and Reporting Specialist x 1 Senior Finance/Admin Assistant x 1 Finance Clerk x 1 Admin Clerk x 1</p> <p>UNDP CO Support</p>			

The role of the PMT will be to:

- Coordinate and monitor the implementation of various components of the project and the performance of the various TA contracts
- Coordinate inputs and necessary support of all concerned institutions for the most efficient and prompt results;

- Assess the need for additional expertise required and formulate those needs for their engagement
- Assist in drafting necessary conceptual documents and disseminating them to the institutions concerned;
- Coordinate and guide the work of the PFPs at municipal level
- Coordinate with the AITR and seek support for troubleshooting implementation issues
- Provide organizational and expert support to the MSLI
- Ensure PR and awareness on the activities and their progress reaches the appropriate audiences and builds support and cooperation
- Assume the role of technical secretariat for the PSC

II.4.4. Stakeholder Participation Matrix

Stakeholder	Description	Role in project implementation
National level		
Minister of State for Local Issues	The institution responsible for the implementation of the Decentralization and Local Governance Strategy, which also includes the consolidation of the LGUs resulting from the administrative and territorial reform The National Coordinator for Anticorruption	<ul style="list-style-type: none"> – National counterpart of the project. – Responsible for the project implementation and in charge of coordination and decision making for various project activities – Oversight of project progress and making sure its results are compliant and respond to national priorities – Chair of the Project Steering Committee. – Appoints the National Project Director. – Ensures seamless coordination between the project and the AITR – Facilitates institutional decision making to ensure conditions for project implementation are met – Beneficiary of project technical assistance
Agency for the Implementation of the Territorial Reform (AITR)	An institution under the authority of the MSLI AITR's aim is to assist state institutions and local governments to implement the legislation in force in the framework of the administrative-territorial reform, through providing coordination and administrative support to achieving full functionality of the new LGUs	<ul style="list-style-type: none"> – Supports project implementation – Facilitates institutional coordination – Provides advice on addressing technical matters – Engages in project activities from the organizational point of view – Participates, benefits and when relevant contributes to capacity building activities – Ensures, when relevant, support to LGUs to become eligible for project assistance (for instance, through procuring necessary hardware)

Stakeholder	Description	Role in project implementation
		The role of the Agency will be further detailed and structured during the inception period, taking into consideration its mandate and capacities
Ministry of Finance	Major stakeholder and decision making for local government finances and financial management The leading national institution for the formulation of the Law on Local Finances and establishing the normative framework for local financial management and its linkage with the national MTBP and the Treasury.	<ul style="list-style-type: none"> – Possible member of the Project Steering Committee – Providing expertise and advice in developing and implementing the part of the first component of the project related to local financial management – Contributing, if and when deemed necessary, in the project capacity building activities
Ministry of Innovation and Public Administration	Major stakeholder and decision making for public administration reform, application of the civil service legislation, providing the framework for service delivery standards and service delivery modernization The leading national institution coordinating PAR and monitoring its performance The leading national institution leading the public service delivery reform at central level with direct impact to local level	<ul style="list-style-type: none"> – Possible member of the Project Steering Committee – Providing advice in developing and implementing all components and sub-components of the project – Promoting and facilitating engagement of DoPA and ASPA in support to project activities
DoPA, ASPA	The Department of Public Administration is in charge of developing and implementing the civil service reform in all its aspects as well as the development of the policies and content of training programs necessary and applicable to the public administration in general. ASPA is in charge of delivering these programs to the public administration employees.	<ul style="list-style-type: none"> – Ad-hoc participation to Project Steering Committee – Providing guidance and advice in fine tuning project activities – Providing expertise and participation in various capacity building activities of the project – Tasking the project to broaden the scope of capacity building and complement DoPA and ASPA achievements and extend them fully to the local level – Making available relevant capacity building tools and curricula for implementing the above.
Line-ministries for technical sectors (Agriculture, Environment, Urban Planning, Economy, as well as other state agencies such as the Department of Civil Emergencies,	Central government institutions leading policy making and providing services of relevance to LGUs through their territorial organization and management of state funds. Following changes in the structure and competencies of local governments and the transfer of new competencies to the local level, there is need for coordination	<ul style="list-style-type: none"> – Ad-hoc participation to Project Steering Committee – Contribution to capacity needs assessment – Participation in capacity building activities as resource persons but also as beneficiaries when relevant – Provision of updates on sectors of

Stakeholder	Description	Role in project implementation
Municipal Council and the Mayor, administrators, civil servants, municipal technical staff, municipal enterprises' top officials	Mayor have shared authority and responsibility in managing the municipal affairs; the Council being the main legislative and representative body assuming some executive functions, including the adoption of the budget and municipal regulations, while the Mayor, as head of the municipal administration is the executive institution managing all municipal activities, proposing and implementing the budget, and reporting to the Council.	<ul style="list-style-type: none"> project capacity building activities – Direct project beneficiaries – Demonstrate willingness, availability and make concrete steps to respond to project implementation activities, a pre-condition for the project success – Have the discretion to decide on whether to participate in specific project activities
International partners		
European Union, Italian Cooperation, Switzerland Sida, UNDP, USAID	A key driver as well as an essential and integral part of most of the reform processes in Albania, providing substantial political, technical and financial support to the country through development assistance programmes and to the project through a pooled fund.	<ul style="list-style-type: none"> – Members of the Project Steering Committee – Major function in project development and design – Monitoring function in project implementation – Providing advice and guidance to project implementation – Support development assistance coordination efforts and synergies – Provide additional knowledge and best practices through alternative and complementary development initiatives – Hold the project accountable to meet the set objectives through sound and transparent processes

II.4.5. Communication and Visibility

STAR2 will develop and follow a structured Communication and Visibility Plan during its inception. The Plan will be guided by and respond to project partners' branding policies and requirements, in full recognition of their support and contribution. As the EU joins the pooled fund, the Communication and Visibility Plan will be fully compliant with the [Joint Visibility Guidelines for EC-UN actions in the field](#)²⁶.

Through the Communication and Visibility Plan, STAR2 intends to raise awareness on project activities, encourage further interaction with local stakeholders and civil society organizations, and disseminate knowledge and information and pressure for more public accountability.

Key visibility outputs are linked to "routine" project activities along the implementation, including:

- National or local level events to launch the project and/or its thematic components
- Capacity building workshops across the LGUs

²⁶ <https://ec.europa.eu/europeaid/node/45481>

- Public events in the project areas involving beneficiaries and main stakeholders
- Dissemination of results of various assessments undertaken or interim results achieved in the framework of the implementation
- Utilization of social media to disseminate information on project results.
- Joint field missions to project areas with Government and PSC representatives
- Establishing relations with media to follow and report on project results

II.5. Project outputs and activities

The proposed STAR2 Project outputs are organized around the following three main components:

Component 1 – Strengthening institutional and administrative capacities of LGUs

- Output 1.1: Enhanced human resource management capacities respecting the current laws lead to a more efficient and effective public administration at local level
- Output 1.2: Administrative capacities and the integrity of local administrations improved
- Output 1.3: Local public financial and fiscal management capacities enhanced

Component 2 – Increased local service delivery efficiency, quality, coverage, accessibility and inclusiveness for men and women

- Output 2.1: Delivery of services and their management (including new competencies) improved
- Output 2.2: A national benchmarking system for key selected administrative/public services established
- Output 2.3: A one-stop-shop model is defined and scaled up nationwide
- Output 2.4: A system of digitalization of local government archives adopted nationwide

Component 3 – Enhanced local democracy through fostering citizen-oriented governance and participatory decision-making, leveraging the roles of women as actors of change

- Output 3.1: Status of local governance mapped in all LGUs
- Output 3.2: Local democracy and citizen participation in local decision making strengthened

Component 1 – Strengthening institutional and administrative capacities of LGUs

Output 1.1: Enhanced human resource management capacities respecting the current laws lead to a more efficient and effective public administration at local level

This Output builds upon and complements/extends the assistance provided by DoPA and the CoE ongoing project on CSL implementation. Whereas the CoE project is ensuring the full coverage/targeting of all municipalities and their HR offices the STAR 2 project does capacity building activities for mayors, administrators and councilors in issues such as the CSL, labor code, salary policies etc. STAR 2 complements the CoE project only and coordinates its activities carefully to avoid overlaps and search for synergies. Consultations will also take place with the Commissioner for the Oversight of Civil Service to identify points of cooperation and coordination in the context of monitoring and supporting compliance with the CSL at the local level. In addition, this Output will also address the assessment and strengthening of local governments' capacities for the implementation of the Labor Code and its amendments, given that about 2/3 of the local public administration is subject to the Code.

Indicative activities

1.1.1. Capacity building of CSL implementation to Mayors and councilors

- Acquaintance with ongoing and planned assistance, and definition of additional material needed
- Develop, by also using existing modules, training packages on Labor Code

1.1.2. Support further capacity building on CSL and Labor Code implementation

- Organize training for at least 120 participants from HR offices on Labor Code
- Deliver specific training to mayors on CSL and Labor Code
- Deliver training to local top officials, including all women holding vice mayor positions and seeking to reach a women quota of at least 40% of total number of top officials.
- Preparing template contracts and other template documents related to labor relationship²⁷

Possible role for collaboration with/engagement of civil society: N/A

Output 1.2: Administrative capacities and the integrity of local administrations improved

This output refers to improving local governments' administrative and management capacities and the level of understanding of the legal framework through supporting them to adapt to the changing legislative landscape.

Several products developed by the predecessor STAR1 project, especially in the framework of the due diligence and amalgamation support stage will be extensively used and promoted for adoption by the LGUs in accordance with the specific context and the local authorities' discretion. It is assumed that given the close collaboration and consultation with local authorities' stakeholders during the development of those products, LGUs will be familiar with the rationale, concepts and approaches proposed. Of special importance for the present output will be the templates, manuals and procedures related to various aspects of local administration functionality such as the typological municipal organograms, the Policies and Procedures of the Municipality, the Code of Ethics, the various positions' Job Descriptions and the Performance Evaluation templates, etc. with the aim to tailor them further to the specific context.

A special emphasis will be devoted to support local administrations adopt mechanisms for strengthening public officials' ethic and systematically address integrity risks, with the goal of strengthening institutional resistance to corruption and thus, reducing corruption levels. Assistance will be geared towards development/fine tuning of municipal codes of conduct and the piloting/expansion of local integrity plans – local anticorruption action plans. In all the following indicative activities, the project will seek to ensure gender balance with regard to target capacity building beneficiaries and gender participation and perspectives during the various envisaged consultations.

Capacity building on leadership will be another aspect of assistance. Leadership is a skill and an instrument enabling local officials to lead and manage complex change, develop ethical and professional responses to address a wide variety of situations, improve effectiveness and efficiency and achieve better outcomes. From UNDP's empirical evidence²⁸, leadership capacity development is one of the core issues to consider for a capacity building response (along with institutional change, knowledge and accountability). Enhancement of leadership skills assistance will target top local executives and managers ranging from the mayors to department directors and local administrators. Leadership training will be combined with training on gender mainstreaming to target the same group of high level local officials. Through this support, local government professionals will gain the knowledge, skills, and

²⁷ This activity should also consider the practice that has being developed and implemented through the Swiss CoE project

²⁸ UNDP (2009), Capacity Development: A UNDP Primer
http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/capacity-development-a-undp-primer/CDG_PrimerReport_final_web.pdf

abilities they need to be more effective managers and leaders in their organizations / departments.²⁹

In terms of strengthening legal compliance, this output has a special focus towards implementation of the new Code of Administrative Procedures and the Organic Law. It is worth to note that DoPA is already targeting for training around 200 local officials for the implementation of the Code of Administrative Procedures; STAR2 will extend this capacity building experience to an additional 400 officials, ensuring geographic coverage. Support will also be provided for the understanding and internalizing of the Organic Law, including recommendations for an improved functional organization of local governments to respond to the Law requirements. To ensure compliance and efficient functionality, and local administrations will be supported through drafting or fine-tuning internal procedures and regulatory acts.

Indicative activities

- 1.2.1.** Develop and deliver training curricula on leadership development³⁰
 - Develop leadership development curricula
 - Deliver training on leadership development to mayors
 - Deliver training on leadership development to top local officials and executives
- 1.2.2.** Capacity building for the Implementation of the new Code of Administrative Procedures
 - Deliver training to 400 civil servants in all municipalities based on DoPA Users' Manual
 - Publication and dissemination of the User Manual
 - Fine-tune, in consultation with local stakeholders, internal rules of procedure/Standard Operating Procedures developed by STAR
 - Follow up municipal adoption of new SOPs
 - Support training of selected officials for implementation of the SOPs
- 1.2.3.** Revise local governments' organizational chart as per typology, context, capacities and compliance with the Code of Administrative Procedures and the Organic Law
 - Identify typologies and cluster LGUs for support
 - Run light functional reviews in all municipalities
 - Draft, in consultation with local stakeholders, new or fine-tune typological organograms developed by STAR
 - Conduct introduction workshops per typologies to set the stage
- 1.2.4.** Capacity building and tools for compliance with the Local Government Organic Law
 - Develop manuals/tools for the enforcement and implementation assessment of the Organic Law
 - Strengthen awareness, understanding and capacities of key staff in each municipality to implement the Law
- 1.2.5.** Increased local government public ethics and integrity
 - Assess the procedures and practices in place to prevent corruption and promote ethics and integrity
 - Provide training on ethics and transparency to local public administration
 - Recommend approaches and administrative procedures to ensure accountability and transparency of local governments
 - Develop, in the context and with stakeholders participation, the municipal Code of Conduct
 - Discuss the draft Code of Conduct in local workshops
 - Support municipalities to adopt the Code of Conduct
 - Ensure the Code of Conduct is made public
- 1.2.6.** Pilot municipal integrity plans

²⁹ ASPA, with the UNDP support, has recently developed a training module on women and leadership in local governance, which will be part of the training package.

³⁰ This activity will be delivered in cooperation with ASPA. Trainers will be provided by the project; training curricula will be developed by the project or jointly and remain ASPA property

- Select 6 pilot municipalities to engage on drafting municipal integrity plans
- Assess in depth operations and procedures in the six pilots
- Determine areas to address and indicators, also referring to possible transposition of requirements of the National Anticorruption Strategy
- Develop, in consultations with local stakeholders, draft municipal integrity plans and monitoring frameworks
- Disseminate the experience and the product to other municipalities

Possible role for collaboration with/engagement of civil society: Training on gender mainstreaming, public ethics and integrity, consultations on municipality integrity plans

Output 1.3: Local public financial and fiscal management capacities enhanced³¹

Strengthening PFM capacities and systems at the local level is an essential prerequisite to establishing efficient institutions. In complementing ongoing assistance, STAR2 will focus its interventions on three main areas: (1) Strategic allocation of resources through transparent, credible and efficient budget planning frameworks. Imminent amendments to the law on the management of the budgetary system in Albania (expected in 2016) will establish binding regulation for general government entities (including local government) for the development of medium term budget frameworks. Integration of MTBP practice through Management Information Systems³² will both help instill budgetary discipline at local level, as well as enable financial oversight both at the local as well as the national level; (2) Strengthen local capacities for revenue management. This includes tailored support and trainings for local governments in the exploitation of the resource potential at the local level, as well as providing instruments for better tax enforcement, and (3) Increase operational efficiency for service delivery at local level through assistance to budget execution and monitoring functions³³, as well as specific guides and models for capital investment planning³⁴ and execution and most common service management.

Worth to note here that the Swiss dldp project has already developed an MTBP planning and performance based budgeting module as well as one on budget execution and monitoring and is delivering trainings through ASPA to all municipalities. STAR2 should consider using these modules as needed and provide tailored made technical assistance for MTBP, annual budget planning and strategic resource allocation at the local level to all municipalities that do not receive other specific assistance.³⁵ Also, a local tax management software has been developed by the USAID/PLGP project and is operational in selected municipalities. STAR will work with PLGP and partner municipalities to improve/expand the software as necessary, and install it in an additional ten municipalities. Particular assistance will be provided to expand the database of taxpayers.

An additional player in the donors' support of subnational PFM is the Swiss State Secretariat of Economic Affairs (SECO), which will soon start a project in 5 Municipalities, jointly with PLGP, a PEFA assessment (Public Expenditures and Financial Accountability). Results of the assessment, expected to be provided in autumn this year, will contribute to better understanding of local needs in PFM areas. SECO envisages continuing support in the subnational PFM in the coming year; coordination and synergies will be explored.

³¹ STAR2 will not go into diagnostics of the PFM system (PEFA); project activities build upon related dldp outputs and/or complement both dldp and PLGP which are active in the area

³² The project should take into consideration the Financial Planning Tool developed by dldp and recognized by MoF

³³ dldp has planned to develop a methodology on monitoring, which might be used by STAR2. It is already being tested in 3 LGUs with dldp's aim to test the methodology on a limited sample of LGUs

³⁴ PLGP/Co-PLAN manual on General Local Plans contain useful information on capital investment, which dldp is also using for long term training purposes

³⁵ STAR2 will build upon work that has already been developed by dldp. It will expand on the MTBP module and will deliver targeted assistance to the municipalities that are not receiving assistance from dldp. The activity has been discussed with dldp. It is also recognized that dldp is planning to deliver MTBP trainings through ASPA, but given their extension, there is very likely necessary to expand so as to ensure sustainable capacities at the local level

Indicative activities

- 1.3.1.** Capacity building on MTB process and resource allocation at the local level^{36,37}
- Support standardization and unification of local government budgetary programmes to make them compatible with COFOG and comparable across municipalities, in cooperation with the Ministry of Finance
 - Develop detailed manuals on MTB programme formulation and governance structure within local governments (group for Strategic Management, Programme Management Teams, and relations with the central level).
 - Provide on the job training and coaching on development of MTB process and strategic resource allocation at the local level
- 1.3.2.** Provide training to 61 municipalities on the requirements of the Local Finance Law expected to be enacted within 2016
- 1.3.3.** Support improvement of local level tax collection and enforcement
- Review the incidence and efficiency of revenue and tax collection and administration as well as best practices in 6 small, medium, and large size municipalities
 - Support municipalities through work with MoF, GDT and LGUs to facilitate access to cash register data, real time remote access to treasury data³⁸
 - Help LGUs analyze data to improve enforcement efforts
- 1.3.4.** Develop local revenue management action plans for 42 municipalities³⁹
- Guide prepared for local tax management of main own source revenues based on analysis under 1.3.3
 - Capacity building and on the job training for Mayors and senior officials on principles of local finances, management of own revenues from local taxes, fees and charges, asset revenues and borrowing
 - Develop models on increasing effectiveness of administrative decisions enforcement and collection of fines and penalties
 - Assist municipalities in identification of public and/or private tax collection agents – pilot models
- 1.3.5.** Expand the implementation of the tax management software
- Implement tax software to include taxpayer registries for businesses and households, produce bills, and track payments.
 - Provide assistance in creation/consolidation of taxpayer databases (where existing), expand databases to household taxpayers
 - Assist exchange of information with national tax database and Real Estate Registry Database
- 1.3.6.** Enable civil society and interested citizens to be effective participants in the participatory budgeting making process
- Develop, introduce tools for participatory budgeting process

³⁶ International expertise required on streamlining and unifying the structure and content of the budget, as well as providing inputs for the sectoral guides. Two day trainings to be offered for stakeholders from each municipality (4-5 people per municipality); the rest of training/coaching to be ensured by the PFP

³⁷ This activity will aim at standardizing MTBP at the local level within the national system, adjusting the classification of the budget in line with the new responsibilities of the local government and preparing sectoral guides or MTBP at the local level, similar to the tools used in the national level. These activities do not overlap with dldp ones. Referring to the capacity building activities, STAR will provide targeted TA to municipalities in 7 regions of the country, aligned with dldp and other project assistance

³⁸ Support for remote access to data ensured throughout the implementation without substantial extra cost (policy level negotiations mainly)

³⁹ Taking into account and excluding the municipalities already assisted by dldp and PLGP. International expertise required for a) inputs into guide/action plans, b) discussion on tax collection agents. Only one training session per each municipality foreseen, the rest of training/coaching to be ensured by the PFP

- Assist municipalities to conduct participatory budgeting process
- Prepare user friendly budget report templates for all municipalities
- Assist in design of specific financial information section on municipal websites
- Train municipal staff in public outreach activities for local budgets

Possible role for collaboration with/engagement of civil society: support in the consultations for the development and introduction of local revenue management action plans, gender budgeting capacity building

Component 2 – Improved local government service management and delivery

Output 2.1: Delivery of services and their management (including new competencies) improved

This output will address support for improved administrative and financial management of service delivery and the organization of services in the territory, including those deriving from the recent delegation of new competencies to the local level. A general capacity building effort will be provided to the relevant leading and technical municipal staff to improve the way services are to be planned, organized, managed and delivered, in a way that takes into account the required technical quality as well as relevant socio-economic considerations.

The new municipalities are struggling to restructure service provision in accordance with the new responsibilities they have over the territory and within the financial limitations. They should find ways to ensure a better coverage, improve citizens' access to services, and contain and estimate necessary financial resources for the implementation. It is essential to link these efforts to effectiveness, that is moving away from the traditional emphasis on managing inputs (budgets and staff) and processes (rules and structures) if the aim is to seek for a service that is provided with efficiency, effectiveness and is responsive to the needs of all women and men wherever they live within the LGU territory.

For that reason, the project proposes to introduce a performance measurement approach that first concentrates on service outcomes, rather than on the quantity of service provided, and second, focuses on the needs of the customers served. LGUs have to become capable to review and assess what are the competing needs and expectations within and among services so as to find the balance that is more aligned to the citizens' preferences. The project will identify and introduce a performance based methodology for the improvement, reorganization and monitoring of key local public services⁴⁰.

To ensure the best quality of this outcome and cope with the complexity and the newness of this approach for most LGUs, a combination of international, especially at the beginning of the effort, and local expertise will be necessary. The need to develop in detail a methodology for assessing the situation for specific services, the methods of obtaining disaggregated data and the type of data necessary to perform various costs-benefit analyzes as well as the very methodology to be used to perform this analysis, are important both for the specific services under review as well as for the replication of a similar reasoning to other services and LGUs.

The project will also develop a methodology on service reorganization, to be piloted in a cluster of 6 municipalities and for selected services. The selection of pilot municipalities will be made on the basis of selection criteria that will have to be determined in cooperation with the MSLI and will be consulted with each specific selected municipality.

The territorial rearrangement of the services will be based on the actual status of services, the development of different organizational options and their feasibility and cost-benefit assessments, by also integrating elements of measurability of the effectiveness of services delivered. The project will also develop instruments and capacities at local level to strengthen operational efficiency in service delivery,

⁴⁰ excluding water utilities and forests and pastures management that are already covered by assistance

through the development of budget estimates for full service cost recovery and analysis of feasibility of different service delivery methods.

The piloting will provide a potential model for replication for other services within the pilot municipalities and/or expansion to other municipalities that will be in the meantime made aware on the approach and the level of effort and resources it requires.

STAR2 will limit its assistance to the piloting of service reorganization and a light coaching on how to adopt the methodology in similar scenarios; adoption of the methodology by individual municipalities will rely on municipal willingness, discretion and resources.

It should be noted that STAR2 does not envisage supporting water supply or forest and pasture management service reorganization as these services are already receiving or will soon receive assistance through other programmes/projects.

This component offers great opportunities to explore the gender perspective in the assessment and reorganization of services, in designing them according to the not necessarily similar needs and expectations of men and women. For this purpose, the project commits to identify and define criteria and parameters inclusive of gender considerations. Besides the attention in viewing the matter from the perspective of gender and making use of the expertise in this area, the project will seek to ensure the specific participation and contribution of women in assessing the situation, identifying the demand as well as in consultations and capacity development activities.

Indicative activities

Overall capacity building for service management (including assistance for the new competencies)

- 2.1.1.** Capacity building for mayors, councilors, and local administrators on their specific roles and competencies to efficiently implement functions and deliver local services to the citizens
- 2.1.2.** Development of model budget estimates for main functions (i.e. road maintenance,) to assist in improving accuracy of budgets (3 pilot municipalities) for scaling up.⁴¹
- Develop cost and fee policy for typical local government functions, based on existing models underway
 - Develop standard guides with practical examples on local service management and cost recovery.
 - Develop guide and deliver trainings on service delivery options and economic feasibility, including in-house delivery, outsourcing, PPPs and concessions

Addressing new delegated competencies

- 2.1.3.** Assessment of new services deriving from delegated competencies
- Review the legislation in force regarding the management of the service and its standards
 - Review, in collaboration with the relevant central level agencies, the modalities of service transfer and work with the LGUs on identifying the necessary steps for a full take in of the competency⁴²
 - Capacity building assistance for taking over and managing the new competencies
 - Provision of support in specific circumstances to enable quick improvements of services delivered⁴³

⁴¹ As waste management planning and linking to MTB is covered by dldp along with the fee and affordable standard setting, STAR2 will take them in and disseminate them at the national level, coupled with targeted assistance for municipal staff. STAR2 will aim to link capacity building on fee setting rules with service standards and quality as well as methods of service delivery (in-house, PPP, outsourcing etc.), which are in part touched upon by dldp as well as PLGP in some pilot municipalities

⁴² This is one of the areas of coordination work of the Agency for the Implementation of the Territorial Reform; STAR2 will provide, if needed, expertise and assistance to the Agency address specific issues.

⁴³ One example might be supporting the procurement of basic communication and IT means for the fire protection service to reach and connect with remote rural areas, or promotion and delivery of training for community volunteers on basic knowledge and response to fire emergencies.

2.1.4. General training on project preparation and project implementation⁴⁴

- Identification of pools of local officials, in at least 40 medium and large municipalities, dealing with project preparation.
- Develop tailored curricula for project preparation and management
- Deliver training to municipal staff in charge of project development

Piloting service reorganization

2.1.5. Development of criteria for selection of 6 pilot municipalities

2.1.6. Selection of pilot municipalities

2.1.7. Identification of service(s) to be reviewed in each pilot municipality⁴⁵

- Collection of information about the status of public services at local level (STAR1 inputs to be used as well)
- Citizen surveys and formal consultations
- Criteria developed for selection of services
- Proposal and agreement on service selection

2.1.8. Development of service reorganization options

- Expert review of optimization possibilities
- Cost-benefit analysis of relevant options
- Decision and agreement on option to work with

2.1.9. Development of outcomes and indicators

- Expert assistance and public consultations for determining outcomes, baselines and achievable indicators
- Identification of data sources and data collection means
- Identification of data gaps to address (related to gender or vulnerability disaggregation, area coverage, etc.)
- Training relevant stakeholders/operators on data requirements, collection, indicator monitoring and reporting to decision levels

2.1.10. Adoption of an Action Plan

- Development of a multi-annual Action Plan with clear actions, targets, deadlines and costs, consulted with municipal departments and with the public
- Approval of the Action Plan by the municipal council
- Publication of the Action Plan in the municipal website
- Support online update of the Action Plan

Promote potential for scaling up

2.1.11. Dissemination of pilot experience / model to other municipalities

- Organize a series of information trainings targeting non-participating LGUs for sharing knowhow and anticipate future benefits of structured service reorganization

Possible role for collaboration with/engagement of civil society: local consultations for identifying relevant service indicators, expectations and needs, citizens surveys and focus group discussions, monitoring of annual service Action Plan implementation, etc.

Output 2.2: A national benchmarking system for key selected administrative/public services established ⁴⁶

⁴⁴ Local government capacity to prepare competitive project proposals is and will become much more a necessity in the future

⁴⁵ International expertise will be required for the development of the pilots (2.1.6 – 2.1.10). The same international expertise will be required to assist in developing the national benchmarking system with reference to service delivery (refer to Output 2.2); such expertise will be reduced during the rollout and replaced by the local one.

⁴⁶ The same expertise as for the 2.1.6 – 2.1.10

The proposal to establish a performance based approach for service delivery improvement, involving the identification and use of performance indicators provides the opportunity of building a national benchmarking system that will multiply the benefits of local performance monitoring.

Benchmarking is an efficiency tool based on the principle of measuring the performance of one organization against a standard to other organizations. It can be used to: (i) assess performance objectively, (ii) spot areas where improvement is needed, (iii) identify best practices for replication support, and (iv) validate or correct actions and support provided to specific areas. Benchmarking should be treated as an ongoing structured approach to improving performance incorporating best practice and not a one-off measure.

In order to assess multiple municipalities on the same indicators, there is a risk that common indicators do not reflect or address issues that are particular to specific municipalities. However, a significant advantage with comparability is that it can act as a driver and an incentive for municipalities to outperform each other and for pooling of know-how and learning. Besides inter-municipality comparisons, benchmarking will also enable the national government to compare results across municipalities in order to make decisions about where to concentrate assistance.

In this respect, the project will support the MSLI for the establishment of a benchmarking system composed of a set of selected outcomes and indicators for key public services which are within the scope of LGUs' service improvement efforts and for which data are easily made available. The project support will also include the development of necessary instructions on forms, sources and methods for data collection and input while the MSLI will promote the LGU self-assessment and reporting on these indicators for selected services.

Data collected and processed will be posted on a dedicated website of the Ministry, and this latter will also issue a consolidated annual report on the status of service delivery at local level as per the data received.

Based on the benchmarking and monitoring system and outcome indicators as reported by local government units, the Government shall later develop and set up minimal national performance based standards for public service delivery, which could be part of the basis for future financing of public service delivery nationwide.

Obligation of municipalities to report targeted results and indicators at an annual basis and at the format required by the system and defined by the Ministry will encourage local government units to adopt it as a normal working method when planning and budgeting public service delivery.

The project will aim at setting up central benchmarking and monitoring system for public service delivery at local level.

Indicative activities

- 2.2.1.** Support the MSLI to establish a benchmarking system on administrative and public services
 - Identify a set of data/parameters/indicators necessary and available for populating the system
 - Identify adjustments / measures to be taken at local government level and project support to ensure the functioning of an input system
 - Engage in an awareness campaign with local governments to discuss and promote the benefits of the benchmarking
 - Identify willing LGUs for the first batch of participation
 - Develop the IT structure for the benchmarking system
 - Test the system and then deploy
 - Based on first batch experience, support joining of other municipalities
- 2.2.2.** Support the MSLI in issuing proper instructions on the forms, sources and method of data collection and reporting
- 2.2.3.** Provide on the job training to staff responsible for data entering and reporting

Output 3.1: Status of local governance mapped in all LGUs

A local governance mapping will be undertaken at the beginning and at the end of the project implementation, ideally preceding and informing other project activities at the beginning and provide a measurement of project's immediate impact on local governance at the end. This exercise shall also build on the due diligence report findings of STAR 1. The undertaking of the mapping exercise across the LGUs will help understand how people experience local governance, and how local governance gaps are seen from different perspectives. The exercise will use a range of tools for the assessment such as citizen report cards, service provider interviews, community dialogues, self-assessments, along with a background review of secondary data collection and analysis (due diligence report of STAR 1).

The mapping activities will look at the availability of governance related data, the extent of such data usage for decision-making or what other criteria and evidence is used for such decision, the existence of institutional arrangements for civic engagement in local matters and the current level of that engagement, perceptions of accountability of public officials, equity (urban-rural gap, poverty, gender), etc. The mapping will assess local governance as seen from both perspectives so as to detect policy making gaps or identify areas requiring attention.

The main purpose of the exercise is to strengthen local administration capacity for evidence-based policy and decision making, while widening the review scope to also include non-economic and democratic dimensions of governance. It is expected that the exercise will also feed inputs into the preparation and starting of other STAR2 project activities.

Indicative activities

- 3.1.1.** Develop a governance mapping methodology and content and determine municipal clusters for the assessment⁴⁷
 - Review of existing models, including UNDP guidelines and case studies on governance assessment
 - Define assessment areas, data requirements and partnership approach to adopt for the exercise
 - Develop questionnaires and other tools and sources for collecting information
 - Determine municipal cluster and a plan of implementation
- 3.1.2.** Run the mapping exercise
 - Conduct surveys for frontline service providers, local officials, user focus groups as well as collect available data
 - Elaborate results and disseminate
 - Ensure full public awareness on the findings
- 3.1.3.** Draft a roadmap for follow up actions for each municipality.
- 3.1.4.** Make use of key findings for further tuning STAR2 project activities
- 3.1.5.** Run, towards the end of the project, another round of governance mapping to assess whether and where progress/change has been made
- 3.1.6.** Feed such conclusions to the national and local authorities, and feed inputs to the STAR2 project evaluation.

Possible role for collaboration with/engagement of civil society: involvement in the various local assessments and consultations and the development of the local governance mappings

⁴⁷ International experience for contextualizing a best experience, including UNDP's.

Output 3.2: Local democracy and citizen participation in local decision making strengthened

In parallel with the administrative reform, a series of policy documents have been legislated to strengthen the democratic aspect of local governance. On September 18, 2014, the Albanian Parliament adopted the new Freedom of Information Law (FIL). Under the Law provisions, every public authority (municipalities included) is obliged to designate a Coordinator for the Right to Information. On October 30, 2014, the Albanian Parliament approved the Law On the notification & public consultations". The Law makes consultations obligatory when policies of relative importance are to be enacted and provides for raising complaints when interested stakeholders are not consulted. The Decentralization Strategy reiterates that "Local governance will shift from closed and non-transparent governance into open and citizen-oriented governance [and] all decisions to be made at local level will have to involve citizens in a transparent manner". The Organic Law pays particular attention to the creation of mechanisms that are to ensure that the level of involvement of the local community does not suffer after the creation of larger local authorities.

Despite these provisions, there is not yet a widespread practice for many municipalities to consult with citizens on relevant decision-making, to publish decisions and to make available sufficient information and documents related plans and interventions with direct impact on citizens. Thus, most participatory policies are still stuck up in the realm of local decision-making.

While it is recognized that local democracy depends on some institutional factors such as the functioning of local government, the legal framework, however, it is also defined by the level of influence that citizens can exercise on local decision-making. There is a distinction between the concept of representative government and representative democracy. Representative government "assumes that citizens are passive [and] incompetent to participate in decisions about complex issues"⁴⁸. Representative democracy cannot be achieved or sustained without an active civic engagement, whereby the government is earns support and is accountable, responsive and representative.

STAR2 will support municipalities to strengthen this aspect of governance through implementation of the legislation, establishment of structures and systems suitable for civic participation, recommendations for institutionalization of civic participation and the introduction of best practices of participatory governance.

Indicative activities

3.2.1. Build capacities for public engagement and consultation⁴⁹

- Develop capacities for the implementation of the legislation the right to information and on public consultations
- Develop and promote tools for ensuring, monitoring and evaluating citizens' participation in local decision-making
- Introduce and establish practices and mechanisms for civil society organizations' support in providing watchdog functions as well as local public services delivery
- Introduce practices to strengthen local officials' responsibility / accountability towards citizens (e.g., open data, progress reports on municipal administrative and financial performance, service delivery, etc.)
- Develop and deliver practical training modules for local decision makers
- Assist LGUs to establish and make functional the community structures in accordance with the Local Government Organic Law

3.2.2. Pilot virtual participation in council meetings for the public

⁴⁸ King, Desmond and Stoker, Gerry (1996). *Rethinking Local Democracy*. Macmillan Press Ltd, London

⁴⁹ USAID, will assist civil society groups, citizens, businesses and NGOs to increase their participation in and oversight of territorial planning, using also public hearings, and will prepare a methodology for public consultation as far as territory development plans, of 5 municipalities, are concerned.

- Develop an IT system to support remote participation / live access to council meetings for relevant interest groups or citizens at large in at least two municipalities
- Review and recommend regulations allowing e-participation

3.2.3. Develop standard websites for new municipalities with features allowing publication of acts and regulations and consultation mechanisms

- Elaborate the local database template (e-Official Gazette for local government) to enable publication in the municipality website of all acts related to local government and publication of acts and regulations adopted by each municipality
- Elaborate special section in the website related to consultation of strategies, development plans and other important documents and regulations, with the possibility of the public to provide electronic feedback;
- Provide training to municipal PR teams on communication and consultation activities

Possible role for collaboration with/engagement of civil society: public awareness campaigns, capacity building activities on human rights and the right of information, monitoring of the quality, number and extent of participatory decision-making practices across LGUs

II.6. Sustainability of results

The Project is in line with the Government of Albania policies to reform and modernize its public administration, further decentralization and empower local governance.

STAR2 will support the practical application of such policies in the real local level context. The project's capacity building activities will provide civil servants and other relevant stakeholders with transparent systems and procedures as well as knowledge and skills – all of which contributing to enduring results. The enforcement of the Civil Service Law and the overall reform on human resources management will contribute to the sustainability of local administrations and the consistent buildup of their capacities.

From an institutional sustainability standpoint, all achieved results related to the development of institutional and organizational frameworks, development of appropriate procedures, development of specific services, etc. are going to be institutionalized through their introduction in relevant acts at a central or local level, their introduction in regular tasks of local public administration units, adoption of prepared manuals, guidelines, etc.).

STAR2 is designed to improve service delivery and make it more accessible, implicitly addressing optimization and rationalization (hence the sustainability) of local public administration functions. Support for improved and citizen-oriented services responds to public expectations and demand and thus more likely to foster local ownership.

At the local level, the project envisages to interact and provide capacity building support to a high number of local stakeholders, beneficiaries of technical assistance, estimated at around 7,500 people involved in about 330 training settings, the development of several methods and working documents (such as the OSS service delivery model, the service performance based metrics, the Standard Operating Procedures, Code of Conduct, municipal integrity plans, civic engagement guidelines, service costing guidelines, etc.). Capacity development at central level will be enhanced as well (the national benchmarking system, extension of application of civil servants training curricula to the local level, the adoption of MTBP process approach at local level, etc.)

Sustainability will also be enhanced by linking the project to other initiatives targeting local governments and local governance, implemented by other organizations working in the area decentralization and local governance, human rights and social inclusion, regional development, and civic engagement.

It is expected that after project completion, a number of systems and tools are put in place and function at both central and local levels, but also a new set of demands is triggered and municipalities are prepared to seek opportunities to follow up.

In conclusion, the project will be mostly focused at supporting local administrations and will try to create human and systemic capacities at this level. Support for the central level, the MSLI, AITR, and other relevant stakeholders will be limited in capacity building support to better assist the local level. This approach takes into account the institutional constraints of MSLI and AITR. At project completion, the capacities built and the sustainability will remain with local governments.

Nevertheless, the political context is paramount for the successful implementation and sustainability of the project. The Government should pursue with commitment and coherently its reform agenda and ensure its strategic objectives are addressed with due coordination, resources and professionalism.

It is also important that project stakeholders, especially those at the decision making level, inclusive of MSLI in the leadership, remain sensitive to local expectations and demands and try to understand, identify and address issues through broad consultations and in full collaboration with all the spectrum of local governments, beyond political differences, guided by the objective of strengthening the efficiency of the local administration institution as an integral part of public administration.

The success of the project will also depend on a large degree on the willingness of the LGUs and local communities to engage, learn and commit to change on a difficult path requiring more dedication, transparency, communication and accountability for results.

Working with civil society organizations, building their capacities for increased good governance demand and promoting collaboration between local governments and civil society for delivering services, assessing public performance and mobilizing public support is also an additional contribution to strengthen the sustainability of project results after the project end.

Finally, sustainability will depend on the progress made in the fiscal decentralization direction; without sufficient decision and fiscal power local governments will stagnate, incapable of driving local development, improving services at adequate levels, addressing local priorities and therefore failing on efficiency and effectiveness and eroding expectations and public trust.

III. WORK PLAN AND BUDGET

III.1. Indicative implementation time-frame

	1	2	3	4	5	6	7	8	9	10	11	12	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
Inception																						
Comp 1 – Strengthening institutional and administrative capacities of LGUs																						
Output 1.1: Enhanced HRM capacities for a more efficient and effective local administration																						
1.1.1. Analysis of scope of ongoing assistance on CSL implementation																						
1.1.2. Support further capacity building on CSL and Labor Code implementation																						
Output 1.2: Improved administrative capacities and the integrity of local administrations																						
1.2.1. Develop and deliver training curricula on leadership development																						
1.2.2. CB for the implementation of the new Code of Administrative Procedures																						
1.2.3. Revise LGUs' organizational chart																						
1.2.4. CB and tools for compliance with the LG Organic Law																						
1.2.5. Increased local government public ethics and integrity																						
1.2.6. Pilot municipal integrity plans																						
Output 1.3: Local public financial and fiscal management capacities enhanced																						
1.3.1. Capacity building on MTB process and resource allocation at the local level																						
1.3.2. Provide training on requirements of the Local Finance Law to be enacted in 2016																						
1.3.3. Support improvement of local level tax collection and enforcement																						
1.3.4. Develop local revenue management action plans for 42 municipalities																						
1.3.5. Expand the implementation of the tax management software																						
1.3.6. Enable civil society to engage in the participatory budget making process																						
Comp 2 – Improved local government service management and delivery																						
Output 2.1: Delivery of services and their management (including new competencies) improved																						

	1	2	3	4	5	6	7	8	9	10	11	12	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	
Overall capacity building for service management																							
2.1.1. CB for mayors, councilors, and administrators on their roles for service delivery																							
2.1.2. Development model budget estimates for main functions																							
2.1.3. Training municipal staff in charge of project preparation and implementation																							
<u>Piloting and scaling up service reorganization</u>																							
2.1.4. Development of criteria for selection of 6 pilot municipalities																							
2.1.5. Selection of pilot municipalities																							
2.1.6. Identification of service(s) to be reviewed in each pilot municipality[5]																							
2.1.7. Development of service reorganization options																							
2.1.8. Development of outcomes and indicators																							
2.1.9. Adoption of an Action Plan																							
2.1.10. Expand to new services / new municipalities																							
<u>Addressing new delegated competencies</u>																							
2.1.11. Assessment of new services deriving from delegated competencies																							
Output 2.2: A national benchmarking system for services established																							
2.2.1. Support the MSLI to establish a benchmarking system																							
2.2.2. Support issuing instructions on forms, sources and method of data collection																							
2.2.3. Provide on the job training to staff responsible for data entering and reporting																							
2.2.4. Support the MSLI in developing annual report of performance at local level																							
Output 2.3: Scale up a one-stop-shop model nationwide																							
2.3.1. Identification of OSS model for scaling up																							
2.3.2. Presentation of model to LGUs and identification of LGUs willing to enroll																							
2.3.3. Development of an OSS deployment plan based on identified demand																							
2.3.4. Start deployment as per the plan and upon the above conditionality																							
2.3.5. Develop regulations to operate the system as per the law requirements																							
2.3.6. Provide training to relevant municipal staff on using the system																							
Output 2.4: A system of digitalization of local government archives adopted																							

	1	2	3	4	5	6	7	8	9	10	11	12	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
nationwide																						
2.4.1. Develop a deployment plan for the digitalization																						
2.4.2. Develop the user level manual for archiving including legal requirements																						
2.4.3. Train and assist local staff on archiving system and archiving procedures																						
2.4.4. Support and monitor deployment of system in all LGUs																						
Comp 3 – Enhanced local democracy through citizen oriented and participatory decision-making																						
Output 3.1: Status of local governance mapped in all LGUs																						
3.1.1. Develop a governance mapping methodology																						
3.1.2. Run the mapping exercise (entity)																						
3.1.3. Draft a roadmap for follow up actions for each municipality.																						
3.1.4. Make use of key findings for further tuning STAR2 project activities																						
3.1.5. Run, towards the end of the project, another round of governance mapping																						
3.1.6. Feed conclusions to the national and local authorities, and to STAR2 evaluation.																						
Output 3.2: Local democracy and citizen participation in local decision making strengthened																						
3.2.1. Build capacities for public engagement and consultation																						
3.2.2. Pilot virtual participation in council meetings for the public																						
3.2.3. Websites of municipalities allow publication of acts and regulations																						

III.2. Resources

	Months	1	2	3	4	5	6	7	8	9	10	11	12	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
PMT																							
Project Manager	40																						
Senior Team Leader Capacity Development	38																						
Senior Team Leader Public Service Delivery	38																						
Senior Team Leader Local Democracy & Good Governance	38																						
Local Government Policy Expert	40																						
Knowledge Management and Coordination Specialist	30																						
Field Presence Coordinator	30																						
Local Government Data Analyst	34																						
Gender and Social Inclusion Specialist	36																						
Environmental Specialist	36																						
Public Relations & Communication	38																						
IT Specialist	36																						
PEP staff (6x2)	24																						
ST Consultants																							
Project Assistant	38																						
Driver(s)	40																						
Project Coordination (UNDP)																							
Project Coordinator	41																						
Project Specialist	36																						
Senior Finance/Admin Assistant	41																						
Finance Clerk	41																						
Admin Clerk	36																						

III.3. BUDGET

Expected Output	Planned Activities	Timeframe (years)				Planned Budget	
		1	2	3	4	Description	Amount
Comp 1 – Strengthening institutional and administrative capacities of LGUs							
Output 1.1: Enhanced HRM capacities for efficient and effective public administration at local level	1.1.1. Analysis of scope of ongoing assistance on CSL implementation					National experts International experts	102,600 27,000
	1.1.2. Support further capacity building on CSL and Labor Code implementation					Travel Cost Training Cost	12,248 34,200
Output 1.2: Administrative capacities and the integrity of local administrations improved	1.2.1. Develop and deliver training curricula on leadership development					National experts International experts	328,140 148,500
	1.2.2. CB for the Implementation of the new Code of Administrative Procedures					Travel Cost Training Cost	38,880 96,000
	1.2.3. Revise LGUs' organizational chart						
	1.2.4. CB and tools for compliance with the LG Organic Law						
	1.2.5. Increased local government public ethics and integrity						
	1.2.6. Pilot municipal integrity plans						
Output 1.3: Supported local public financial and fiscal management capacities	1.3.1. Capacity building on MTB process and resource allocation at the local level					National experts International experts	289,440 99,000
	1.3.2. Provide training on requirements of the Local Finance Law to be enacted in 2016					Travel Cost Training Cost	10,160 19,800
	1.3.3. Support improvement of local level tax collection and enforcement						
	1.3.4. Develop local revenue management action plans for 42 municipalities						
	1.3.5. Expand the implementation of the tax management software						
	1.3.6. Enable civil society to engage in the participatory budget making process						
Comp 2 – Improved local government service management and delivery							

IV. RESULTS FRAMEWORK

Intended Outcome as stated in the Government of Albania and the United Nations Programme of Cooperation 2012-2016: Government of Albania implements policies that advance democratic, equitable and sustainable regional and local development
Intended Outcome as stated in the Government of Albania and the United Nations Programme of Cooperation 2012-2016: Local Government Units and governance institutions have the technical, financial and human resources to deliver equitable public and administrative services for men and women and render account
Indicator: Decentralizations strategy adopted and commences implementation; Baseline: Strategy due; Current status: Strategy approved in 2015 and under implementation
Applicable Output(s) from the UNDP Strategic Plan 2014-2017: Output 3.2 – Functions, financing and capacity of sub-national level institutions enabled to deliver improved basic services and respond to priorities voiced by the public
Project title and Atlas Project Number: STAR2 – Support to Consolidation of Territorial and Administrative Reform – 00097212

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
Output 1.1: Enhanced HRM capacities for efficient and effective public administration at local level	1.1.1. Analysis of scope of ongoing assistance on CSL implementation capacity building	Training packages on Civil Service Law and Labor Code	tbd	2016	At least two training packages developed	STAR2 project	Training/project reports
	1.1.2. Support further capacity building on CSL and Labor Code implementation	Number of trainees on CSL and Labor Code	tbd	2016	About 400 trainees, including mayors, top local officials and HR offices	STAR2 project	Training/project reports
Output 1.2: Administrative capacities and the	1.2.1. Develop and deliver training curricula on leadership development and gender mainstreaming	Training curricula on leadership development and gender mainstreaming	0	2016	Curricula developed	STAR2 project	Project report

⁵⁰ The output indicators will be revised/refined during the inception phase of the project

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
integrity of local administrations improved					660 people trained on leadership development	STAR2 project	Training/project reports
	1.2.2. Capacity building for the Implementation of the new Code of Administrative Procedures	Number of trainees on the Code of Administrative Procedures	0	2106	400 civil servants receive training on the Code of Administrative Procedures	STAR2 project	Training/project reports
		Municipal Standard Operation Procedures	0	2016	SOP developed and adopted	STAR2 project LGU	Project report LGU decision
	1.2.3. Revise local governments' organizational chart as per typology, context, capacities and compliance with the Code of Administrative Procedures and the Organic Law	Typologies of municipal organograms	0	2016	At least five typologies developed and adopted	STAR2 project LGU	Project report LGU decision
	1.2.4. Capacity building and tools for compliance with the Local Government Organic Law	Manual on implementation of Organic Law	0	2016	Manual developed and 600 local officials trained	STAR2 project LGU	Project report LGU decision
	1.2.5. Increased local government public ethics and integrity	Number trainees on public ethics and integrity	tbd	2016	600 trainees	STAR2 project	Training/project reports
		Municipal Code of Conduct	tbd	2016	Code of Conduct adopted	STAR2 project LGU	Project report LGU decision
	1.2.6. Pilot municipal integrity plans	Municipal Integrity Plans	0	2016	At least 6 municipalities have developed integrity plans	STAR2 project LGU	Project report LGU decision
		Level of citizen perception of corruption manifestations of local government	41%	2015	Baseline 41% (2015), target 25% (end project)	OGP National Survey Trust in Government (IDM)	OGP Survey Trust in Government
Output 1.3: Local public financial and fiscal management capacities enhanced	1.3.1. Capacity building on MTB process and resource allocation at the local level	Manual on MTBP programming at local level	tbd	2016	Manual developed	STAR2 project	Project report
		Training on MTBP and strategic resource allocation delivered at local level			200 trainees benefitting at local level	STAR2 project	Project report

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
	1.3.2. Provide training to 61 municipalities on the requirements of the Local Finance Law expected to be enacted within 2016	Training on Local Finance Law	0	2016	120 trainees	STAR2 project	Project report
	1.3.3. Support improvement of local level tax collection and enforcement	Number of pilots on revenue and tax collection	0	2016	At least 6 pilots with completed assessment	STAR2 project	Project report
	1.3.4. Develop local revenue management action plans for 42 municipalities	Number of local revenue management action plans	0	2016	Aiming to develop 42 action plans	STAR2 project	Project report
	1.3.5. Expand the implementation of the tax management software						
	1.3.6. Enable civil society and interested citizens to be effective participants in the participatory budgeting making process	Number of municipalities conducting participatory budget processes	tbd	2016	At least one third of municipalities	STAR2 project	Project report
Output 2.1: Delivery of services and their management (including new competencies) improved	2.1.1. Capacity building for mayors, councilors, and local administrators on their specific roles and competencies to efficiently implement functions and deliver local services to the citizens	Number of trainees on service delivery roles	tbd	2016	180 trainees in all LGUs	STAR2 project	Project report
	2.1.2. Development of model budget estimates for main functions (i.e. road maintenance, solid waste) to assist in improving accuracy of budgets (3 pilot municipalities) for scaling up.	Number of models developed Standard guide on service management and cost recovery	tbd tbd	2016 2016	At least three models At least guides developed for two services	STAR2 project	Project report
	2.1.3. Assessment of new services deriving from delegated competencies	Number of trainees on new competencies	tbd	2016	At least 200 trainees	STAR2 project	Project report
	2.1.4. General training on project preparation and project implementation	Number of trainees in project development and implementation	tbd	2016	At least 120 trainees in about 40 LGUs	STAR2 project	Project report
	2.1.5. Development of criteria for selection of 6 pilot municipalities						

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
	2.1.6. Selection of pilot municipalities						
	2.1.7. Identification of service(s) to be reviewed in each pilot municipality	Number of services selected for study and reorganization	0	2016	At least six services	STAR2 project	Project report
	2.1.8. Development of service reorganization options	Number of services	0	2016	At least six services	STAR2 project	Project report
	2.1.9. Development of outcomes and indicators	Number of indicators of service performance considering gender sensitiveness	0	2016	At least one third of indicators	STAR2 project	Project report
	2.1.10. Adoption of an Action Plan	Number of action plans developed and adopted	0	2016	At least six action plans	STAR2 project	Project report
	2.1.11. Dissemination of pilot experience / model to other municipalities	Number of trainees on service reorganization approach	0	2016	Over 100 trainees	STAR2 project	Project report
Output 2.2: A national benchmarking system for services established	2.2.1. Support the MSLI to establish a benchmarking system on administrative and public services (including definition of parameters/indicators, consultations, the development of the system and its deployment)	Number of consultations / participants	0	2016	At least 10 consultations (including 6 municipal clusters, 2 inter-institutional meetings and 2 meetings with CSOs) involving 200 participants	STAR2 project	Project report
		The establishment of a national benchmarking system for local government service provision	0	2016	The system is established and functional	MSLI	MSLI Project report
	2.2.3. Support the MSLI in issuing proper instructions on the forms, sources and method of data collection and reporting						

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
	2.2.4. Provide on the job training to staff responsible for data entering and reporting	Number of LGUs with service delivery performance monitoring system in place	0	2016	61 LGUs	MSLI	MSLI Project report
	2.2.5. Support the MSLI in developing an annual report showing status of performance at local level	LGU Performance Annual Report	0	2016	At least on annual report during the project life	MSLI	MSLI Project report
Output 2.3: A one-stop-shop model scaled up nationwide	2.3.1. Identification of OSS model for scaling up	Model selection	0	2016	One model selected for replication	MSLI	MSLI Project report
	2.3.2. Presentation of the selected model to LGUs and identification of LGUs willing to enroll for such assistance						
	2.3.3. Development of an OSS deployment plan based on identified demand						
	2.3.4. Start the deployment as per the plan and upon the satisfaction of the above conditionality	Number of LGUs with territorially functional one-stop-shop service	4 or 5	2016	61 LGUs	STAR2 project	Project report MSLI LGU reports/decision
	2.3.5. Develop regulations to operate the system as per the law requirements						
	2.3.6. Provide training to relevant municipal staff on using the system and handling cases	# trainees on OSS operations	td	2016	In average 10 people for each LGU for 50 LGUs	STAR2 project	Project report
Output 2.4: A system of digitalization of local government archives adopted nationwide	2.4.1. Develop a deployment plan for the digitalization	Digitalization plan availability	0	2016	Digitalization plan developed	STAR2 project	Project report
	2.4.2. Develop the user level training manual for archiving including legal requirements	User manual for the digitalization of archives	0	2016	User manual developed	STAR2 project	Project report

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
	2.4.3. Train and assist local staff on archiving system and archiving procedures jointly with the specialists of GDA	# trainees on digitalization operations	tbd	2016	61 trainees	STAR2 project	Project report
	2.4.4. Support and monitor deployment of the system in all LGUs and administrative units	Number of LGUs that have adopted an electronic document management system for the administrative archives	0	2016	61 LGUs	STAR2 project MSLI	Project report MSLI LGU decision /assessment
Output 3.1: Status of local governance mapped in all LGUs	3.1.1. Develop a governance mapping methodology and content and determine municipal clusters for the assessment	Methodology on Local Governance Mapping	0	2016	Methodology developed	STAR2 project	Project report
	3.1.2. Run the mapping exercise	Number of local government mappings	0	2016	Two rounds covering each the 61 municipalities	STAR2 project	Project report Mapping assessment report
	3.1.3. Draft a roadmap for follow up actions for each municipality.						
	3.1.4. Make use of key findings for further tuning STAR2 project activities						
	3.1.5. Run, towards the end of the project, another round of governance mapping to assess whether and where progress/change has been made	Number of local government mappings	0	2016	Two rounds covering each the 61 municipalities	STAR2 project	Project report Mapping assessment report
	3.1.6. Feed such conclusions to the national and local authorities, and feed inputs to the STAR2 project evaluation.						
Output 3.2: Local democracy and citizen participation in local decision making strengthened	3.2.1. Build capacities for public engagement and consultation	Number of local government and civil society trainees on legislation on the right to information	tbd	2016	Over 120 trainees	STAR2 project	Project report
		Number of tools developed	tbd	2016	At least two tools	STAR2 project	Project report

EXPECTED OUTPUTS	ACTIVITIES	OUTPUT INDICATORS ⁵⁰	BASELINE		TARGET INDICATORS	DATA SOURCE	DATA COLLECTION METHODS
			VALUE	YEAR			
		and tools adopted for assessing citizens' participation in local decision-making			developed and adopted		LGU decision
		Number of tools developed to strengthen transparency / openness / accountability of local officials	tbd	2016	At least two tools developed and adopted	STAR2 project	Project report LGU decision
		Number of local government community structures established through project support	0	2016	At least six, supported by the respective PFPs	STAR2 project	Project report LGU decision
		Number of LGUs having systematic public consultation mechanisms in place	tbd	2016	At least one third of LGUs	STAR2 project	Project report LGU decision
	3.2.2. Pilot virtual participation in council meetings for the public	Number of e-participation systems developed and adopted	0	2016	At least two systems developed	STAR2 project	Project report LGU decision LGU communication interface
	3.2.3. Develop standard websites for new municipalities with features allowing publication of acts and regulations and consultation mechanisms	Standard websites / minimum shareable information agreed upon	0	2016	Adopted by at least one third of LGUs	STAR2 project	Project report LGU decision

V. INSTITUTIONAL AND FINANCIAL MANAGEMENT ARRANGEMENTS

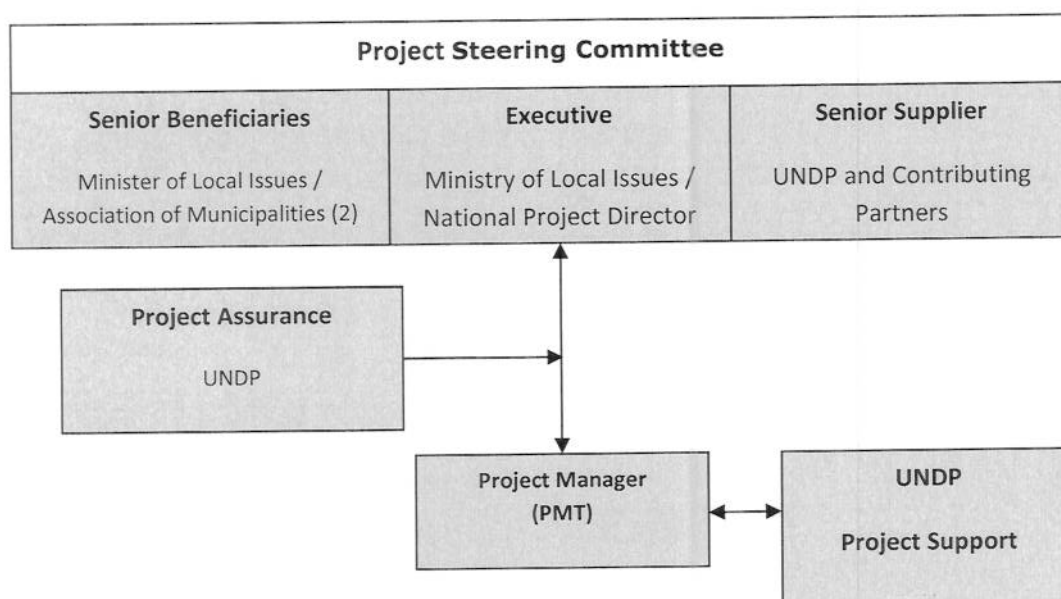
V.1. Institutional Management Arrangements

The project will be implemented in accordance with UNDP's National Implementation Modality (NIM) whereby the Ministry of Local Issues is the designated National Implementing Partner, on behalf of the Government of Albania.

UNDP will be responsible for the provision of project inputs upon formal request from the Minister of Local Issues /Project Director (see below). Services will be provided according to UNDP rules and procedures, based on a standard letter of agreement with the Minister of Local Issues for the provision on support services. In addition to the broader stakeholder consultation and advisory fora, the management of the project at hand will entail functions as defined in National Implementation Guidelines [http://www.undp.org/content/dam/undp/library/corporate/Programme%20and%20Operations%20Policies%20and%20Procedures/NIM for Government english.pdf](http://www.undp.org/content/dam/undp/library/corporate/Programme%20and%20Operations%20Policies%20and%20Procedures/NIM%20for%20Government%20english.pdf).

The envisaged procurement of goods, necessary for ensuring an operational PMT along the implementation, will be carried out in accordance with UNDP rules and procedures. Unless otherwise determined by the PSC, upon completion of the Project, the Minister of Local Issues will take over the ownership of the project assets (including project vehicles).

Project Organization Structure



Detailed description of various roles within the management of the project:

Project Steering Committee:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the project manager;
- Provide guidance on new project risks and agree on possible countermeasures and management actions to address specific risks;
- Review the project progress and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Review combined delivery reports prior to certification by the implementing partner;
- Appraise the project annual review report, make recommendations for the next annual work plan, and inform the outcome group about the results of the review;
- Provide ad-hoc direction and advice for exception situations when project manager's tolerances are exceeded;
- Assess and decide to proceed on project changes through appropriate revisions;

Project Director (NPD)/Implementing partner:

- A Project Director is designated by Government and is given the authority to request advances, payments, contracts, etc.
- The National Project Director (NPD) is responsible for the achievement of project objectives.
- The Project Director is the official liaison between the Minister of Local Issues and UNDP to ensure proper project execution.
- NPD approves work plans for planned expenditures;
- NPD approves and signs the Combined Delivery Report (CDR) at the end of the year;
- NPD signs the Financial Report or the Funding Authorization and Certificate of Expenditures (FACE).

Senior Beneficiary:

- Group of individuals representing the interests of those who ultimately benefit from the project. The Senior Beneficiary's primary function within the Project Steering Committee is to ensure the realization of project results from the perspective of Minister of Local Issues and the ultimate beneficiaries who are the municipalities

Development Partners (also called Supplier):

- Individuals or groups representing the interests of the parties concerned which provide funding and/or technical expertise to the project. Senior Suppliers in this specific case are considered all international partners contributing to the project budget represented in the Steering Committee. In light of the significance of ongoing programmatic work supported by the international community in Albania, the Sector Working Group may designate a participant on behalf of the broader "donor" community to participate in the Project Steering Committee.

Project Manager:

- Guides and coordinates the daily work of the PMT and reports to the National Project Director
- Plans the activities of the project and monitors progress against the approved work-plan;
- Mobilizes personnel, goods and services, training and micro-capital grants to initiative activities, including drafting terms of reference and work specifications and overseeing all contractors' work;
- Monitors events as determined in the project monitoring schedule plan, and updates the plan as required;
- Manages requests for the provision of financial resources by UNDP, through advance of funds, direct payments, or reimbursement using the FACE (Fund Authorization and Certificate of Expenditures);
- Monitors financial resources and accounting to ensure accuracy and reliability of financial reports;
- Is responsible for preparing and submitting financial reports to UNDP on a quarterly basis;

updated Project Budget Balances to the Project Steering Committee for monitoring purposes. This report is a UNDP report for monitoring the financial movements of all projects and does not constitute a financial statement.

The **Project Transaction Detail** report provides the lowest level of transactional details supporting commitments, expense, and full cost of asset amounts shown on the project budget balance report. The report shows transactions at the project/output/activity/Chart of Accounts level, including voucher/purchase order IDs, vendor ID and name, and line descriptions. The UNDP will avail updated transaction details to the Project Steering Committee for monitoring purposes. This report is a UNDP report for monitoring the financial movements of all projects and does not constitute a financial statement.

VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management.
- An Issue Log shall be activated in Atlas and updated by the Project Coordinator to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Coordinator to the Project Steering Committee through Project Assurance, using the standard report format.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events
- In addition to the above standard monitoring framework, a close communication will be established between UNDP and Minister of Local Issues with respect to the day-to-day implementation of activities and information on the project's progress will regularly be shared and when needed with the project's stakeholders and partners

Annually

- Annual Review Report. An Annual Review Report shall be prepared by the Project Coordinator and shared with the Project Steering Committee. As a minimum requirement, the Annual Review Report shall consist of the Atlas standard format covering the whole year with updated information for each above element as well as a summary of results achieved against pre-defined annual targets at the output level.
- In accordance with standard UNDP procedures, an internationally recognized auditing firm will carry out annual auditing of the project. The purpose of the audit is to certify that disbursements were made in accordance with the activities specified in the project document; disbursements are supported by adequate documentation; financial reports are fairly and accurately presented; appropriate management structure, internal controls, and record keeping is maintained. At the end of the project, an evaluation will be conducted to assess the impact of the project.

VII. LEGAL CONTEXT

This document together with the UN Program of Cooperation which is incorporated herein by reference, constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA); as such all provisions of the SBAA apply.

Consistent with the Article III of the Standard Basic Assistance Agreement (SBAA), the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document".

VIII. ANNEXES

Risk Log

Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
Strategic Organizational Operational	National counterpart capacity constraints could adversely affect the ability of Government to effectively and timely coordinate and implement reforms P=3, I=4	<ul style="list-style-type: none"> Support for complementary management capacities to the MSLI, through the setup of the PMT; MSLI supported in strengthening institutional coordination; Project support for donor coordination, under Government leadership, to help target priority areas and make impact; PSC alerted on time on capacity shortages; Work with most active LGUs to build demand and pressure for change; Combine supply and demand capacity development support 	UNDP/PM	2016		Factored into project design and implementation.
Strategic Political,	Can cause delays in implementing activities, damage the sustainability of the project and ownership of results. P=2, I=3	<ul style="list-style-type: none"> National and sub-national governments directly engaged in the design of the project document; Project management arrangements place a representative from national government as National Project Director under the direct oversight of the MSLI; Engagement of the associations of municipalities in project steering committee; Proper consultation involving users in local decision making processes; Promoting and widely sharing good results and practices; Maintenance of high quality communication and information with all stakeholders throughout the implementation; 	UNDP/PM	2016		Factored into project design and implementation.

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
3	Other donor organizations/ government initiatives in the same area overlap or contradict with the project	Design phase	Political Operational	This is a new complex technical and participatory process which requires coordination and commitment of a variety of actors, under a clear Government leadership and vision. Lack of coordination will lead to waste of resources, confusion especially among local beneficiaries, and will be detrimental to both the progress of reforms and the development assistance impact P=2, I=2	<ul style="list-style-type: none"> The PSC is the highest level donor coordination instrument overseeing the project plans and progress. This is the first level for addressing coordination issues. The project proposes the institutionalization of monthly technical meetings among development partners to share/exchange information and good practices and also identify areas of potential overlap. The project inception will be a critical phase to define in detail project areas of intervention and activities, especially for those areas receiving multiple assistance. A stronger and more effective coordination is required from MSLI and the NPD to ensure synergies and avoid overlaps. The project will provide technical support and evidence on parallel planned/ongoing initiatives and activities, though the effort requires an improved collaboration from all development partners. 	MSLI Donor Community	2016		Factored into project design and implementation.
4	Institutional rigidity and resistance to inter-institutional collaboration	Design phase	Political Operational	Implementation will be delayed or stalled with respect to the production and delivery of some of the project outputs. This might have a higher impact as some of the activities are interconnected. P=3, I=3	<ul style="list-style-type: none"> MSLI works already and extensively with a number of relevant institutions also within the official coordination arrangements such as the IPMG Decentralization sub-group. The MSLI institutional leverage will be put in use when and if needed. During the inception period, the project will define in detail the institutional coordination requirements and establish working contacts with them. As its predecessor, STAR2 will be 	MSLI UNDP/IPM	2016		Factored into project design and implementation.

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
					<p>presented as a national government project, which will help mitigate resistance.</p> <ul style="list-style-type: none"> The project proposes to make use of the IPMG subgroup for coordination purposes, but also establishing an ad-hoc coordination group if the former approach does not result effective enough. Also the project has created space for inviting relevant institutions as members of the PSC if it is deemed necessary. 				
5	Further changes in the local government organizational structures, such as the removal of the legal limitations to maintain the current setup of local administrative units from 2018 onwards	Design phase	Organizational Regulatory	Such changes would create uncertainty in the organizational and regulatory environment that may cause slow-downs in the implementation of the project and a need for further adaptation P=2, I=3	<ul style="list-style-type: none"> It remains possible that further changes may occur in the internal organization of the LGUs. However it is not expected that such changes would be massive, as the current organization, including the administrative units, is built on the footprints of the previous division (former communes), which were established based on population concentrations, geographic access, historical and cultural commonalities, etc. The most likely project activity to be impacted is that of one-stop-shops. However, the OSSs rely more on soft infrastructure (the hard infrastructure is light and secured by the respective LGU) that can be re-located to another location. Furthermore, the project envisages to undertake a mid-term review of all its components to update its adaptation to a likely changing context and remain effective. 	MSLI UNDP/PM	2016		Factored into project design and implementation.
6	Changes in political authorities in the involved government agencies that	Design phase	Political	The national elections to be held in 2017 might have the potential of changing national authorities.	<ul style="list-style-type: none"> Involve a wider range of government stakeholders; base the project on frameworks and goals stipulated in 	UNDP/PM MSLI	2016		Factored into project design and implementation.

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
	may slow down the development of on the field activities			P=2, I=4	<ul style="list-style-type: none"> the country's strategic documents The project will work with subnational governments to increase their understanding and awareness on the STAR2 effects and impact on their daily work and performance Donor stand on the STAR2 is critical in case of political changes 				To be monitored closely
7	Performance assessments of LGUs are not conducted in a neutral and objective manner or used politically, thus distorting the purpose	Design phase	Political	As there is no substantial tradition in open data, transparency and evidence collection for informed policy and decision-making, the results might be misused P=3, I=3	<ul style="list-style-type: none"> Clear messages on purpose of assessment and its development advantages, other countries' experiences, description of process and possible follow up actions is part of project awareness activities targeting LGUs as well as media and CSOs; MSLI to confirm publicly the intentions on undertaking this exercise and seek LGUs' collaboration; Neutral assessment teams with due technical knowledge on the approach and local level interaction; Usage of clearly defined indicators, possibly with explanation on their specific selection; Quality Assurance by STAR2; A well thought launching of the result, with clear and unequivocal messages, findings and recommendations; 	UNDP/PM	2016		Factored into project design and implementation. To be monitored closely
8	Local communities are not sufficiently encouraged by direct benefits and thus reluctant to adopt behavioral changes needed to achieve goals in the long-term	Design phase	Operational	The project will work closely with the national and local counterparts and guarantee that LGUs and local communities receive proper and accurate information on the benefits of the project P=2, I=3	<ul style="list-style-type: none"> The areas of project intervention, be it for new or up-activities, will be identified through participatory and capacity building workshops to ensure a high level of involvement and interest within local stakeholders. The project's communication strategy and training components will 	UNDP/PM	2016		Factored into project design and implementation. To be monitored closely

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
					<p>also raise awareness of the project benefits.</p> <ul style="list-style-type: none"> Some of proposed STAR2 activities refer to existing practices to be promoted with some modifications to increase their efficiency and effectiveness, thus increasing the likelihood of support for adoption. 				
9	Adequate technical and operational resources mobilized for a timely implementation of activities	Design phase	Operational	<p>If implementation arrangements and recruitment of key project personnel, appointment of Government counterpart focal points, project personnel turnover, and procurement of services are delayed, project initiation and delivery will suffer and be compromised and some momentum may be lost. P=2, I=5</p>	<ul style="list-style-type: none"> Government clarity of sequence of action and avoidance of last minute decisions – the PMT should contribute to this planning; Fast track and flexible recruitment of technical teams with a dedicated and highest commitment following the STAR1 experience engagement; Partners consulted for identifying key expertise; Provision of sufficient lead-time in the procurement plan; Timely resource mobilization 	UNDPI/PM	2016		Not yet a concern. Tobe monitored closely
10	Timely and sufficient resource mobilization	Design phase	Financial	<p>Resource mobilization is a permanent challenge, which depends on the funding availability and willingness to commitment from potential partners. The lack of or the inadequate timing of securing the necessary resources will heavily compromise the pursuance and achievement of objectives and therefore the desired results. P=2, I=4</p>	<ul style="list-style-type: none"> Principle discussion have taken place between Government and relevant donors; The donor community has showed commendable readiness in supporting the territorial reform through the pooled fund modality; Further efforts should be made by the MSLI to channel to the extent possible inputs and resources to a pooled funding mechanism for facilitating harmonization and coordination; At all times, the Government should maintain a time horizon forecast of forthcoming needs and available resources and take timely action to ensure continuity and sustain the process by sharing problems and 	MSLI Donor Community	2016		Tobe monitored closely

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
					<p>seeking solutions within the international partners:</p> <ul style="list-style-type: none"> In a difficult situation, Government has to decide on concentrating on a limited number of areas, limiting the activities scope on strategic ones and ensure funding for critical actions. 				
11	Gender perspectives are not taken into consideration by local stakeholders	Design phase	Strategic	<p>There is still low awareness on gender mainstreaming and inclusiveness when shaping operations, services and policies. This will continue to result in inefficient, non-inclusive and inadequate solutions P=4, I=4</p>	<ul style="list-style-type: none"> The project has a strong focus on gender mainstreaming. Interventions will be designed at the outset with a gender perspective. Training on gender mainstreaming will be integral part of the capacity building provided to local officials. Data collection and analysis will be sex-disaggregated Project assessments, findings and recommendations will include the gender perspective and will be developed through paying attention to gather the views of men and women. 	UNDP/PM	2016		Factored into project design and implementation. To be monitored closely
12	The fiscal reform may stall or be delayed for various internal and external factors	Design phase	Political Financial	<p>The lack of adequate resources will hamper LGUs' capacities to take on and implement project recommendations, participate in some of the project activities and benefit from project outputs, set an ambition vision and objectives and perform to the expectations and demand of their communities P=3, I=4</p>	<ul style="list-style-type: none"> Fiscal reform is high in the Government agenda. Local finance legislation will be developed in 2016. Most LGUs have still a low performance in own revenue generation, therefore still room to improve. STAR2 project will offer the costly TA and develop solutions that are as much as possible efficient and feasible within the current fiscal framework. Additional assistance in revenue generation and better financial planning will be provided by STAR2 and other development partners' 	MSLI	2016		To be monitored closely

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
					<ul style="list-style-type: none"> programmes in parallel. Nevertheless, more resources are beneficial for a faster and more comprehensive consolidation of LGUs. 				
13	The matter of local government inherited/accumulated debt is not solved properly/timely and burdens local finances	Design phase	Financial Political	The problem is recognized and a commitment is made by the Ministry of Finance to look at the matter. From the LGU perspective, solutions sought should aim to not create impossible burdens to local finances that would paralyze their functioning. This issue should however be solved earlier than later. P=3, I=3	<ul style="list-style-type: none"> The project will not be involved in solving such institutional problems, but the development will be closely monitored for adaptation. 	MSLI	2016		To be monitored closely
14	Delays in solving institutional problems for a full transfer of delegated competencies	Design phase	Organizational Political	There are still problems to solve among central institutions and the LGUs with regard to the new competencies. MSLI and its AITR is looking into existing institutional bottlenecks. Delays create confusion and uncertainty of who does what and in a final account the citizens are not adequately served. P=3, I=3	<ul style="list-style-type: none"> The project will not be involved in solving such institutional problems. The project focus will be in assisting LGUs to take over and manage the already transferred new competencies through adoption of good management practices, advising on how such competencies may be reorganized and administered in the territory and build the knowledge and capacity for translating such competencies in efficient and responsive services for the citizens. 	MSLI	2016		To be monitored closely
15	LGUs' views and needs are not taken into account	Design phase	Political Operational	It might result that project intended objectives and its proposed activities do not match in full LGUs' needs and the way they would like to see their problems solved. P=3, I=3	<ul style="list-style-type: none"> The project does not claim to respond to specific needs of each LGU. Instead, attention was paid during the design phase to develop a proposal that responds to aggregate priorities of most LGUs in the post-territorial reform stage, in full consideration of the existing strategic, legal and institutional framework, the development context 	UNDP/PM MSLI	2016		Factored into project design and implementation. To be monitored closely

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
					<p>and the information about the local situation through contacts with each LGU.</p> <ul style="list-style-type: none"> Solutions proposed are in compliance with legal requirements or best practices, some of which successfully piloted in the last couple of years and in demand by most LGUs. Nevertheless, the project will introduce its proposed interventions in each LGU and will operate in full respect with the principle of local autonomy and local discretion. 				

VIII.2. Annex 2 - Basis of estimation for scaling up the OSS

Item	Price/unit	Services	Municipalities	TOTAL
Analysis and re-engineering of an additional service in OSS-MIS x 50 services	\$6,600.00	60		\$396,000
Design and programming of an additional service in OSS-MIS x 50 services	\$7,800.00	60		\$468,000
Analysis and Design of 50 new services in OSS-MIS	\$14,400.00	60		\$864,000
Testing and deployment of services in OSS-MIS in 50 municipalities	\$180.00	60	50	\$540,000
Staff training and administrative support for use of individual services in OSS-MIS in 50 municipalities.	\$180.00	60	50	\$540,000
Testing, deployment and training for 50 new services in 50 municipalities	\$360.00	60	50	\$1,080,000
Roll-Out TOTAL				\$1,944,000

VIII.3. Annex 3 - Estimation of filing needs for the local archives

Qark	Recorded documents	Unrecorded documents	Training needs	Out of	Filing needs			
	linear meter	linear meter	archiving staff	administrative units	boxes	files	approximate cost (in ALL)	approximate cost (in USD)
Berat	48.24	284.26	5	20	822	16,434	657,480	5,389
Diber	136.99	432.17	31	31	1,831	36,620	1,464,800	12,007
Durres	188.62	140.96	9	13	659	13,180	527,200	4,321
Elbasan	157.76	814.97	38	43	3,572	71,440	2,857,600	23,423
Fier	124.89	441.83	29	36	1,660	33,200	1,328,000	10,885
Gjirokaster	4.32	314.14	22	25	1,162	22,556	915,920	7,508
Korce	31	731.7	27	31	3,565	71,300	2,852,000	23,377
Kukes	71.6	389.84	24	24	1,693	33,860	1,354,400	11,102
Lezhe	97.67	327.43	8	18	1,569	31,380	1,255,200	10,289
Shkoder	17	743.55	28	28	2,093	39,268	1,622,560	13,300
Tirane	134.44	521.08	22	35	2,872	57,440	2,297,600	18,833
Vlore	2	346	19	19	886	17,720	708,800	5,810
	1,015	5,488	262	323	22,384	444,398	17,841,560	146,242

Reference price 1 box 400 ALL
 1 file 20 ALL