




# UNLOCKING TERRITORIAL POTENTIAL

Functional areas, local development and inclusive policy-making in Albania



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Date of Publication:

June 2020

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## Acronyms

ALUIZNI	Agency for Legalisation, Urbanisation and Integration of Informal Areas and Buildings
AU	Administrative Unit
Dldp	Decentralization and Local Development Programme
FA	Functional Area
FAP	Functional Area Programme
GLP	General Local Plan
INSTAT	Institute of Statistics
LGU	Local Government Unit
PPP	Public-Private Partnership
RDF	Regional Development Fund
SDC	Swiss Agency for Development and Cooperation
TALD	Territorial Approach to Local Development
TAR	Territorial Administrative Reform

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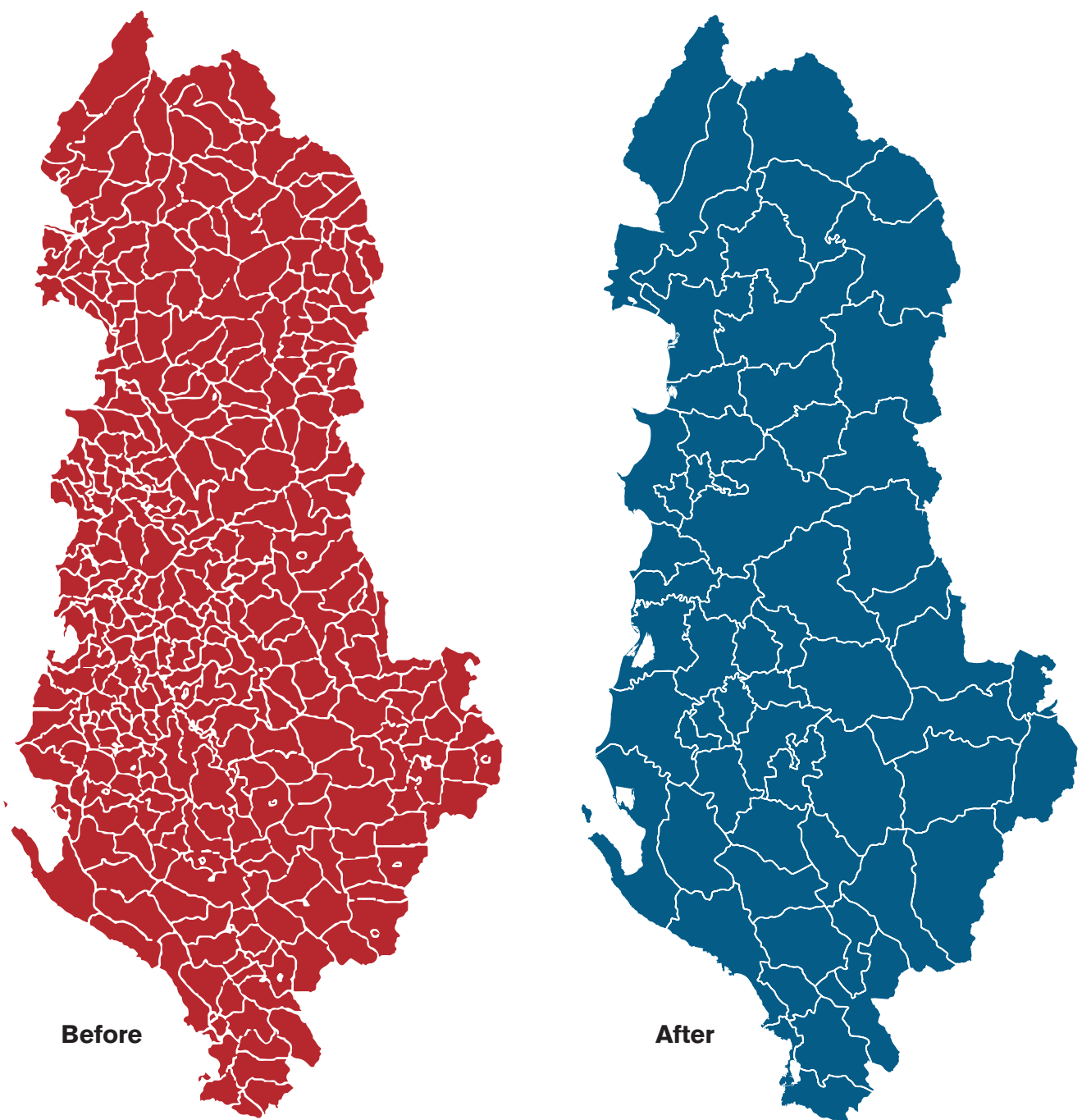


Figure 1: Map showing Local Government Units (LGUs) of Albania before and the 61 new municipalities established after the Territorial Administrative Reform.

## EXECUTIVE SUMMARY

The purpose of this paper is to demonstrate how the Decentralization and Local Development Programme (dldp) contributed to reducing spatial inequalities in Albania. Dldp was implemented by Helvetas in Albania between 2006 and 2019, with funding from the Swiss Agency for Development and Cooperation (SDC). This paper summarises the key approach and instruments used to ensure more equitable territorial development in the country at a time of immense administrative reform.

We start by explaining the complex relationship between local development and decentralization. Within this framework, we introduce the causes of existing spatial inequalities, the context of decentralization as well as its impact on urban–rural linkages and peri-urban informal areas and outline the administrative-territorial division and the motivations for the Territorial Administrative Reform (TAR) undertaken by the Albanian Government in 2014.

The paper then describes the strategic entry points dldp chose and the role it had in supporting territorial development in Albania:

- By supporting the design of the TAR and its methodological preparation based on functional areas, dldp had a crucial role in the development of the national TAR law and its emphasis on equitable territorial development.
- By designing a specific instrument – the Functional Area Programme (FAP) – dldp supported the strengthening of local leadership and administrative capacity of some of the newly established municipalities following the TAR. The FAP supported municipalities in collaborating with a range of actors such as local businesses and civil society to articulate a joint vision, promote joint action, mobilise resources and identify priorities to cohesively develop their territories. The FAP subsequently served as a basis for municipalities to develop their General Local Plans (GLPs).<sup>1</sup>
- By setting up a grant mechanism, dldp financed priority projects within the newly established municipalities. This was designed to strengthen their role as development actors of their territory resulting in improved municipal governance and public and social services.

- Finally, dldp support was instrumental in the successful elaboration of several more gender and socially inclusive policy initiatives in the areas of decentralization and local finance.

The accompanying case study of the municipality of Lezha – a medium-sized municipality and long-term partner of the programme in the north-western part of Albania – is used to illustrate concretely the results of this approach (see also the Annex).

We show how the preparation of the Functional Area Programmes in northern Albania, with the support of dldp, influenced an approach that leads to a more inclusive and territorially balanced development.

The results are further demonstrated by:

- The effect the dldp functional area research and FAPs had in influencing the General Local Plans. These served to formulate and establish the vision for the development of the territory and identify key projects, which ensured that functional area planning principles for long-term and sustainable development were adhered to.
- An analysis of key projects identified during the FAP preparation to understand their potential impact on the urban-rural linkages and their potential for enhancing social inclusion.
- The actual impact of the FAPs four years after their preparation and the implementation of the territorial reform.
- Gender sensitive policy change, initiated as a reaction to TAR and its impact on realities at the local level

Finally, in the conclusions and lessons learned chapter, we highlight key results, the potential and limitations of the developed instruments and recommendations.

<sup>1</sup> General Local Plans are strategic planning instruments that determine the vision and rules for sustainable development of municipalities in Albania. The GLPs are discussed and approved by the local council and then at national level where they then become a legally binding instrument.



# 1 THE COMPLEX RELATIONSHIP BETWEEN LOCAL DEVELOPMENT AND DECENTRALIZATION AND THE IMPORTANCE OF TERRITORIAL DEVELOPMENT

Traditional top-down policies often reduce local governments to managerial agents of the state. Such an approach fails to adopt a more spatial and strategic integrated focus on public investment planning. Understanding the limitations of this model for development, while observing the trends of rapid urbanisation with growing socio-political and economic spatial inequalities combined with the mixed-results of costly top-down, centrally-driven traditional approaches to correct territorial disparities, caused a paradigm shift among donors and some governments.

This new approach embraced a bigger role for local governments as policy-making bodies and key representatives of local politics in a given territory. It provides a broader framework for the role of local governments in local public service delivery, local economic development and local environmental management for poverty reduction, increased social cohesion, security and peace as well as environmental sustainability. From this perspective, decentralization processes are a vehicle to create space for developmental local governments to unleash the potential of territories.

The relationship between decentralization and inclusive local development is however complex and mediated by other policies.<sup>2</sup> Namely, the deep political nature of the decentralization process where the fiscal-side often remains incomplete and is compounded by the quality of the local institutions and capacities<sup>3</sup> with risks of corruption among local elites as well as local development management systems.<sup>4</sup>

This awareness was translated into new approaches of bigger donor organizations such as the EU (2013) by committing itself to promote equitable, spatial development through a Territorial Approach to Local Development (TALD).<sup>5</sup> Territorial development is local development (local service delivery, local economic development and environmental management) that is:<sup>6</sup>

- **endogenous** as local governments have the autonomy to mobilize and leverage place-specific resources thanks to enabling political and institutional mechanisms of governance and administration.
- **spatially integrated** as local governments integrate the physical/environmental and social-economic aspects of local realities and ensure (horizontal) coordinated management with the private sector, academia, civil society and diasporas and thereby identify assets, knowledge and opportunities.
- **holistic** by adopting a “whole-of-government approach” and thereby overcoming the fragmentation of sector-based policy (making and implementation).
- **using (vertical) multi-level governance** based on what different levels of governments have the power and ability to do together for development through a process of coordination and cooperation.

As a result, territorial development is supposed to bring incremental value (efficiency and scope) to national development efforts by unleashing the full potential of territories.<sup>7</sup>

Territorial development is different from traditional local development approaches as it cannot happen without a supportive national framework. This means that the principles underpinning territorial administrative reforms and place-based policies (urban, rural and regional) demonstrate a national commitment to “territorial development”. Territorial development is also conditioned by the existence of a developmental-friendly decentralization process aimed at empowering local governments to act as a catalyst for local development and undertake initiatives on behalf of their local constituencies.

Territorial approaches to local development can be promoted at multiple levels (i.e. local, urban, metropolitan, regional, national and supra-national) and different country contexts are bound to determine which components of a territorial approach to local development to give priority to and what specific form this may take.

<sup>2</sup> Both sectoral and territorial policies such as rural, urban, regional policies.

<sup>3</sup> Local leadership and administrative capacity; local multi-level intergovernmental cooperation; local public-private partnerships; active citizenship, for example.

<sup>4</sup> Local planning/budgeting systems, diversified instruments of local development financing

<sup>5</sup> COM(2013) 280 FINAL “Empowering local authorities in partner countries for enhanced governance and more effective development outcomes.”

<sup>6</sup> COM(2013) 280 FINAL “Empowering local authorities in partner countries for enhanced governance and more effective development outcomes” p.5

<sup>7</sup> The EU's Directorate-General for International Cooperation and Development - Reference Document No 23 on “Supporting decentralisation, local governance and local development through a territorial approach” – December 2016

### a) Urban-rural linkages and the emergence of the informal, peri-urban

Due to poor economic development and scarce public services, the Albanian transition after the 1990s was characterized by a rapid depopulation of rural areas (from 70% in 1989 to 47% in 2011) with people migrating abroad or to larger metropolitan areas or other urban centres. While during communism the cities were typically centrally planned industrial centres,<sup>8</sup> with the fall of communism a lot of the industries collapsed causing people to migrate towards larger urban areas, where development was uncontrolled. This had the effect of essentially erasing the borders between cities and surrounding rural areas and forming the peri-urban. Informal settlements on the edge of cities became more apparent during this time. At the same time, people living in rural areas suffered from lack of basic public services, unemployment and/or underemployment in subsistence agriculture.

This rural to urban internal migration trend further accelerated the concentration of economic activities in urban areas and growing social and economic spatial inequalities which risked eroding social cohesion in both rural and urban areas.

Key effects of this migration include:

- Few young people remained in rural areas making it difficult for the remaining population to adapt to the changing circumstances and benefit from other economic possibilities beyond agriculture.
- Brain drain with the typically more-educated persons leaving rural areas and small towns and moving to the main cities.
- Labour migration towards the informal areas surrounding the largest cities in typically unsafe low-skilled and low-paid jobs.

Almost all the cities, especially the bigger ones, were surrounded by growing informal settlements. These informal settlements created substantial pressure on the public authorities to provide quality public services and ensure economic integration of these areas (see Table 1).

<sup>8</sup> Migration to urban areas was also strictly controlled and only permitted based on labour needs.

The administrative division during these 25 years was still based on a very strict distinction (inherited from the centrally planned period of communism) between:

- The urban Municipalities (65 cities and towns, typically administrative and industrial service centres) and
- The rural Communes (308): based on the former cooperatives boundaries and groups of villages where agriculture was the dominant economic sector.

The informal settlements would typically fall between the outer periphery of the cities and the territory of the surrounding communes. It became evident that the territorial and administrative division was outdated and was not responding to the dynamics of the social and economic development in the country. The administrative boundaries between municipalities and communes were becoming a mere formality and were not allowing for an efficient distribution of resources. Development programmes concentrated on cities and natural resources in rural areas, leaving informal settlements increasingly trapped in the uncertainty of a competent authority able to deliver services as well as the chaos of uncontrolled development.

**Table 1. Features of informal areas**

- Lack of necessary infrastructure e.g. fresh water, sewage system, electricity connections, public schools, hospitals, recreation areas.
- Deterioration of landscape quality, local water contamination, degradation of coastal zones, deforestation, desertification, landslides, flooding, poor drainage, exposure to various hazards, etc.;
- Extra costs for environmental improvement;
- Informal real estate market;
- Lack of land tenure ownership, corruption, lack of transparency in land management issues;
- Conflict arising from insecure land rights;
- Social exclusion of low-income people living in informal settlement;
- Government challenges with incomplete land registration, constraints in land supply.

There was a consensus amongst politicians and experts on a need for a territorial administrative reform (TAR) that would reshape the boundaries of the Local Government Units and strengthen them as an agent of development of their own territories. In 2014, the Albanian Government made clear the intention to design and implement the TAR.

Specifically, some of the key motives, as per the explanatory memorandum of the TAR law included reduction of disparities between rural and urban areas and the need to plan for economic development at a larger scale closer to the real economic dynamics of the territory; thus going beyond the typical efficiency and expenses optimization arguments.

## **b) Linking local development and decentralisation**

The newly established municipalities in Albania receive budgetary allocations for local public services, local investments and local economic development. It is broadly accepted that the legal framework in place gives a certain autonomy to the municipalities in terms of functions assigned.<sup>9</sup> In terms of local development, municipalities are responsible for preparing local strategies including local economic development strategies as well as the preparation of the General Local Plans (GLPs) which form the territorial development strategies and land use plans.

Fiscal decentralization is, however, incomplete. Very low levels of revenue are managed locally compared to other EU countries, while Albania is still the lowest compared to other countries of South-eastern Europe. The available resources of the municipalities were roughly 3% of the GDP<sup>10</sup> in 2018, compared to 5.9% in other South-eastern European countries and 10.7% being the EU average. Own source revenues constitute around 29% of the total municipalities budget with the rest coming from the Central Government in the form of unconditional and conditional transfers. The unconditional transfer is based on clear and objective criteria, while the conditional transfers are only partly competitive. On average, in Albania, local government channels over 70% of total financial resources to cover current expenditures and about 30% for capital expenditures. The capital expenditures are covered by own resources and the Regional Development Fund (RDF), a Government mechanism used to allocate local public investments. Other local public investments

are financed by loans from International Finance Institutions. Grants from donors are typically managed through Central Government Agencies.

Although the share of the transfers and local government own revenues has been growing year after year, the funds to finance local development strategies remain broadly at the discretion of the Central Government. Cooperation with private sector and civil society actors to develop development strategies and implement joint projects has been very limited, possibly due to the political incapacity to involve other actors as well as their own limitations due to structural issues within the public institutions.

<sup>9</sup> Key documents include the National Cross-Cutting Strategy for Decentralization (2015-2020), the Law on Local Government (2015) and Law on Local Government Finances (2017).

<sup>10</sup> Status report on local public finances. CO-plan 2018



## 3 OPPORTUNITIES TO SUPPORT A TERRITORIAL APPROACH FOR LOCAL DEVELOPMENT IN ALBANIA

One of the key concerns during the design process of the TAR was the potential further economic and social marginalization of rural areas and their citizens. Both economic growth as well as equity and the reduction of disparities between territories was top of the agenda to ensure that citizen well-being does not depend excessively on location. Local and regional development depends both on the quality of government institutions as well as adapted (place-based) policies to address equitable economic growth, inclusive service delivery and environmental sustainability. The quality and effectiveness of the TAR was therefore crucial. At the same time, it was important to avoid that, through the integration of rural areas in the larger municipalities, their political voice would be reduced, and the development attention would solely be focused on the urban areas.

There were different entry points to support more balanced equitable and inclusive territorial development. Through dldp, opportunities were seized to improve national supportive policies by working simultaneously on the TAR based on functional areas to support local development that is spatially integrated<sup>11</sup> and leverages place-specific resources<sup>12</sup> and thereby bringing incremental value to national development efforts. Dldp also supported the implementation of the National Crosscutting Strategy for Decentralisation and Local Governance to enhance autonomy by transferring more functions and resources (funds and human resources) to LGUs and developing accountability by foreseeing citizen's outreach mechanisms. Dldp was also instrumental in the integration of gender clauses in the Law on Local Finance and the Law on Self-Government and the electoral code.

Dldp furthermore focussed on improving territorially balanced and integrated local development management systems through improved planning and budgeting systems and preparation of the Functional Area Programs (FAPs) as a basis for the elaboration of municipalities' General Local Plans.

<sup>11</sup> Local development must have a holistic, spatial orientation to integrate physical/environmental and social/economic considerations and overcome the fragmentation of sector-based policymaking and implementation. Economies of scale and added value may be realised through horizontally integrated and spatially coordinated management by local authorities. In 'Supporting decentralisation, local governance and local development through a territorial approach', European Commission, Reference Guide Nr. 23.

<sup>12</sup> As part of the Endogenous local development process

Dldp set-up a grant mechanism to expand the LGUs' fiscal space in order to effectively exercise their role as development actors, prioritise cost-effective and sustainable investments in a participatory and accountable way while stimulating bottom-up learning and capacity strengthening and respecting national decentralization principles and norms. Leadership and administrative capacities of LGUs were furthermore strengthened to support LGUs in taking up their role in local development policy making and in using their increased discretionary decision-making power on behalf of their constituencies.

### **a) Methodological support to the TAR design: Functional Areas**

The research on Functional Areas conducted in 2013 in the framework of dldp, was used by the Albanian Government as a methodology to place multiple functionality criteria at the centre of its policy efforts for the design and implementation of a territorial and administrative reform. This was done to ensure local development through LGUs would become more holistic by enhancing their spatial integration by incorporating physical/environmental and social/economic considerations. The dldp functional areas research initially conducted at the project scale was meant to assist the project to identify clusters of former LGUs that would be able to deliver results and therefore were considered as 'viable' functional areas. A lesson learned from earlier phases of the project was that the results, although solid at LGU level (former smaller municipalities and communes), did not allow for a rapid transformation in the regions where the program was working. This was true for joint management of public services, but also for other development initiatives, such as economic development programs, that would benefit from a larger and better adapted territorial scale based on environmental and social/economic considerations.

Research carried out with the Lucerne University of Applied Sciences and Arts (Switzerland), which had previously been involved in agglomeration programmes at the Swiss federal level, led to the identification of functional areas (in five Qarks<sup>13</sup> of the country out of twelve). The functional areas in this context could be defined as groups of communities in LGUs bordering each other with high economic and social

<sup>13</sup> Qarks: regions

interaction, which would benefit from joint actions in tackling joint problems and issues as well as unleash the development potential of the areas. The identified functional areas therefore showed higher potential as dldp project partners. Criteria for the identification of functional areas were related to economic aspects (i.e. commuting to centres of employment), social interaction (i.e. access to health and education leisure centres) and governance such as inter-LGU initiatives whereby administrative services provided in one municipality were also made available for people from surrounding areas).

With the election of the new government, there was political willingness (an absolute majority in parliament) to go ahead with a territorial administrative reform. Technical insights were however lacking on how to conduct the TAR to achieve the strategic political objectives aimed at improving local development performance by making it more inclusive, equitable and reducing spatial disparities between rural and urban areas and the growing numbers of informal settlements in peri-urban areas. It became thus clear that the results of the dldp study would not only serve the project but might have an important impact on the design of the TAR. Dldp shared with the government the functional area approach that was placed at the centre of a nationwide study for the design of the new boundaries of the LGUs. The TAR used the functional areas approach to design the territories of the new LGUs, hence the principle was one functional area was equivalent to one LGU.

The TAR resulted in the establishment of 61 municipalities out of formerly 364 LGUs. While the former administrative boundaries of the LGU-s created a clear distinction between urban areas (municipalities) and rural areas (communes), almost all the 61 new municipalities are now a mix of urban and rural areas within the same administrative boundary.

Having this principle of functionality at the centre of the Territorial Administrative Reform paved the way for more territorial development thinking. Indeed, some of the specific motives quoted in the accompanying note to the draft law of the TAR concern planning for new development areas, creation of an attractive environment for economic development, planning in wider scales, mitigation of the inequalities between the rural and urban areas, increasing the planning capacities for employment and housing, maximising the endogenous potential of the areas.

TAR was prepared keeping in mind the development potential of the functional areas and new municipalities, assuming that the new municipalities with the urban-rural

territories and enhanced professional capacities would be supported to behave as a developmental actor in the driving seat of the development of their territory.

The TAR in Albania established new administrative boundaries based on the continuum between urban, peri urban and rural areas. The TAR thereby established a framework in which local governments are more likely to be better equipped to identify and respond to social/local needs while paying attention to marginalized or peripheral areas and vulnerable groups.

## **b) Support to local leadership and administrative capacity: Functional Area Programs (FAPs)**

Dldp furthermore focussed on improving local development management systems through planning and budgeting systems based on Functional Area Programs (FAPs) as a basis for the elaboration of the municipalities' General Local Plans. The FAPs were the missing instrument for the new municipalities to understand and capitalize on the urban-rural dynamics of their territory. A FAP builds upon a robust analysis of the interaction dynamics of the functional area, the public services and the economy of the area and helps formulate a joint vision for the territory. To a large extent, the functional area research and the subsequent Functional Area Programme (FAP) methodology developed by dldp was based on studying urban-rural interactions, namely larger city or smaller towns with the smaller and sometimes remote rural areas. Hence the approach tries to turn the challenge of the reform into an opportunity for the peripheral, informal and especially rural areas and their citizens.

The development of FAPs required a multi-actor platform and a multi-sectoral approach. The preparation process of the FAPs included the Local Government officials, the private sector and civil society groups as well as citizens at large. The FAPs identified (broadly discussed) development projects in *services, governance and economic development* that would precede and accompany in the first steps the establishment of the municipalities and formulate projects that trigger the endogenous development potential of the area. Besides the traditional direct LGU functions, the FAPs also identified priority projects based on horizontal coordination (including private sector) and vertical coordination with other tiers of government.

Thereby, the FAP emphasizes the endogenous and incremental nature of local development while ensuring it is more spatially integrated than before the TAR. The FAP was an instrument for Local Governments to put

themselves in the driving seat of inclusive local development strategies. The FAP also considers social equality through emphasizing the need to integrate the remote rural areas and the peri-urban areas not only in the main cities or the more resource intensive areas. Priority projects identified included directly targeting disadvantaged groups such as women and youth in addition to public services for socially disadvantaged groups.

As the FAPs were prepared before the start of the political cycle of the new enlarged municipalities, a key question was how to make sure that the results and expertise of this process would be endorsed by the new municipalities. Dldp undertook a series of initiatives to ensure that:

- The FAPs were made publicly available to all the candidates running for mayors and councils in the newly designed municipalities to be mainstreamed in the political platforms.
- The FAP preparation principles, methodology and guidelines were broadly discussed with key national actors such as the National Territorial Planning Agency and the Ministry of Urban Development to make sure the FAP aligned with the development of GLPs (a key initiative of the government designed to support the TAR).
- Dldp itself supported the preparation of several GLPs making sure that the results of earlier FAPs were fully integrated.

The GLPs were a part of the national policy for territorial development with a series of strategies and plans at national, regional and local level ensuring a solid integrated vision of territorial development at different levels.

The GLP is the highest planning tool of a municipality, defining the vision for the sustainable development of the territory as well as clear urban planning rules in the territory of a municipality.

GLPs supported by dldp were developed (together with international technical assistance) that looked at the whole territory and not only at cities. The GLPs preparation allows to have a comprehensive understanding of territories as complex systems and improve territorial planning. This however required a lot of data that was not available. Territorial planning therefore was done based on the intrinsic and strong knowledge of the territorial actors. A link was established between the GLPs and the medium-term expenditure framework of the municipality.

Linking FAPs with the GLPs ensures that the integrated development vision and key development projects have now a clear legal mandate to be followed and implemented by the municipalities in a short, medium and long-term timeframe.

**Table 2: Main characteristics of projects identified for the 8 FAPs**

**Overall Project Portfolio**

- The total fund requirement for the 105 projects is 39.1m Euros. Four projects (of which three are road projects) are valued at more than 2m Euros. The road projects alone cost 17.8m Euros.
- ¾ of all projects are less than 0.3m Euros.
- 79 projects facilitate the implementation of the TAR.
- 38 projects have elements of a PPP.
- 37 projects are mainly software projects with a total budget of 3.8m Euros.
- 17 suggest a multi-stakeholder approach.
- Except for a few, almost all projects are within the present definition of LGU functions (this includes projects of local economic development).
- Waste management and One Stop Shop projects have the biggest potential to support transition and sustainable development.

**Highest rated projects**

- 1/3 of the best projects are in the environmental sector (mostly waste management.)
- Most have a sectorial cross-cutting character.
- The top ranked projects are: 5 waste management, 1 afforestation, 1 market place development, 1 agro-processing
- 15 of the best rated projects contribute to the implementation of TAR.
- The overall estimated budget requirement for the best ranked project per FA (8) is 2.8m Euros for the top three projects (24) is 5.4m Euros.

### **c) Dldp grant mechanism to strengthen new municipalities as development actors of their territory**

An analysis of the projects identified by the FAPs shows that a large portion of them directly contribute to the implementation of the underlying strategic objectives of the TAR: they are oriented towards improvements of services (including administrative ones) covering the whole or a large part of the territory of the FA, economic development and integration of the FAs, provision of better access for remote areas and social integration of disadvantaged groups. At the same time, as anticipated, the analysis of the projects revealed their crosscutting nature and the need for a multi-stakeholder approach, including central government agencies and the participation of the private sector.

Through the project budget, dldp was able to expand the fiscal space of some of the municipalities<sup>14</sup> to implement some priority projects identified in their GLP based on FAPs. This stimulated bottom-up learning and capacity strengthening. Grants for priority projects were used especially for financing projects in the areas of public services and governance that came out as priorities<sup>15</sup> during the preparation of the FAPs (see Table 2).

In terms of implementation this was mostly a project-based fund but relied heavily on the existing systems for the whole project cycle (i.e. using Albanian Procurement rules and electronic systems, the Albanian treasury system etc.). The projects were implemented directly by the municipalities. Information campaigns through community meetings and local media were organized before and during the implementation of each project to trigger an accountability mechanism.

Typically, these projects included an increased coverage in public services (especially waste management), One Stop Shops for administrative services where most of the inhabitants of the functional area would benefit, improved access and social projects. This activity showed, through concrete results, the potential of the FAPs to reduce territorial disparities through provision of services to rural areas and demonstrating the benefits of joint projects in the Functional Area, and what became the new municipalities. At the same time the grant implementation was combined with extended capacity building activities on overall project cycle management, gender responsive procurement and financial management, monitoring and

reporting. The grant fund enabled a stronger role for the new municipalities to strengthen their position in local development implementation.

### **d) Support to the elaboration of gender-sensitive policy initiatives in the areas of decentralization and local finances**

Following up on the TAR, new reforms were initiated that allowed dldp to support the enabling environment for local governments' elaboration of new legislation related to their role in local development policy and decision-making. These reforms aimed to have an impact on reducing social inequalities/enhancing social inclusion, especially gender equality.

Dldp was instrumental in advocating for the Law on Local Finance and the Law on self-Government and in ensuring the electoral code was gender responsive. Long-term support was also aimed at empowering a network of women engaged as local councillors. More concretely:

- The election code now foresees that 50% of the list of candidates for members of the council must be women. As a result, in 2015–2019 cycle, 35% of Albania's council members were women (compared to 14% previously) and 15% of the mayors were women (compared to 1% previously).
- The Law on Local Finances became more gender inclusive: One of the goals of the Law was to assure gender equality, meaning that:
  - programme objectives should be gender sensitive, at least in the medium term, and program budgets should be gender responsive;
  - the expenditures which guarantee gender equality funding schemes are made public; guarantee equal access on public services (incl. gender monitoring); and set gender sensitive indicators for measuring the performance of municipalities.

### **e) Other government reforms initiated to support territorial consolidation**

In terms of reform implementation, it was clear that more autonomy would be needed for the new municipalities in terms of resources (financial and human) and functions in order to empower them with a strong developmental mandate. Given the cross-cutting nature of territorial development, a series of other reforms were initiated by the Government to support the consolidation of the municipalities:

<sup>14</sup> The project grant fund was around 1.2 Million CHF and covered around twelve projects.

<sup>15</sup> The projects were scored by experts and then prioritized by relevant stakeholders and citizens in the LGUs.

- The Decentralization Strategy and gender sensitive Law on Local Self-Government,<sup>16</sup> based on which more functions (incl. the resources) were transferred to municipalities and citizen's outreach mechanisms were foreseen to cover the deficits of reduced number of local council members. A monitoring report of the implementation strategy in 2017 shows good progress with most of the measures implemented or currently under implementation.
- The Law on Local Finance created a more favourable environment for fiscal discipline and for the growth and predictability of local revenues, by ensuring a minimum transfer amount of 1% of GDP to be transferred to the LGUs, an amount that cannot be smaller in the coming years, as well as a higher share from some of the taxes collected from the Central Government (i.e. personal income tax). This, however, still leaves Albania amongst the lowest ranked countries in Europe in terms of the Local Governments' control over revenues and spending and does not enable municipalities to have enough financial autonomy to exercise their competences and carry out their activities efficiently and effectively
- A substantially resourced programme from Government and Donors, "The Urban Renewal" programme, supported the municipalities in the urban upgrading of cities, informal areas and rural areas. The distribution of the resources was however controlled by Central Government or National Governmental Agencies with some claiming there to be political bias in project selection. Critics also raised the issue of a diminished role of the municipalities in the decision-making concerning the allocation of these resources.
- The Government financed the preparation of the GLPs across the country for the territory of the new municipalities. The GLPs include a territorial development strategy (and clear spatial plans in the form of building codes and guidelines). In the municipalities where dldp prepared a Functional Area Program, the document informed and influenced the GLP preparation.
- A recent initiative, the "100 villages" programme in the rural development sphere is going to support infrastructure, services and economic development interventions in one hundred villages that will serve both as a model and centre of development clusters in rural areas. The role of the municipalities in the program is not yet strong enough, both as a policy-maker or implementer.

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<sup>16</sup> Gender responsive funding schemes; equal access to public services (incl. gender monitoring based on gender sensitive indicators for measuring performance of LGUs)



## 4 LEZHA CASE STUDY

The case study (Annex 1) shows the reduction of territorial inequalities and enhanced social cohesion in Lezha as a result of the TAR based on the Functional Area principle:

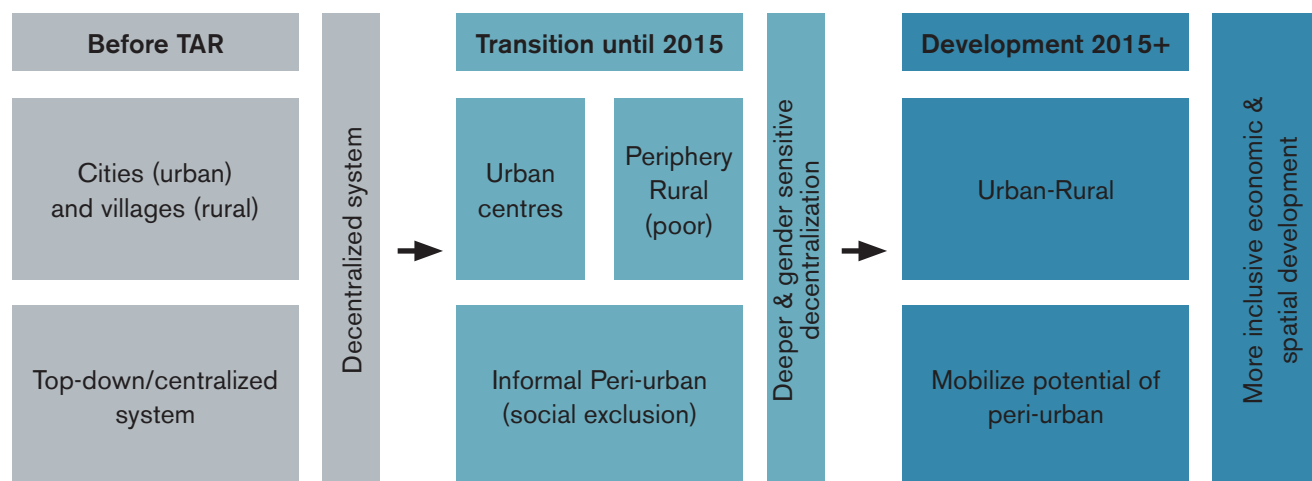


Figure 2: Reducing territorial inequalities and social exclusion through TAR based on FA criteria

### 2.1 General description of Lezha Functional Area

The functional area of Lezha, what later became one of the 61 newly-established municipalities, has a population of 65,000 inhabitants, a surface area of 509.1km<sup>2</sup> and a population with a density of 127 inhabitants/km<sup>2</sup> which is higher than the country average. It has 38 km of coastline. Most of the population lives in rural areas, while around 40% live in urban areas.

The population of Lezha is distributed across 10 former Local Government Units (1 urban municipality and 9 rural communes). There are two cities (Lezha and Shengjin) and 65 villages.

The cities of Lezha and Shengjin create the economic and urban hub in the Lezha municipality. Lezha is a traditional city with historical and archaeological heritage alongside a high degree of more modern developments. Shengjin is an urban area stimulated by a strong tourism sector, due to its attractive position near the Adriatic Sea.

The rural areas are home to more than 60% of the total population of the city. The rural areas' main sources of income include agriculture products, remittances from migration, and employment in light industry and services (commuting to Lezha and Shengjin). The periurban area

has grown considerably since the 1990s with the surface of the city of Lezha almost tripling in twenty years with people moving there from remote areas of the region.

Some key features of the Lezha Functional area include:

- **Population and migration tendencies.** There was a slight decline (3%) of the population during the period 2001–2011, with a population increase in the economic centers of the municipality and decline in all the rural areas. Since 2011, the population is more stable in almost all the areas.
- **Interaction dynamics.** The economy of the functional area is dominated by the axis Lezha-Shengjin where all the key economic activities are located, the rest of the rural area is mostly based on agriculture with people commuting frequently to Lezha or Shengjin for employment in the industrial and service sectors.
- **The Functional Area Program (FAP)** identified 14 priority projects in the areas of infrastructure and transport, services and local economic development. All these projects were also approved as part of the development of the GLP.

## 2.2 The impact of the territorial reform

Key services and other performance indicators of the municipality were analysed before and after the reform identifying the following results:

**Waste management services.** Since the TAR was implemented, Lezha municipality provides waste management services for 80% of its inhabitants, compared with 55% before TAR was implemented. 2014 and 2017 data for this service show that for the urban areas (Lezha and Shëngjin) the coverage is almost the same. The TAR has mainly had an effect in peri-urban areas where service provision has increased. Remote areas that are difficult to access such as most of Ungrej and some parts of Kolç remain outside of the provided service area. A Waste Management plan has been prepared for the whole municipality while before the TAR only 3 out of 10 communes had similar plans.

**Water Supply.** The public local enterprise (Lezha UK sh.a<sup>17</sup>) providing water supply and sanitation services before 2015 was covering only Lezha and Shëngjin administrative units. In the other communes such services were covered by public enterprises not legally registered with the National Water Regulatory Office.

The overall performance of the Lezha UK sh.a. is estimated to be high as the coverage tripled between 2015 and 2017. The tariff collection rate has also increased while the cost coverage of operating and management expenses has also improved.

**Local incomes and investments.** Data reveal that the local revenues are higher at municipality level than before the reform showing an increase of more than 13%. On the other hand, the comparison of investments shows us an important balancing effect of the reform with the investments more equally balanced across the whole territory of the municipality, whereas before the reform investments were mostly concentrated in urban areas.

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<sup>17</sup> Lezha UK sh.a. – Public local enterprise covering Lezha municipal service for water supply and waste water treatment

## 5 CONCLUSIONS AND LESSONS LEARNED

Spatial inequalities have long been an important factor in Albania in determining the quality of life of its citizens. An inherited old administrative structure – with some Local Governments enjoying the higher status of municipalities in urban areas – was no longer responding to the dynamics of the social and economic development of the past 30 years. Citizens living in newly created, mostly informal peri-urban areas and rural settlements, were suffering from poor economic development and lack of proper public services.

A dldp-led initiative, the Functional Area approach, helped reshape the thinking about the development of the territory beyond administrative boundaries. The approach highlighted that to develop sustainable, territorial-based policies, there is a need to focus on the interactive dynamics of communities shaped mostly through social, economic and cultural factors i.e. people, livelihoods, mobility, rather than strictly administrative ones.

The acknowledgement of these interactive dynamics leads to two potential options: development of joint development strategies between different bordering LGUs or reorganization of the territorial and administrative units based on the functionality logic. In the context of Albania, the second option was chosen when the Albanian Government decided to design and implement a territorial-administrative reform resulting in a considerable consolidation of territories (decreasing from 374 to 61 municipalities).

The Functional Area Program initiated by dldp, helped some of the LGUs to better understand their “new” territory and identify projects that would strengthen the territorial cohesion. The projects typically included improvements in the coverage of public services in peri-urban areas and rural areas, economic development initiatives building on the identified competitive advantages, social development and improvements in administrative services. The dldp grant fund successfully enhanced the implementation of some of these projects creating a model, taken up and adapted by the local and central government financing mechanisms.

While it is still too early to document the results of the reform, and it is not the purpose of this paper, within the limits of this paper we can conclude that:

- The TAR was successful in the design of new bound-

aries for the municipalities, helping to overcome the disparities between social and economic development trends and the administrative borders.

- While Inter-LGU initiatives proved to be very difficult in Albania, the newly established municipalities had a more prominent role in the development of their territories. The approach followed was influenced largely by the functional area concept introduced by dldp.
- There is a risk that the more remote former communes in rural areas are ‘left behind’ suffering from lower political representation and isolation from development initiatives that are more likely to be invested where the interactions are stronger, hence in the urban-peri urban and bigger rural communes. A specific tailor-made policy for these areas needs to be designed.
- The Functional Area Programme supported by dldp provided a much-needed tool for the municipalities in the transitional phase of the consolidation of the new municipality. The analysis carried out and projects identified proved to be successful in pointing out ways on how to respond to the need for internal cohesion of the new territories. This logic was successfully mainstreamed in the GLPs, especially in the areas where dldp worked. In other areas, given the time constraints and typology of the expertise used, the GLP remained more focused on urban development issues and building codes without fully understanding and building on the functionality approach.
- The case of Lezha shows that some clear results were achieved in terms of increased local revenues, improvements in the quality and coverage of the public services, women’s participation in the political decision-making, and an improvement in the internal migration trends. However, again, remote rural areas seem to have not fully benefited from the reform therefore equalization strategies should be mobilized to assure more equitable development.
- The reform must make sure that competency and resources for the promotion of good governance in the municipalities are there. This is a precondition for successful decentralization as there is a risk of triggering new forms of abuse of authority which might negatively impact the potential for reducing spatial inequalities.
- Finally, reforms like TAR need to be very comprehensive, long-term and properly planned. A territorial approach to local development implies a stronger Local Government Unit, hence central governments need to fully support a central position for the municipalities in developing their territories. Devolution of appropriate financial resources which are gender responsive and socially inclusive with the respective full discretion at local level should be a key priority.

# ANNEX

## THE TERRITORIAL APPROACH IN LEZHA: A CASE STUDY







# 1 THE TERRITORIAL APPROACH IN LEZHA: A CASE STUDY



Map of Albania with Lezha municipality demarcated in red.

## 1.1 Key data on Lezha Functional Area (FA)

Lezha FA (known as Lezha municipality following the TAR) extends to the north-western part of the country, starting from Shkodra wetland in the north up to Mat riverbank in the south, from Puka, Mirdita highland in the northeast up to the Adriatic Sea in the West. Lezha is an area of different landscapes featuring hilly, mountainous regions in the east and lowland territories in the west. Lezha's functional area is situated favourably. It is at the crossroads of the main transport network connecting all four directions and serves many means of transport: road, rail and sea. The proximity of Lezha FA to the major sea ports makes the area very attractive and easily reachable at national and international level.

The functional area of Lezha, what later became one of the 61 newly-established municipalities, has a population of 65,000 inhabitants<sup>1</sup> and a surface of 509.1 km<sup>2</sup> with a population density of 127 inhabitants/km<sup>2</sup>, which is higher than the country average. It has 38 kms of coastline. Most of the population lives in rural areas, with around 40% living in urban areas.

The population of Lezha is distributed across 10 former Local Government Units (LGUs) (1 urban municipality and 9 rural communes). There are two cities (Lezha and Shengjini) and 65 villages. The municipality is composed of 10 Administrative units, 1 former municipality (Urban area of Lezhë) and 9 rural communes.

### 1.1.1 Urban areas

The cities of Lezha and Shengjini together create the economic and urban hub in the Lezha municipality. Lezha is a traditional city with a historical and archaeological heritage alongside a high degree of more modern developments. Shengjini is an urban area with a strong tourism sector, due to its attractive position near the Adriatic Sea. As an important tourist destination Lezha municipality welcomes annually approximately 620,000 visitors, mostly during the summer season, with the coastline hosting the larger percentage of tourists.

### 1.1.2 Peri-urban areas

The peri-urban represents the spatial and territorial interface between the city and the countryside, resulting in a hybrid landscape of rural and urban characteristics<sup>2</sup>. In planned circumstances, peri-urban areas are zoned for specific purposes, such as landfill sites or out-of-town shopping centers, as well as new residential developments. Unplanned informal development was typical for Albania after the 1990s caused by free internal movement of marginalized social groups, concentrating in peri-urban areas. After 1990, most industrial development was halted. As a result, unemployment increased, alongside inequality and marginalization mainly in cities where prior to 1990, factories employed large segments of the population.

Analyzing the city of Lezha, which is the center of the municipality, the total urban area in the beginning of the 1990s was 85.53 ha (the area inside the yellow line in the photo below). After the 1990s inhabitants from remote mountainous areas started to relocate around the city boundary, constructing their homes in the surrounding agricultural and hilly landscape. In 2007, the central government initiated a formal re-designation of the 4 in-

<sup>1</sup> Instat data 2011. Civil registry data 2017 show a population of 110,000 inhabitants. this discrepancy is common in all the municipalities of the country  
<sup>2</sup> RURAL-URBAN LINKAGES in the context of Sustainable Development and Environmental Protection. Craig Hatcher September 2017.

formal zones (areas in red in the photo Fig 1.1 below). The city was expanded to 175 ha creating a typical peri-urban interface that tripled the original size of urban area of the city (see Table 1).

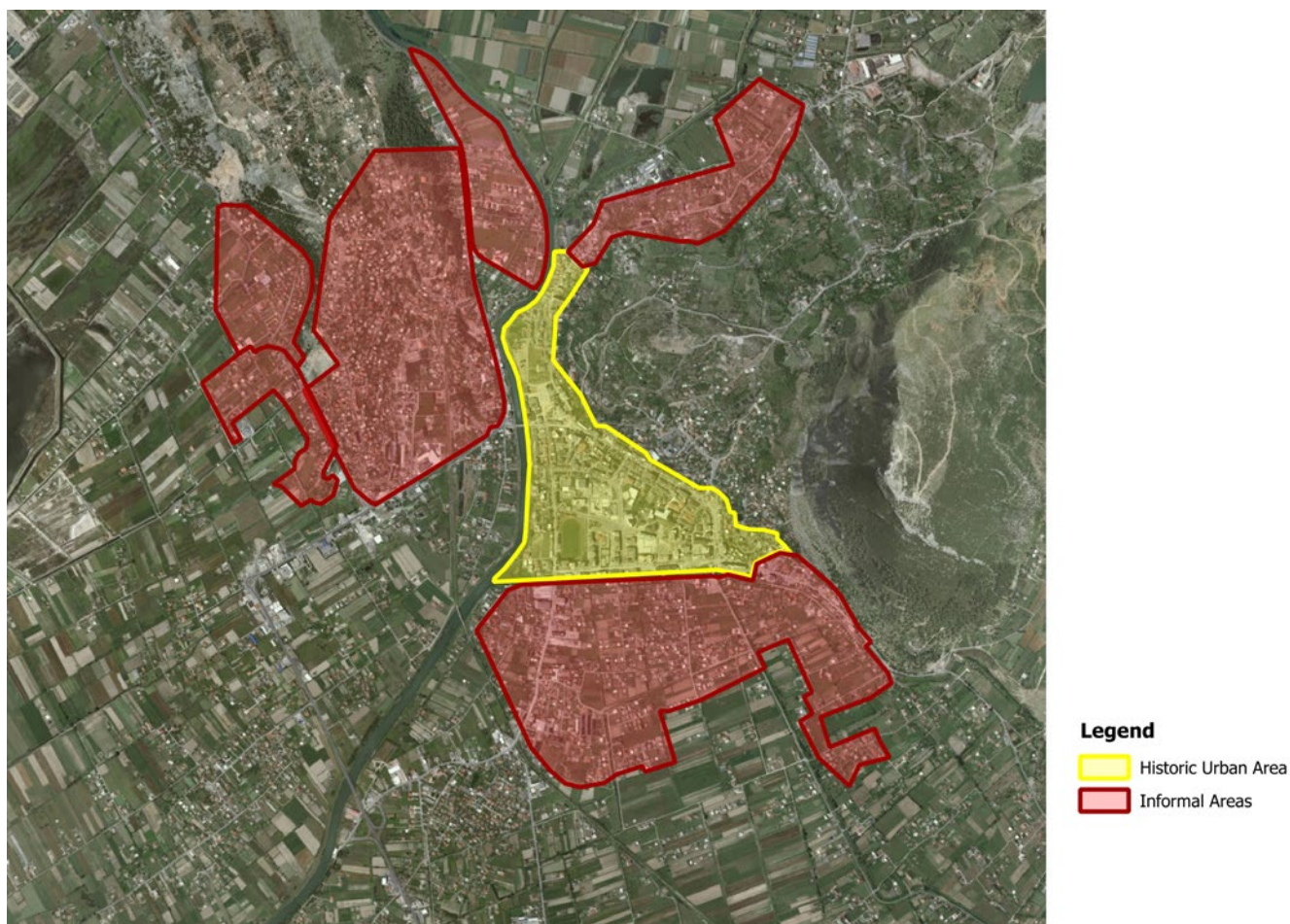


Fig. 1.1 Aerial photo of Lezha city indicating informal zones (in red)

Information on informal zones, bordering Lezha city, approved in 2007 by the National Territory Council.<sup>3</sup>

Table 1: Informal Zones incorporated into the city of Lezha						
Informal Zones	Area (Ha)	No. Constructions	Property	Inhabitants	Accessibility	
<b>Kodër Marlekaj</b>	80	737	Public	2930	High	
<b>Balldre i Ri</b>	58	485	Public	1950	High	
<b>Ish Frutorja</b>	21	130	Private	525	Medium	
<b>Shëngjin 1</b>	15	135	Public/private	548	Medium	
<b>TOTAL</b>	174	1487		5953		

<sup>3</sup> Decision of National Territory Council No.01/5 date 26.10.2007 "For approval of informal zones in Lezha region"

### 1.1.3 Rural areas.

The rural areas are home to more than 60% of the total population of the city. The rural areas main sources of income include agriculture products, remittances from migration, and employment in light industry and services (commuting to Lezha and Shengjin).

## 1.2 The population movement – migration

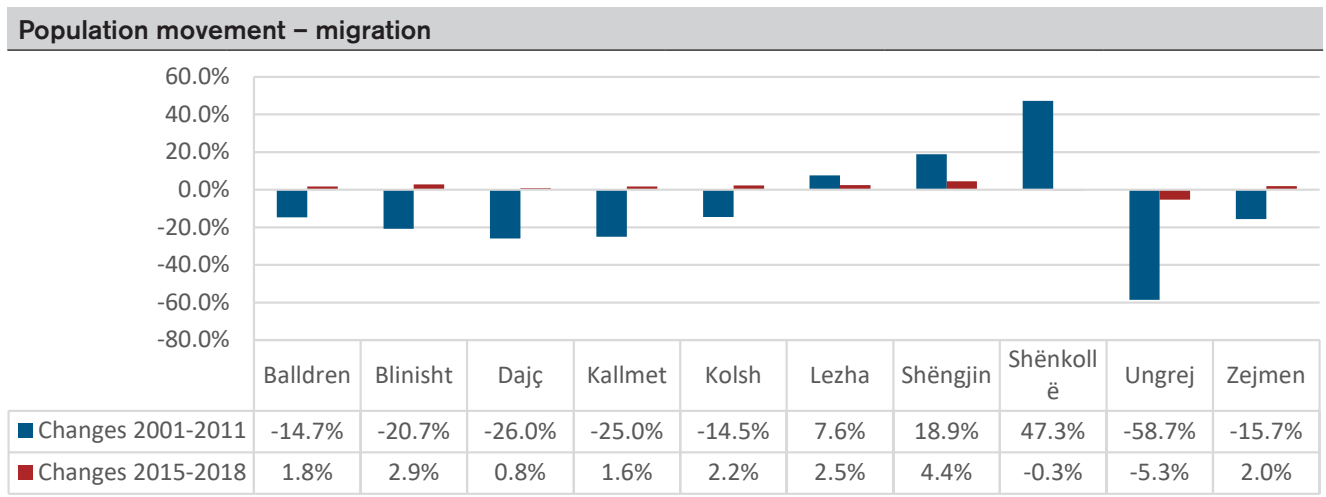
Data from INSTAT covering two Census registrations (2001 and 2011) show that there is an overall slight decline in the population with the Functional Area (FA) losing around 3 % of the total population. There are however notable differences with Lezha, Shengjin and Shenkollë (former LGUs) which registered an increase in the population while in all the other former communes, there was a decline.

An analysis of the data series 2011–2017 (Table 2) shows a more stable population trend with all of former communes registering small increases in the percentage of the population with the more remote one, Ungrej showing a slight decline but maintaining a certain level of stability.

According to data released from the Civil Registry as of January 2018, Lezha has a total population of about 110,119. Most of the population or approximately 40% live in two main cities of the municipality, respectively Lezha and Shëngjin, the rest or approximately 60% live in the rural area of the municipality. Depending on poverty status, some families receive full or partial assistance.

In general, people who become unemployed in their native villages/towns move to an urbanized area for work as a coping mechanism and income strategy. They often start with seasonal work in the tourism sector (bars, restaurants, hotels etc.). The elderly who were not able to adapt and start life from scratch tend to return or remain in their home towns.

Administrative Units	Population 2011	Population 2013	Population 2014	Population 2015	Population 2017
<b>Balldren</b>	10392	10124	10090	10068	10247
<b>Blinisht</b>	5512	5457	5486	5527	5687
<b>Dajç</b>	6895	7032	7072	7121	7181
<b>Kallmet</b>	6883	7031	7114	7159	7277
<b>Kolsh</b>	6649	6885	6941	7009	7165
<b>Lezha</b>	27415	2921	29545	29943	30689
<b>Shëngjin</b>	11551	11843	11991	12097	12630
<b>Shënkollë</b>	15302	16289	16281	16764	16710
<b>Ungrej</b>	3103	3120	3111	3090	2927
<b>Zejmen</b>	5560	9250	9342	9419	9606
<b>Total Lezha</b>	<b>102792</b>	<b>106245</b>	<b>106973</b>	<b>108197</b>	<b>110119</b>



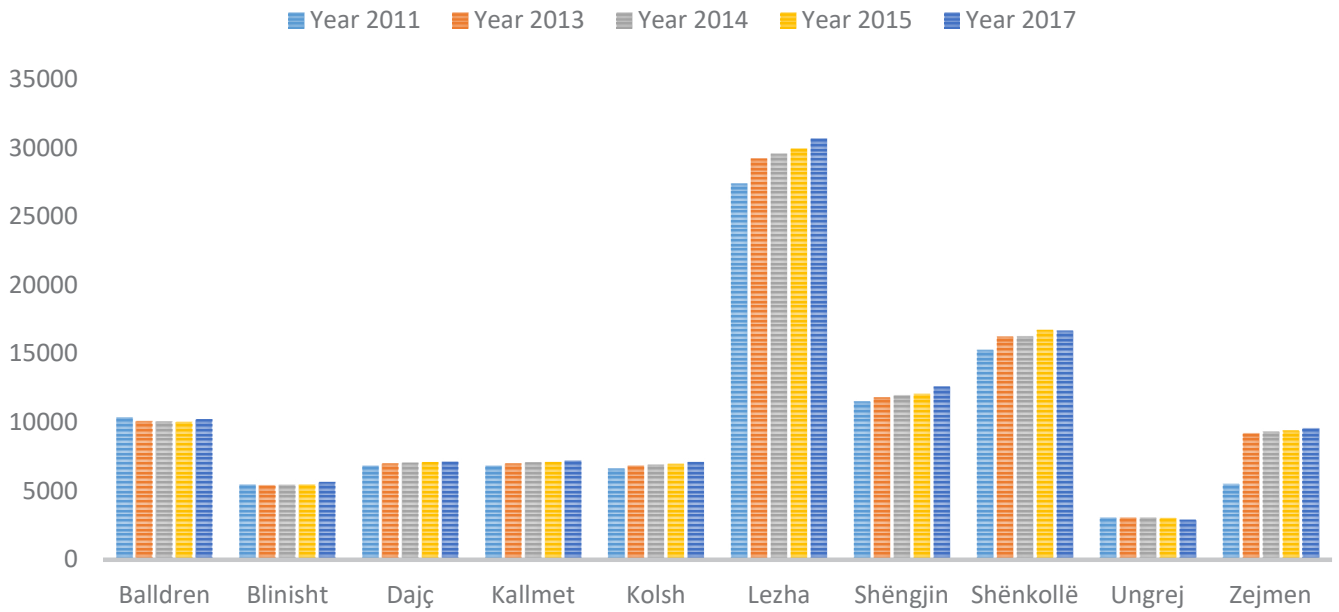


Fig. 1.2 Population growth between 2011 and 2017

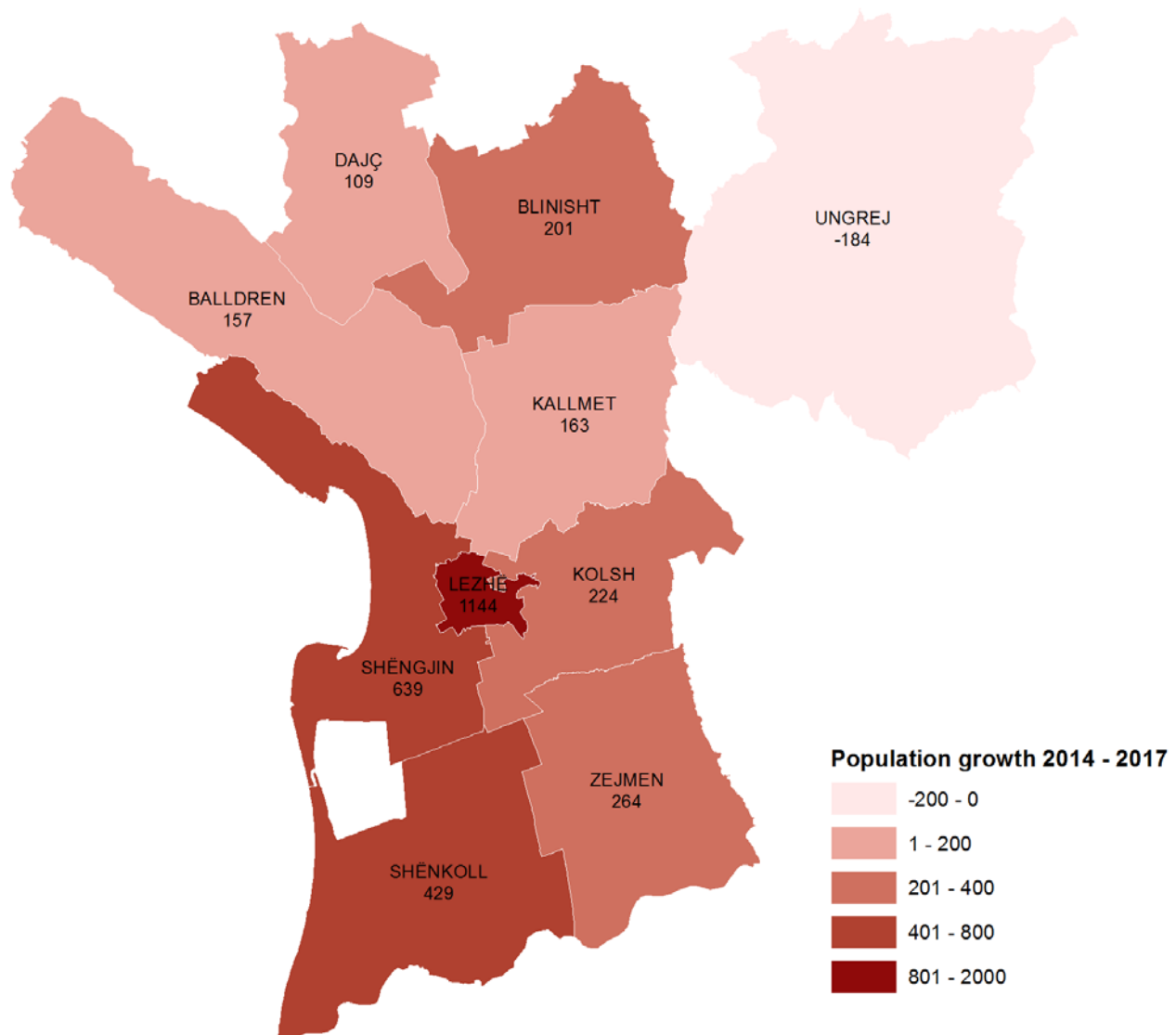


Fig. 1.3 Population growth 2014–2017



### 1.3 Lezha Functional Area interaction dynamic

Lezha FA consists of 10 former LGUs (Lezha, Shënkoll, Shëngjin, Balldren, Blinisht, Dajç, Ungrej, Kolç, Kallmet and Zejmen). The functionality analysis, starting from territorial, cultural and historical aspects, and in consideration of social and economic interfaces, shows that there is a high interaction between Lezha and the bordering communes (as well as Shëngjin and Shënkoll).

Hence the axis Lezha-Shëngjin (the district center and tourism hub) defines the functional area and is important for employment and commuting. There are some informal areas surrounding the city with the rest of the former communes that are typically rural but well connected and easily accessible.

All former commune units are located at a favorable distance that allows easy and quick access to the urban center (Lezha city) of the functional area. Except for Ungrej, which is about 20 km away and which also has the longest travel time (82 minutes), all other administrative units have adequate road infrastructure that allows reaching the center of the functional area in 10–20 minutes. The economic engine of the functional area with regards

to development of the private sector, number of employees and concentration of important infrastructures for businesses is the triangle Lezha-Shengjin-Shenkoll. It is in those three units that key economic activities such as fishing, fish processing, tourism, and other industries are concentrated. In general, the construction and tourism sectors are dominated by men, who often enter as unskilled labour, and over time with accumulated experiences and skills, venture into initiating their own Small-Medium Enterprises.

Women mostly take care of the family (children). In some cases, employment of women mainly consists of ancillary services (cleaning, washing) or at fisheries but not promoting them to build up capacities.

In the table 3 below are the results of the INSTAT 2011 Census, detailing number of persons with a fixed job located away from their residencies.<sup>4</sup> Fig. 1.4 and Fig. 1.5 below detail the work movements in Lezha local units and toward other units in the country. The tables make it easier to understand the interactive dynamics, movement directions and main employment centers.

<sup>4</sup> Albanians Commuting from Home to Work, May 2014

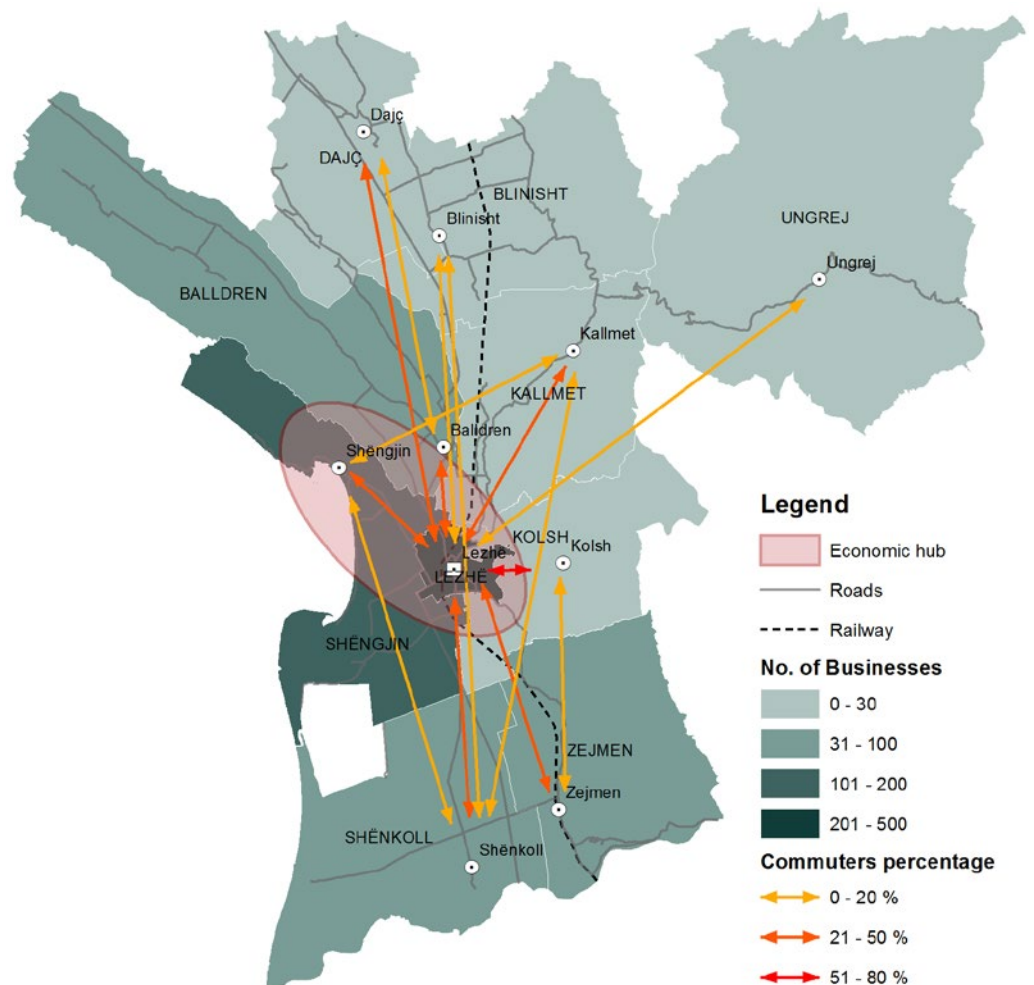


Fig. 1.4 Lezha FA economic interaction (distribution of business and commuting)



The following is notable:

- Lezha city has the greatest net number of persons entering for work (1017). In all other units (excluding Ungrej) the majority of persons leave their units in order to find employment elsewhere, inside or outside the functional area (for example in Tirana and Kruja).
- The units with the largest number of people commuting for work toward other administrative units are: Kolsh (-269), Balldren (-167), Shengjin (-153), Kallmet (-119), Zejmen (-112).

**Table 3: Flow of persons moving from their residence center to work in other admin. units**

Administrative Units	Daily exits from the admin. unit (a)	Daily entrances in the admin. unit (b)	Net daily influx (b) - (a)
<b>Balldren</b>	198	31	-167
<b>Blinisht</b>	59	13	-46
<b>Dajç</b>	42	39	-3
<b>Kallmet</b>	122	3	-119
<b>Kolsh</b>	278	9	-269
<b>Lezha</b>	506	1523	1017
<b>Shëngjin</b>	534	381	-153
<b>Shënkollë</b>	268	188	-80
<b>Ungrej</b>	6	11	5
<b>Zejmen</b>	189	77	-112

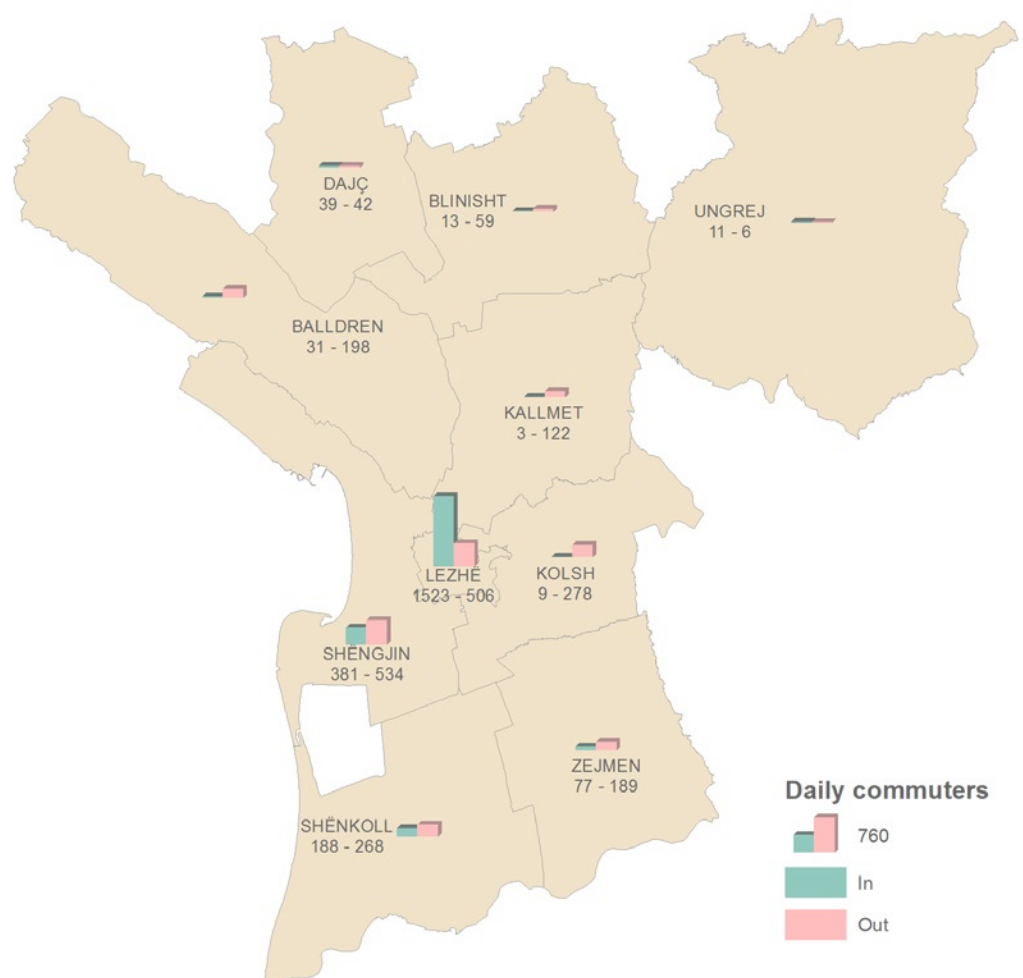


Fig. 1.5 Number of persons commuting for working from/to the Functional Area

## 1.4 Lezha General Local Plan

In 2014, after the Territorial Administrative Reform was implemented, the new Territorial Planning and Development Law and related Acts were drafted and approved. This new legal framework for territorial planning outlined:

- The main principles of Territorial Administrative Reform;
- Guidance for sectorial planning
- 5 territorial categorizations (urban, nature, agriculture, water and infrastructure )

Based on this legal framework, municipalities were obliged to prepare their General Local Plans (GLP) covering all administrative territories to serve as the main development document for the next 10–15 years. One of the challenges that mayors of the new municipalities faced was the sustainable development of a still fragmented territory. The GLP as a strategic document and territorial policy was the appropriate response to these challenges.

Considering the lack of financial and technical assets of the new municipalities, the central government initiated in 2015 a comprehensive process of supporting General Local Plans (GLP) for 26 municipalities that were identified as being under the highest development pressure. Lezha was among these municipalities that drafted and approved the GLP in the period 2015–2016.

From an initial territorial analysis done by the technical team (a private company engaged by the Ministry of Urban Development together with municipal experts) that drafted the General Local Plan, it was concluded that the “Lezha territory has many houses but few towns”.

After the General Local Plan was approved, it resulted in the urban territory of Lezha city being expanded to 665 Ha including suburbs.

Lezha’s Territorial Strategy - the core document of its GLP that defines the vision and main development directions of the municipality - was based on a functionality analysis and the main findings of Lezha’s Functional Area Report, prepared by the program (dlpd).

## 1.5 FAP and GLP pilot development projects

The Lezha FAP Report presents 15 projects, with the aim to:

- increase cohesion between urban and rural areas
- increase agriculture and tourist potential of the area
- increase access to rural areas with historical value

The implementation of these projects, directly or indirectly, assured the functionality of the administrative units and

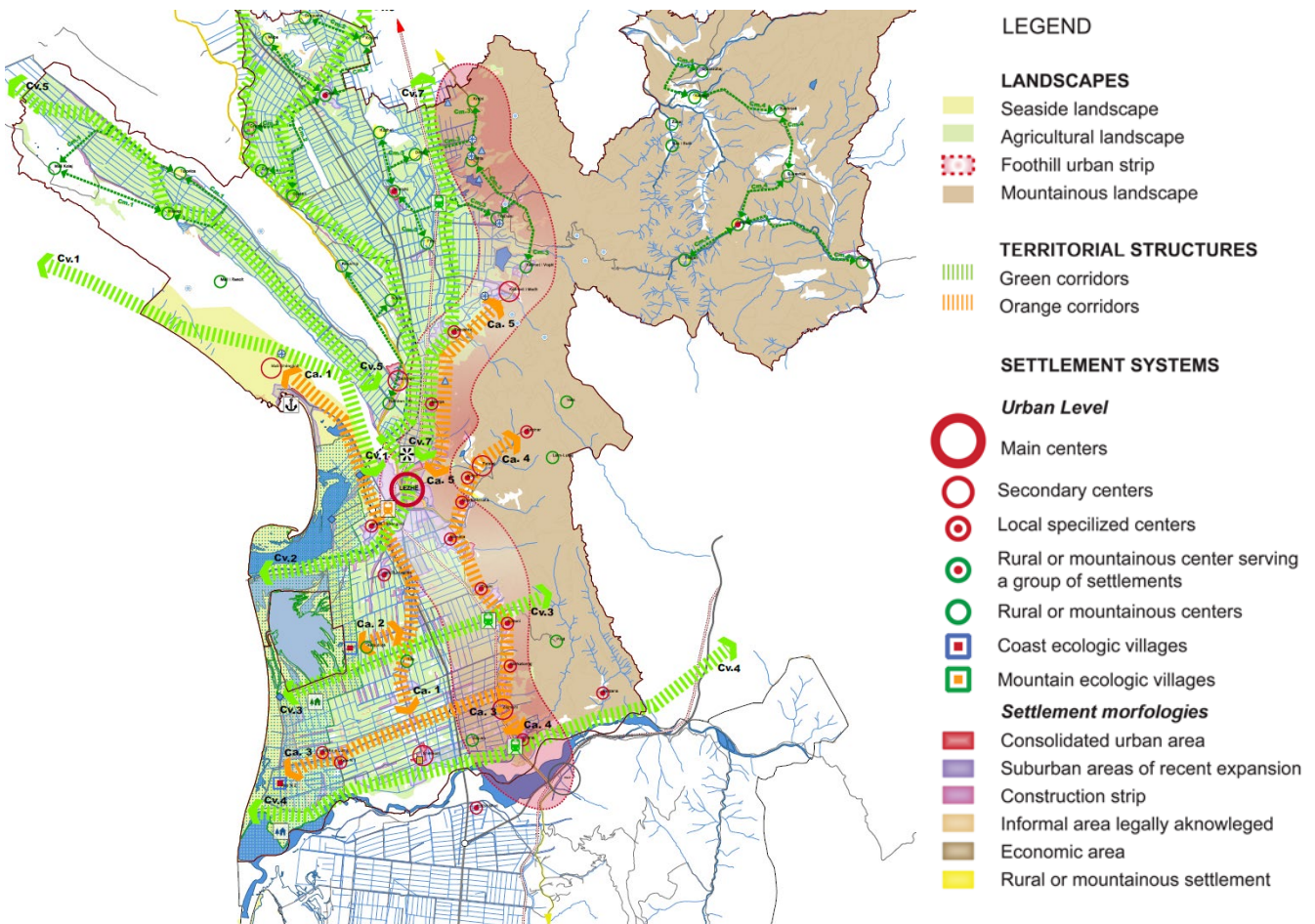


Fig. 1.6 Mapping vision of municipal development

so, facilitated the implementation of the Territorial Administrative Reform.

15 development projects were proposed based on functionality criteria with the main objective to increase the cohesion between urban and rural areas and to enhance the tourism and the agriculture potentials of Lezha FA.

Except for a few, almost all projects remain in the present definition of LGU functions (this includes projects of local economic development).

An updated version of the projects presented in Lezha FAP Report are part of the Lezha General Local Plan pilot development projects package (Table 4). For each of them, relevant tabs are provided with location details, typology, main purpose and importance, beneficiaries, responsibilities, approximate cost, actions for its implementation, deadlines and duration.

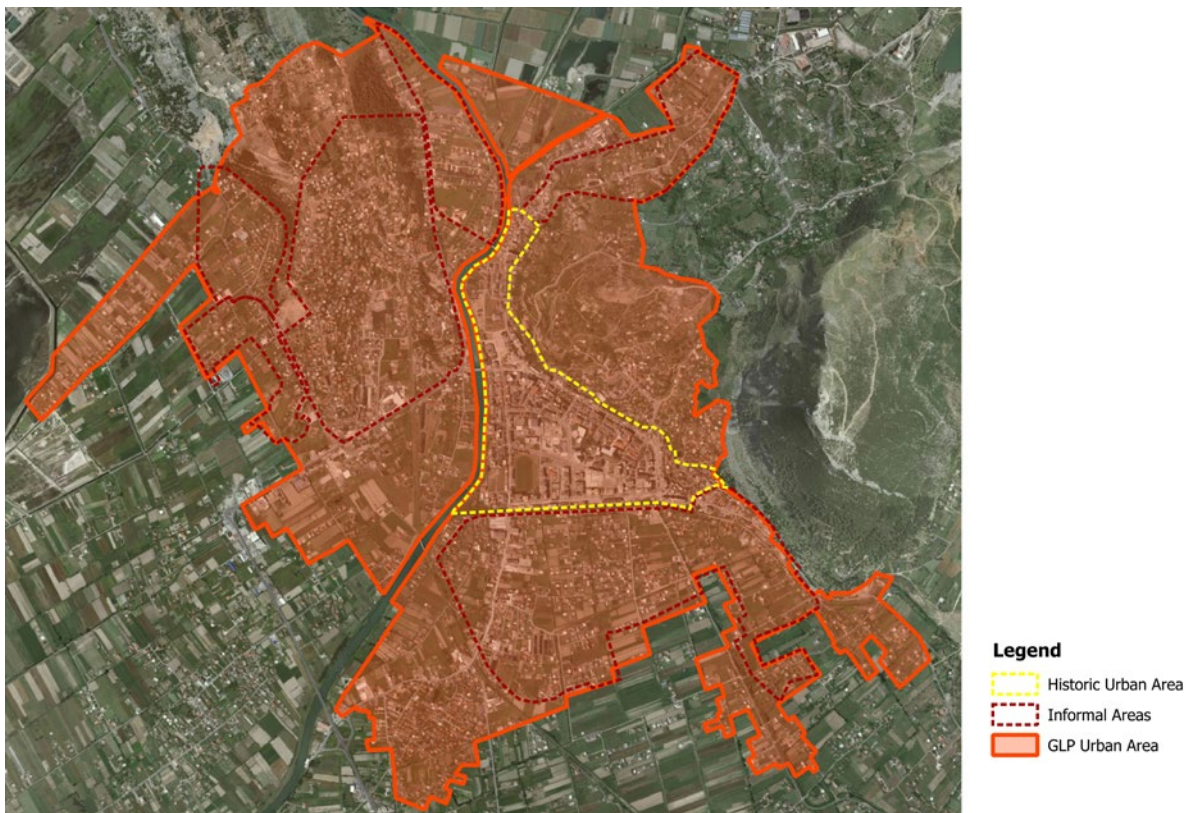


Fig. 1.7 Mapping vision of municipal development

Table 4: Lezha General Local Plan Pilot Development Projects			
Project Name	Sector	Status	
Refrigerating collection facilities	Agriculture	Partially implemented	rural migrants
Digital Tourism	Tourism	Not implemented	youth employment
Butchery facility	Agriculture	Partially implemented	rural migrants
Vineyards	Agriculture / Tourism	Implemented	rural migrants
Drini Bike Lane	Tourism	Partially implemented	youth employment
Tourism development plan	Tourism	Not implemented	youth employment through tourism development
Waste management	Environment	Implemented	Municipal service
Handicrafts	Tourism/ social incl.	Not implemented	women's entrepreneurship
Olive Cultivation	Agriculture	Not implemented	rural migrants
Multimodal Transport Terminal	Transport	Implemented	Municipal service
Lezha Municipal Structure and Services		Implemented	Municipal service
Vela Access	Transport/Tourism	Not implemented	youth employment through tourism development



## 1.6 Urban Renaissance (2015–2016)

The National Program for Urban Renaissance that started at the beginning of 2015 aims at the urban transformation of 70 cities across the country. This government initiative prioritized the country's largest communities that were abandoned for the last 20 years. Starting from Korca, today a sustainable urban development model, this National Program spurred a great urban revival across cities that was missing for years and transformed once abandoned squares into community hubs, stimulated youth participation in the life of the city and the resettling of new families in these old cities.

The National Program for Urban Renaissance, focusing on public investment in infrastructure and city centers image improvement, cost in total 440 million Euros. The fund has been used mainly for road reconstruction, water supply and sewerage systems, public parks and squares, building facades and other public infrastructure improvements.

In the case of Lezha, the Urban Renaissance Program intervened in six sites aiming to revitalize the city center and connection between urban and peri-urban areas (table 5). Prime Minister Edi Rama announced that the Urban Renaissance program has been successful and the indication of this success is the participation of the projects of Skanderbeg Square, Vlorë Lungomare, and the coastal promenade of Himara, and the award for best public space built in Europe for 2018.

**Table 5: Urban Renaissance Program Projects in Lezha**

Project name	Value (in Euro)
Reconstruction and covered with stones of the main access city road	320,000 €
Reconstruction of Kodër Marlekaj access road (1.7 km)	712,000 €
Revitalization of the “Besëlidhja” city center square	1,760,000 €
Revitalization of “Gjergj Kastrioti” square (Fig. 1.8.)	
Retraining of the park in front of Skënderbeu memorial (Fig. 1.10)	
Revitalization of Drini river coasts (both sides) in Lezha city (4 km) (Fig. 1.9)	240,000 €
<b>TOTAL</b>	<b>3,032,000 €</b>

All these interventions, contribute to an integrated functional area, restoring community access to and use of public spaces.



Fig. 1.8 Revitalization of "Gjergj Kastrioti" square, Lezha city center



Fig. 1.9 Revitalization of Drini river coasts (both sides) in Lezha city



Fig. 1.10 Retraining of the park in front of Skënderbeu memorial



## 1.7 Rural development – #100villages (2018–2020)<sup>5</sup>

The latest government program “#100villages” aims at creating a successful model for integrated rural development in the country. The ministries of Agriculture, Infrastructure, Culture and Tourism, in cooperation with the mayors, mapped out 100 villages from across Albania to be transformed into the first 100 model villages for sustainable rural development.

The village of “tomorrow” offers not only improved public services from the urban perspective but also from a social and economic perspective.

“#100villages” establishes a standard which serves as a success story to be replicated across Albania by selecting villages that showcase potential, readiness and commitment, earning support to become a replicable model. In the case of Lezha municipality, 2 villages were selected: Fishtë and Ishull Lezhë.

Fishtë and Ishull Lezhë villages were selected after considering their heritage value, alongside agriculture and tourism potential (Fig. 1.11). Fishta village alone is visited annually by 69,000 tourists due to agro-tourism that emerged after 2010.

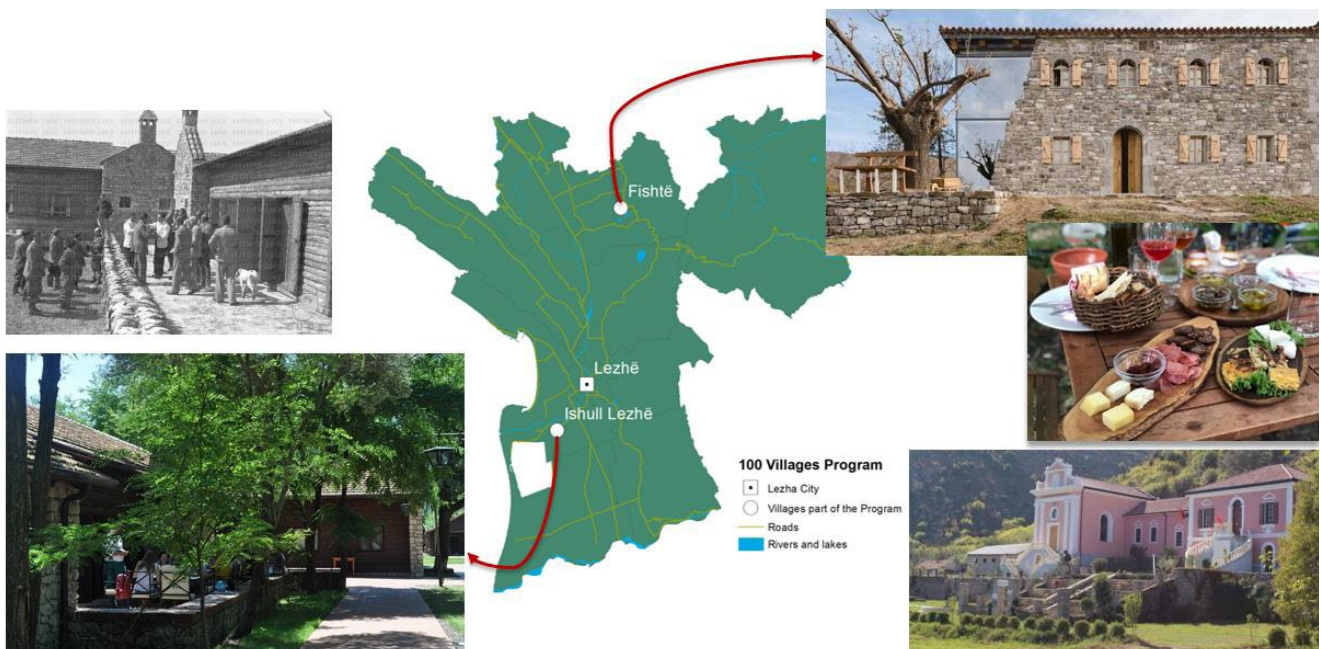


Fig. 1.11 The #100villages program in Lezha

<sup>5</sup> Based on DCM No.21, dated 12.01.2018 “For some additions to the DCM no. 709, date 29.10.2014, „For the approval of the strategy for rural and agricultural development 2014-2020”

## 2 TERRITORIAL ADMINISTRATIVE REFORM: IMPACT ON SERVICES AND MUNICIPAL PERFORMANCE

Before the 1990s, centralized planning did not address the issues of separate administrative competences, but provided a good foundation on which was based the development of cities, and reserved suburban zones.

Uncontrolled developments after the 1990s dominated this suburban area, making it difficult to find spaces for engineering facilities and services (landfills, sewage systems, cemeteries, etc.) which need to be located at a distance from populated areas.

The main urban centers (the biggest cities) were shaped by both informal developments together with formal incorporation of border communes, although without the required coordination of access to transport and sewer and water supply networks. A negative impact of this uncontrolled development affected the cities' green areas, inside and around the periphery. Green belts of the cities vanished and designs to create peripheral parks never took shape due to unavailability of open space.

### 2.1 Waste management service

Table 1 below shows summarized data based on a detailed scanning report<sup>6</sup> of waste management services in all administrative units of Lezha municipality before TAR was approved.

<sup>6</sup> Territorial Administrative Reform and waste service audit in Lezha municipality, URI 2015

**Table 1: Waste Management Services before and after TAR**

	Data / Administrative unit	Lezhë	Shëngjin	Kolsh	Zejmen	Shënkoll	Dajç	Blinisht	Ballëdren	Kallmet	Ungrej	Lezha Municipality	
2014	AU Waste management Plan	Yes	Yes	No	No	No	Yes	No	No	No	No	30%	
	% of population covered by regular service	97%	82%	n/a	60%	48%	95%	80%	39%	49%	0%	55%	
	Quantity of waste collection (ton/year)	7304	4550	402	730	1504	500	642	n/a	402	0	16,033	
2017		Zone 1		Zone 2			Zone 3						
	AU Waste management Plan	Yes		Yes			Yes					100%	
	% of population covered by regular service	95%		75%			70%					80%	
	Quantity of waste collection (ton/year)	9993		7499									

Of the 10 Administrative Units (AUs) only 3 of them had a Waste Management Plan (Fig. 2.1).

Based on the % of population covered by regular services, we can distinguish 3 main groups:

- 4 AUs (Lezhë, Shëngjin, Dajç, Blinisht)
  - % of population covered  $\geq 80\%$
- 4 AUs (Balldren, Kallmet Zejmen, Shënkoll)
  - % of population covered  $\leq 60\%$
- 2 AUs (Kolsh and Ungrej)
  - % of population covered = 0%

To summarize, around 55% of population had regular waste management services before the TAR was approved.

In 2016, the municipality of Lezha designed and approved a Local Integrated Waste Management Plan including all AUs. The plan covers the period of 2017 -2021. According to the Plan, the territory of Lezha is divided into three waste management service areas, respectively (Fig. 2.2):

Zone 1: Lezhë - Shëngjin;

Zone 2: Shënkoll - Kolsh - Zejmen;

Zone 3 Kallmet - Ungrej – Balldren – Dajç – Kallmet

For each Zone, the waste management service is contracted out to private operators and the municipality employs 3 supervisors, one for each zone. In addition, 21 employees render street and public space cleaning services, whereas one staff member in each Administrative Unit covers monitoring of cleaning and waste management amongst other tasks relevant to the overall responsibility of public services delivery.

The estimated amount of municipal solid waste generated in Lezha accounts for about 17,492 tons/year of which 9,993 tons/year is generated in urban and peri-urban areas and 7,499 tons/year in rural areas.

Since the TAR, Lezha municipality provides waste management services for 80% of its inhabitants, compared with 55% before TAR was in force.

2014 and 2017 data for this service shows that for the urban areas (Lezha and Shëngjin) the coverage is almost the same. TAR mainly impacts the peri-urban AUs, but remote areas that are difficult to access such as most of the Ungrej AU and some parts of Kolç AU are still outside of the service area.

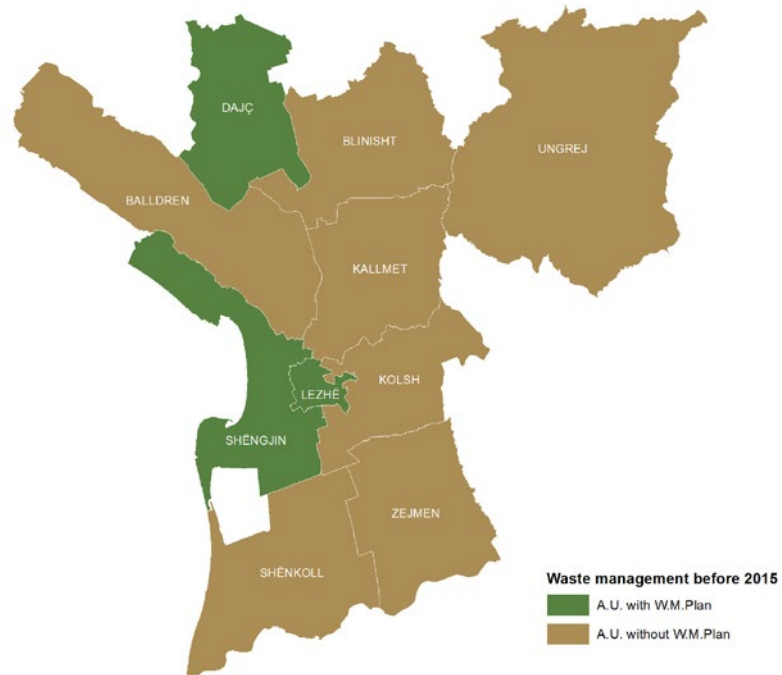


Fig. 2.1 Waste management planning before 2015

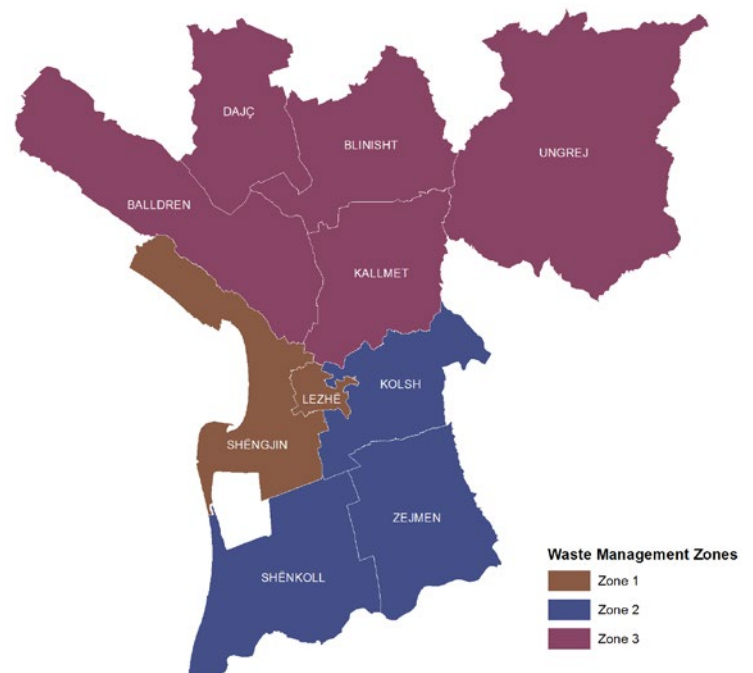


Fig. 2.2 Lezha management zones based on Waste Management Plan 2017–2021

## 2.2 Water supply and sewerage

The public local enterprise (Lezha UK sh.a<sup>7</sup>.) dealing with water supply and sewerage before 2015 was covering only Lezha and Shëngjin administrative units (Fig. 2.3). In the other AU the sector was covered by public enterprises not legally registered with the National Water Regulatory Office.

In 2017, with a Municipal Council Decision, all informal local enterprises had to join the Lezha UK sh.a. and so became part of the legal management framework. Based on the National Sectorial Performance Report, Lezha UK sh.a. shows very high-performance indicators, even after 2017 with the service coverage area being three times greater than before.<sup>8</sup>

Below, are the performance indicators for Lezha that are used by Albanian Regulatory Authority of the Water Supply and Waste Water Disposal and Treatment Sector:

Indicator	Year 2015	Year 2017	Changes 2015 – 2017 (%)
Non-revenue water <sup>9</sup>	46.5%	39.26%	7.24%
Cost coverage (operating & management)	117.66%	162.0%	+44.34%
Total cost coverage	70.24%	83.0%	+12.76%
General tariff collection rate	79.69%	79.63	– 0.06%
Staff efficiency (staff/1000 connections)	4.79	5.32	– 11.0%
Continuity of Water Supply (hour/day)	19.75	20.66	+4,6%

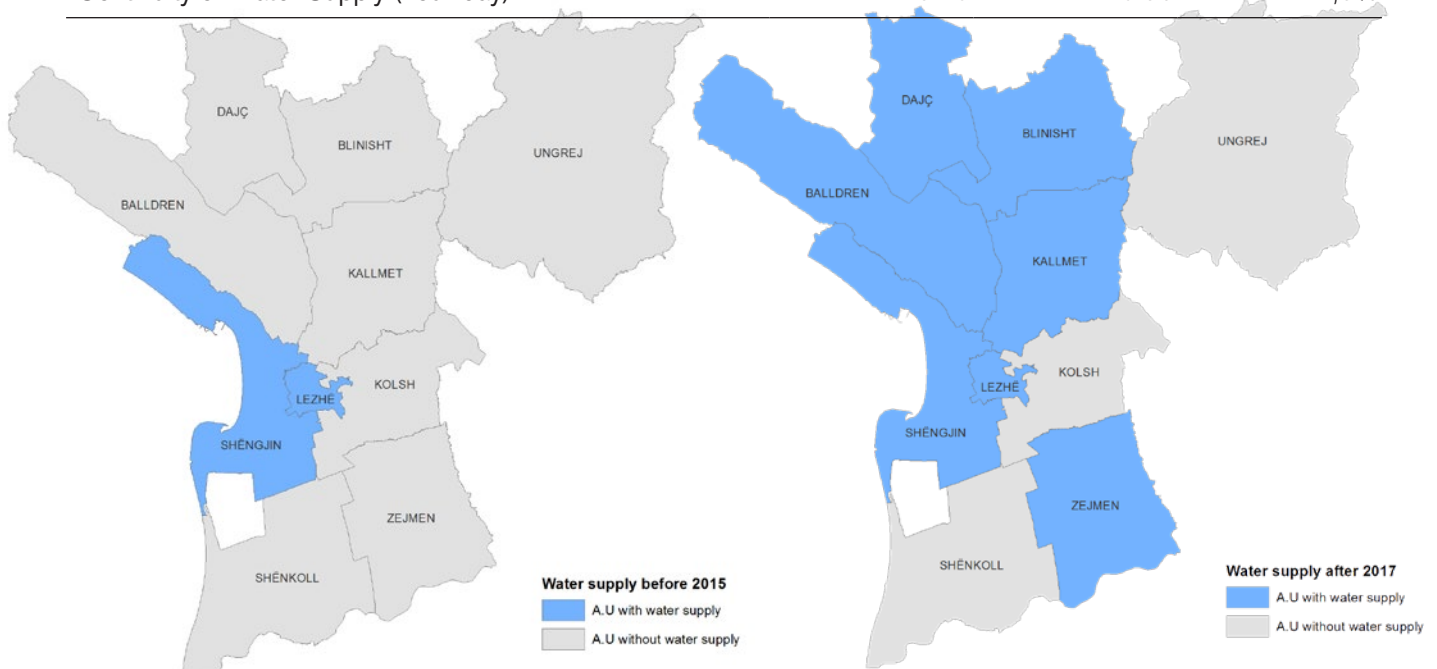


Fig. 2.3 Lezha water management

7 Lezha UK sh.a. – Public local enterprise covering Lezha municipal service for water supply and waste water treatment

8 Performance Report 2017 published by Albanian Regulatory Authority of the Water Supply and Waste Water Disposal and Treatment Sector ([http://www.erru.al/doc/Raporti\\_Performances\\_2017\\_eng.pdf](http://www.erru.al/doc/Raporti_Performances_2017_eng.pdf))

9 The amount of water that is lost from the total volume of water produced and not billed to customers is called "Non-revenue water".

## 2.3 Local incomes and investments

Presented in this section are revenues from local sources (local taxes and tariffs) for the last year before TAR was approved (2014)<sup>10</sup> and then continuing with 3 consecutive years (2016–2018<sup>11</sup>) after TAR was implemented (see Fig. 2.4).

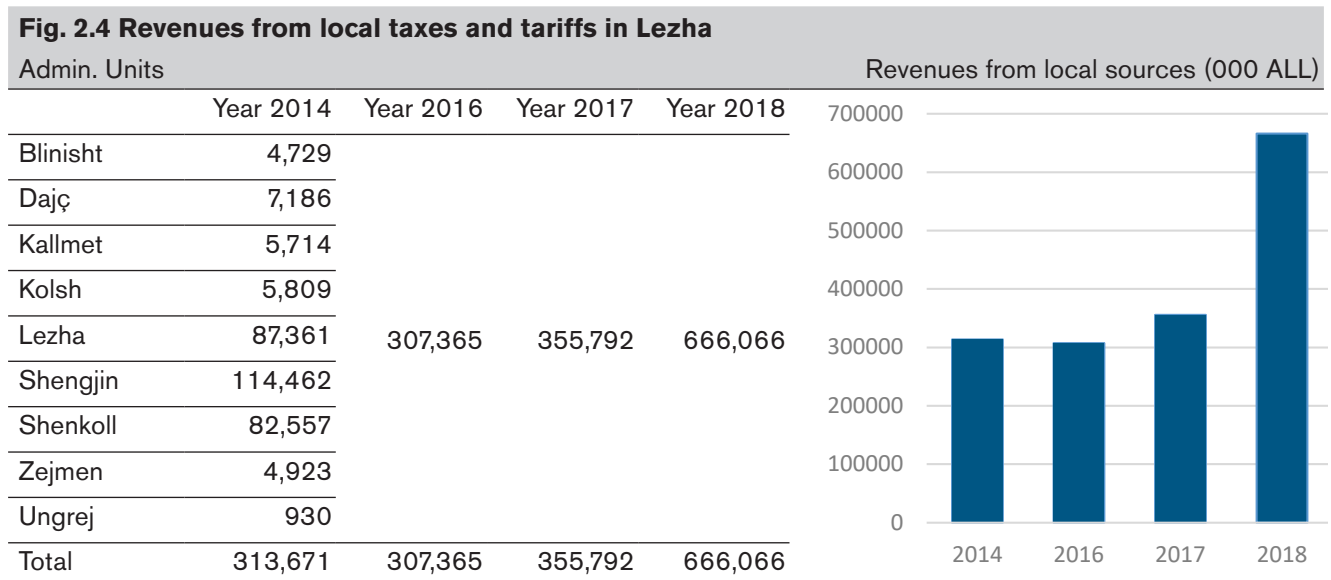
The first year after TAR came into effect (2016) the revenues had a slight decrease (–2%) compared with those before 2015.

In the following years however, a notable increase of 13.4% in 2017 and 112% in 2018 are documented, showing a clear positive performance of the new administration after TAR.

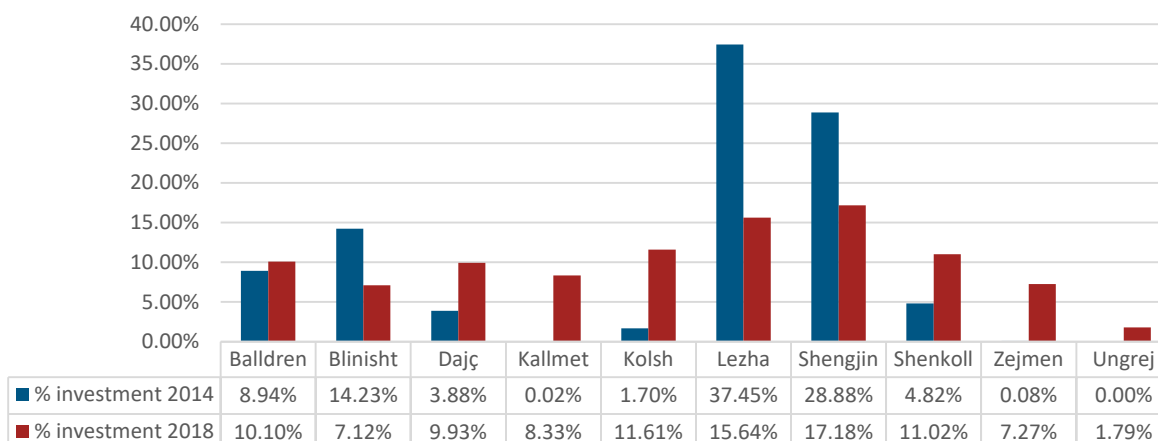
<sup>10</sup> Municipality Lezhë - Consolidated Due Diligence report, STAR Project, 2015

<sup>11</sup> Lezha Municipal budget 2016, 2017 and 2018

Fig. 2.5 below shows local investments in Lezha former communes before and after TAR approval. The data shows a notable uniform distribution of investment in different AU after TAR was in force. This shows that investments have become more spatially balanced across the municipality, and not just limited to the urban centres as was more evident before



**Fig. 2.5 Investments in Lezha**  
Investments in different AU 2014 vs. 2018

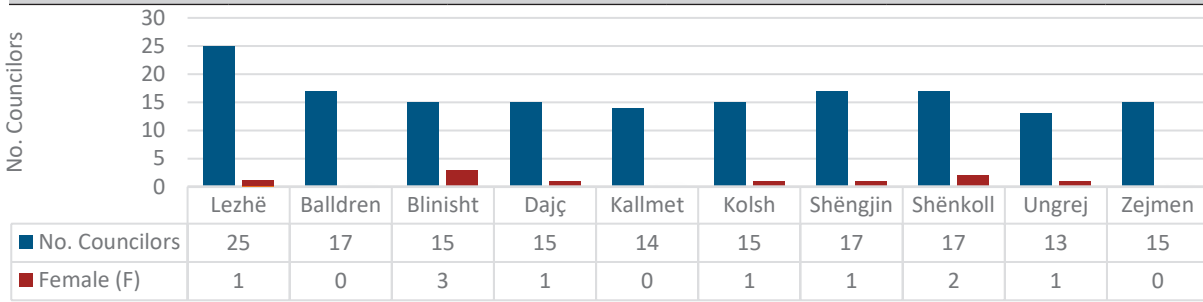




## 2.4 Local representatives

Territorial Administrative Reform affects the organization of the municipal council and local representatives. In the last local elections (in 2011), before TAR was approved, each municipality / commune had their own local council and the number of local representatives was defined based on the Law for Local Government according to the number of inhabitants. The total number of councilors was 163. Fig. 2.6 below shows the number of councilors for each municipality/commune and respective number of female representatives in 2011.

**Fig. 2.6: Number of councilors – Local elections 2011**



Based on the new law for Local Self Government, Lezha municipal council has 41 councilors, of which 12 are female representatives (Table 3).

- The number of municipal councilors is four times lower than before TAR was approved;
- The percentage of female councilors increased from 6% to 29% contributing to improved gender equality at the local level.

**Table 3: No. of representatives at local level – 2011 vs 2015<sup>12</sup>**

Local Elections 2011				Local Elections 2015			
Municipality / Communes	No. Councilors	Female (F)	%F	Municipality	No. Councilors	Female (F)	%F
Lezhë	25	1	4%	LEZHA Municipality	41	12	29%
Balldren	17	0	0%				
Blinisht	15	3	20%				
Dajç	15	1	7%				
Kallmet	14	0	0%				
Kolsh	15	1	7%				
Shëngjin	17	1	6%				
Shënkoll	17	2	12%				
Ungrej	13	1	8%				
Zejmen	15	0	0%				
<b>Total</b>	<b>163</b>	<b>10</b>	<b>6%</b>				

At national level, the participation of women in municipal councils rose from 12% in 2011 to 35% in 2015, i.e. almost three times more.

<sup>12</sup> Official web page of Central Elections Commission <http://cec.org.al/>

## 2.5 Formalization of properties

Based on ALUIZNI data for Lezha region the total number of self-declared properties in 2015, when the process closed, is around 16,383. Table 4 presents the number of legalization permits issued from the beginning of the process.

<b>Table 4:</b> <b>Total no. of self-declaration</b>	<b>16383</b>	<b>Cumulative % of legalization</b>
Legalization permit 2007–2013	1427	8,7%
Legalization permit 2014	792	13,5%
Legalization permit 2015	1222	21,0%
Legalization permit 2016	3740	43,8%
Legalization permit 2017	1104	50,6%
Legalization permit 2018	2411	65,3%
<b>TOTAL</b>	<b>10696</b>	<b>65,3%</b>

The above data show a clear progress of property formalization (legalization), mainly in the peri-urban areas (administrative units) where 90% of informal settlements are concentrated.





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