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SCO-A portfolio analysis and development in the domain of “decentralisation and regional development”

Input for reflection

Report based on a backstopping mission, 30 November - 7 December 2011, to Albania

Bern, 9-3-2012

1. Introduction: Key questions and methodology

In the context of the backstopping tasks agreed upon in our consultancy contract (Contract No. 81912095), the Swiss Cooperation Office in Tirana (SCO-A) asked me to provide support to the office's ongoing reflection regarding several key issues identified. The objective of the support would be to review current interventions and the ongoing reform on decentralization with a view to consolidate SDC's portfolio in decentralization and regional development and identify new areas of potential interventions.

Key contributions were expected to a series of specific questions and issues:

- What can be the focus of new contribution to the CoE (considering a phase start from March 2012?)
- Broader analysis with regards to gaps, advantages and the profile that Swiss have shaped in support to decentralisation, with view to identify new entry points/projects to start with implementation in 2014 (or earlier)

And more specifically:

- a) Which from the good practices developed can be taken up and expanded into new project ideas? With what kind of implementation modalities?
- b) What modalities of cooperation can be built between the different projects (dldp + slrgs+ RDP)?
- c) What would be the suggestion for partnership with associations of LGUs? How to tackle the situation with the third one (ALA)?

- d) Should SDC go for institutional support to LGUs associations despite (two other) projects support?
- e) What kind of policy development revival for the SWG is feasible and what role and investment should SCO-A consider in this regard?

SCO-A provided me with an important documentation particularly about and from the three main SDC-funded programmes in this domain (dldp, rdp, and slrgs). Mid-term review reports and evaluations, project reports, and a variety of specific thematic assessments provided valuable information. During my 6-days-visit to Shkodra and Tirana, SCO-A organised a series of meetings and interviews with key stakeholders, including the project teams of the three main SDC funded programmes (dldp, rdp, slrgs) in Shkodra and Tirana, representatives of key central authorities involved in decentralisation and regional development issues (Minister and Deputy Minister of Interior, DOPA, DSDC), representatives of several donors and international actors (SIDA, USAID, CoE, OSCE, UNDP), and representatives of the association of Albanian communes as well as the association of Albanian municipalities. Two workshops with SCO-A (Isabel Perich, Anne Savary, Elda Bagaviki, Sokol Haxhiu) helped me understand the relevant context and served as opportunities for a shared reflection on the questions mentioned. On January 18, 2012, a meeting with the desk for Albania at headquarters (Nathalie Barbancho, and key resource persons for decentralisation in the Western Balkans (Katharina Häberli, Kuno Schläfli and Richard Kohli) in Bern allowed for a more comprehensive view of the current and future approach of the West Balkans' Division on decentralisation.

This report is further contributing to this reflection and should help the SCO-A in shaping and making decisions in the future. I highlights

- the most relevant issues at stake in the Albanian context in section 2;
- the various elements of SDC's portfolio in section 3 (an assessment of the current status of the projects and their relation and interaction as well as the relevance and effectiveness of the portfolio overall, and suggestions for future development);
- the current situation of LGU associations and some suggestions on how to support them in section 4;
- suggestions for SDC's approach to policy dialogue on decentralisation in section 5.

2. The evolving context: key issues and trends observed

It is a truism that relevance, effectiveness and sustainability of interventions depend very much on the evolving context in decentralisation and regional development. However, as reality is no objective concept and can look very different from different perspectives, context assessment is a constant challenge. Many evaluations identify the lack of investment in assessing the evolving

context before and during interventions as a main weakness of decentralisation programmes by donors as well as by the countries concerned. This means that a donor's investment resources in assessing relevant context factors should not be seen as a costly add-on to the "real" interventions, but as a core contribution to relevance, effectiveness and sustainability, with a view to help governments and donors to make informed decisions.

With a view to assist SDC staff and partners in the field to conduct context assessment, a "learning project" of SDC's decentralisation and local governance network dIgn recently developed new SDC Guidelines and Toolkit for Local Governance Assessments.¹ This toolkit will certainly be helpful to SCO-A to make a systematized analysis of the situation of local governance in general as well as regarding specific project contexts. The toolkit's approach is in line with SCO-A's recent investment in a systematized and comprehensive analysis. Zana Vokopola and Gérard Marcou's most recent "Report on the level of local democracy in Albania", mandated by the SDC funded Programme on Reinforcing Local and Regional Government Structures in Albania, is already very helpful for assessing the current situation. It seems to be one of the only comprehensive assessment of the legal, institutional and financial status quo of the framework for local governance and thus very valuable as a baseline for donors and Albanian actors alike. One of the challenges will be to constantly monitor the situation – and find ways to adapt to those changes: How can mechanisms be developed which allow the stakeholders at national and local level to recognise changes and trends in the context? Who should react on changes, and how?

According to many observers, the last years have contributed to a certain consolidation of decentralised institutions and processes: Last year's local elections of mayors, municipal and communal councils have taken place and its results have been generally accepted (with the important exception of Tirana, where the neck-to-neck race between DP and SP was an important arena for and fuelled into the national party conflict). In many municipalities and communes, the local crews in charge were changed, and the new ones are getting operational. This is an important confirmation of local institutions and their legitimacy based on democratic elections. LGU institutions are operational for a decade now and to some extent successful in delivering services and fulfilling the tasks allocated to them. The decentralised system is established and seems to be broadly accepted by both main parties. It is hardly conceivable that the decentralized system disappears again. However, it is not absolutely clear in what direction it will develop.

A series of old and new challenges – and some trends for centralization - have been observed, for example:

- At least at central level, bipolar party politics (which does not seem to be based on ideological differences) and the harsh personal antagonism between the party leaders

¹ See <http://www.sdc-decentralization.net/en/Home/Tools>.

influence the debate on decentralisation. Although the current decentralisation concept was developed under DP rule, the SP does not seem to challenge it fundamentally. However, local power positions and the distribution of (national) resources among LGUs are important aspects of the national power game. While at national level, the decision-making power and the financial resources are fully in the hand of the ruling party DP, at local level the picture is mixed. A considerable part of municipalities and communes are lead by SP, and internally, the mayor is sometimes challenged by a municipal/communal council dominated by the other party. Since the qark councils consist of representatives of municipalities and communes, their members' party affiliation is mixed. The loyalty to the party hierarchy is still an important factor for all politicians, determining access to political and financial support from the central level. At local level, this party loyalty is often blurring internal accountability lines hindering many local politician to look at the interests of his/her LGUs and find alliances within the LGUs and with others, beyond party lines. In some LGUs and between LGUs however, there are positive signs of cooperation between exponents of both parties. Party politics are behind the fact that LGUs are not able to talk with one voice. Today, the activities of the Association of Albanian Municipalities are completely blocked, because the AAM was seen by the SP leaders as dominated by the DP. A new association representing the SP mayors and heads of communes, the Association of Local Authorities ALA was established. While neither the AAM nor the ALA seem to be able to play a role in the political landscape for the moment at least, the Association of Albanian communes AAC seems to manage the situation better, making exponents of the two parties cooperate and keeping its institutions operational despite the emerging new association.

- Contrary to the expectations some years ago (nurtured by the adoption of a national strategy on regional development) the concept of regional development has not lead to strengthening the qarks' position: The qark remains a regional assembly of municipalities and communes, drawing its legitimacy from them, with a quite large staff paid by the central government, but a lack of clear tasks, besides a vague mandate for "regional coordination".
- The perception that qarks, in fulfilling their constitutional task of "regional coordination", could play an important role in allocating IPA funds for "regional development" (when and if corresponding IPA facilities will be available for Albania), seems to have faded away. The regional development strategy developed some years ago had foreseen an interplay of national and regional authorities to decide on regional development priorities and the allocation of funds, but it was not really implemented. Although the EU funded "Integrated Support to Decentralization" is supporting the government in working on a revision of the strategy to link it better with EU mechanisms, it seems that there is a trend for centralisation of decisions in relation to regional development. For example, the money

earmarked for “competitive grants” to LGUs (open for financing larger infrastructure projects) has recently be transferred to the “regional development fund” under the more or less full control of the prime minister and its DSDC, with the aim of balancing the needs between the regions of Albania. This makes the Prime minister decide, together with his line ministries, about regional and local investment priorities.

- Responding to a request of the EU to establish statistical regions according to statistical needs (relevant for distributing IPA funds), the government proposed to organize Albania into three statistical regions (at NUTS II level), putting the qarks of Shkodra and Lezha together with Durres, Dibra and Kukes. Although these new meta-regions are not planned to have an administrative function, many observers comment that this proposals will particularly improve the access of Durres (as a new regional center) to IPA funding.
- The central government does not seem to have clear plans on how to strengthen the decentralisation process further, although the Ministry of Interior continues to confirm its commitment to decentralisation and regional development.
- The distribution of tasks and responsibilities between the various central and local actors remains blurred in many respects. The organic law transferred some tasks to the local level, with the assumption that these tasks will be in the **exclusive competence** of the local governments. But this does not correspond with the reality of multilevel governance: Since the central power keeps its responsibilities in areas highly relevant for the tasks transferred, it can (and should) influence and even steer local service delivery in many respects, and it must keep a role in holding LGUs accountable. Today, in many areas there is no clear idea of the concrete tasks to be performed and their delimitations or the service standards to be fulfilled by the LGUs, and there is no clear perception of how the various tasks and processes at local and national level interlink with each other. There is no shared understanding on the supervising and monitoring role of the central government and its limitations, with the risk that old central government (and party) reflexes and top-down attitudes of tight control and central steering take over again. Today it can be said that it is not very transparent how this control is taking place and how far it goes. One example is the "legal control" exercised by the prefect: According to Laws No. 8562 and No. 8927 the prefect (a representative of the Prime Minister sitting at qark level to coordinate central government services) is assuming a “control of legality” of all decisions and legislative acts made by LGUs. It seems that in many cases, the prefect is using (and overstressing) this competence as a informal means to keep control particularly on LGUs lead by SP majorities, delaying decisions and hampering the performance. From the perspective of the rule of law it is important to note that LGUs do not have a formal means to challenge this “control of legality” *in casu* within the administrative system.

- Decentralisation policy continues to be not adequately coordinated with sectoral policies and interventions. The line ministries providing services to citizens (education, health) are still working mostly through their de-concentrated structures (directorates at district or qark level, coordinated at qark level by the prefect) or through LGUs - in the mode of **delegated functions** steered and directly funded by the responsible line ministries. Donors supporting line ministries in their sectors (including the EU and its IPA funds) are often not at all sensitive to the aspects of decentralisation, and for the sake of efficiency and short term effectiveness they openly prefer centrally steered service delivery even contrary to the letter and spirit of decentralisation laws. Albania is not a special case here: Many evaluations of donors' intervention in the field of decentralisation have shown that the even the committed donors in the area of decentralisation (like the World Bank or UNDP) do not have a consolidated and comprehensive approach, and their interventions in sectors like water, road infrastructure, education, health often favour completely centralised solutions, contrary to their formal commitment to decentralisation and even contrary to existing decentralisation laws.
- The financial situation has been improved in many LGUs according to statistics, the transfer of unconditioned grants (according to an evolving formula) to the local level did take place and own revenues of LGUs have increased considerably. However, in many municipalities and communes the financial means do not seem to match the tasks transferred. There is still no clear linkage between the tasks transferred or delegated and the resources available at local level. And the transfer of State property and assets to the local level according to the tasks transferred, is going on for years now and seems not to be completed yet, hampering the quality of services provided as well as the effectiveness of LGU activities.
- Internal decision-making and management of local affairs remain a challenge. What are the exact roles and tasks of mayors, councils, administrative staff? How should tasks be fulfilled and services managed? Who decides on strategic priorities, on the allocation of resources? who implements decisions? To whom are local authorities accountable for their doings? How can individual citizens and groups participate?
- It has been discussed many times whether the administrative set-up of the decentralised structure is adequate for fulfilling the tasks given to the LGUs. Particularly the delimitations of qarks have been openly questioned, particularly in relation to the decision on how to conceive the EU statistical regions (NUTS 2). The 12 qarks are often described as artificial and purely administrative, not based on social or cultural linkages among the population and communities belonging to them.

- The size and number of municipalities and communes and their current territorial delimitations are also put into question, particularly by the SP opposition. Some express a general feeling that the LGUs are too small and the number of LGUs too high in relation to the capacities available and particularly plead for a fusion of rural communes. Others link the discussion to the massive and ongoing internal migration towards the big cities. Obviously, the current administrative structure is still based on the decentralised settlement structures of the old economic system of decentralised and steered economy, with no freedom to move for citizens at all. In the mean time urban areas have gained and are still gaining economic momentum: The growth of Albania's GDP is taking place here, After the breaking-down of many State enterprises in forestry and mining, it is said that in many rural communes, there is practically no economic activity left which goes beyond self-sustaining farming. Thus rural communes in remote areas suffer from emigration of the young and educated inhabitants as well as families with children, which do not see any perspective and possibility to earn a living and have access to adequate education and health services. Many Albanians are working abroad, and rural communities are surviving with their remittances, but the flow will probably decrease due to the deep financial crisis in Europe (particularly Greece and Italy, where many Albanians work). Also due to migration the agglomeration of Tirana has grown tremendously in the last years, heavily challenging the capacities of local public services in relation to water and electricity supply, transport and communication, education and health, and putting enormous pressure on the environment and land use – and on LGU institutions. While a certain level of services must be kept for all citizens, even in remote areas, it is a valid strategic question to ask whether decentralization should really invest in “ghost structures” and try the impossible to conserve the status-quo of the Nineties. Is it sound to invest scarce resources into institution building and the development of independent local structures and public services in areas where human resources are shrinking and there is no economic future for inhabitants?
- In any case, fusions of LGUs do not bring miracles, since maintaining infrastructure (roads, water systems, electricity, telecommunication) and providing services in remote areas for a limited number of population is a big question of resources, independently of the quality and methods of State organisation. And there is no abstract optimum of size and delimitation of local entities. The needs for coordination and cooperation vary according to the services in question and to geographical and socio-economic factors. Perimeters for cooperation must be variable and flexible according to sectors and functions. For example, there is an evident need for cooperation among all the municipalities and communes in the Tirana agglomeration for constructing and maintaining roads and organising public transport towards and from the economic centers, while some LGUs in this same area may have a specific interest for water arrangements with other up-stream neighbours. This

means that inter-municipal cooperation will be of growing importance if LGUs are expected to deliver services of a certain standard.

- The role of donors in supporting the decentralisation process seems to decrease. As Albania is developing in the direction of a middle income country, the level of grants is decreasing in general, while the level of loans (mainly by the various development banks) is increasing. In the field of decentralisation USAID is still very present in the sector just starting a new project focusing on political dialogue at central level, improving performance, accountability and accessibility of local services, financial management, and territorial planning. Other important bilateral donors seem to reduce their presence in general or at least in this sector, but according to the recent DSDC report on "External Assistance in Albania, the EC, Austria, Germany, and Sweden as well as USAID will continue to be active, together with SDC, in decentralisation and regional development in the next years.
- While the OSCE is in a process of reducing its field presence and is fighting against decreased funding, the Council of Europe is building up a new field office with a view to better coordinate the various activities and make CoE interventions more professional and long-term. For Albanian politics, the integration into the EU and the aspiration to meet European standards is one of the few common denominators across the very bipolar party positions, providing the EU – and the Council of Europe, to a less extent - with a high leverage in policy dialogue. However, the EU does not seem to give high priority to decentralisation – contrary to the Council of Europe. In the next months, the Council of Europe will be of particular importance to Albania which will chair the CoE in the second half of 2012.

3. The profile of the current SDC portfolio – and its potentials to build on

3.1 The content : three main lines of intervention

In the framework of the current cooperation strategy 2010-2013, SDC's interventions are focusing on two domains: democratisation/rule of law and economic development. Under the first domain, two sub-domains are mentioned: "democratisation/decentralisation" and "social inclusion". The objectives of the first sub-domain are:

- The capacities of municipalities, communes and the qark (regional level) in Skhodra and Lezha are enhanced and citizens participate actively in the local and regional political decision-making.
- Civil society organisations' performance and role are strengthened.

SDC's focus in this sub-domain is currently on three main lines of interventions involving different partners. The following sub-sections comment important elements which are currently discussed - with no aspiration to be complete. A more thorough and comprehensive analysis of individual projects would go beyond my mandate and would have needed a different methodology.

a) The Decentralisation and Local Development Programme

The Decentralisation and Local Development Programme DLDP (managed by Helvetas/Intercooperation and funded by SDC) is targeting the qarks of Shkodra and Lezhe. After a first phase with a relatively traditional intervention supporting municipalities and communes in developing adequate working procedures, strategic planning and delivering services it is now in its second phase. It is still aiming at improving local governance structures and procedures, capacities and public services municipalities and communes, but also at sharing good local governance and management practice with a wider audience and finally influencing policy making at national level. For the current phase DLDP emphasizes the following approaches:

- Continue to elaborate and deepen good governance practices by consolidating some and devising new tools in a demand oriented manner;
- Continuous use of the combination of Technical Assistance with tangible investments through a mechanism of competitive small grants to LGUs to support innovative approaches in the framework of strategic development plans;
- Expanding geographically from 8 LGUs to 54 in two qarks.
- A more systematic vertical integration by dissemination of best practices and by linking local level experiences with national level decision and policy making;
- Developing a facilitation role (instead of focusing on delivering services) by empowering stakeholders at different levels to improve local governance and lead processes of change.

Recently, an independent mid-term review² identified a number of context challenges for the project, including a deficit of clear guidance related to local governance reform particularly in the distribution of competencies and resources, and to regionalisation, a polarised political environment, an underdeveloped civil society, and rather weak capacities of project counterparts. In general, in the light of the current context, the project is viewed as successful and highly relevant: According to the reviewers it managed to achieve certain results in terms of introducing innovative local governance and management practices in the northern regions of Albania. It was also successful in raising awareness of a wider circle of stakeholders about best experiences. More concretely in these last months, DLDP elaborated a manual on long- and medium term strategic and financial planning as well as grant fund manuals, developed corresponding training curricula, established groups of financial experts and waste management experts from municipalities to

² Elena Krylova-Mueller and Ornela Shapo, Decentralization and Local Development Program, Northern Albania, Mid-term Review Report, September/October 2011 Tirana.

institutionalize exchange of experience and mutual learning, and managed a small grant fund to improve local service provision.

Among the challenges identified by the mid-term review there are issues of local ownership in various aspects: How to make local stakeholders own and use the methodologies developed, the models piloted, the standards established, the training curricula tested? Another main challenge is the modest impact on national policy dialogue, mainly due to the fact that DLDP's planned approach to reach the national debate through the Associations did not materialize (see below, section 4)

In their conclusions the reviewers see the DLDP as SDC's flagship in the local governance sector where SDC plays a leading role among donors. Therefore, it is emphasized that considerations should be given to consolidate the project success in the remaining year of the current phase and during phasing out. It is suggested that DLDP should concentrate on consolidating the impact of promoted innovations in the targeted municipalities and communes, clarifying its role in developing capacities at regional levels, and strengthening local ownership of project outcomes. For the last phase the project would need to reconcile the two aspirations of expanding geographic governance and deepening the management instruments it has piloted, in order to produce leverage for their horizontal and vertical scaling-up. The report also stresses the need for DLDP to provide support to the role of LGUs and national stakeholders in maintaining informed policy dialogue on decentralization and local governance challenges that the project is addressing at local level (for more details on selected interventions see below, section 3.2.)

b) The Regional Development Programme

The **Regional Development Programme RDP** (managed by a Consortium lead by ÖAR Regionalberatung and funded jointly by ADA and SDC) also targets the qarks of Shkodra and Lezhe and covers 2011 to 2014. It just ended its inception phase which aimed at establishing relations and partnerships, conducting assessments and base-line studies in core areas, setting up project management and steering structures, establishing the planned RDP Fund, and elaborating the final RDP logframe and activity plans und budgets.

According to the Final Project Document RDP's overall objective is to contribute to social and economic development in Shkodra and Lezhe, and more specifically, the RDP is aiming at "improving equal access to quality public services and economic opportunities" through strengthened Quark institutions. The project will be implemented by a Project Management Unit sitting in the premises of the two qarks targeting primarily the qarks' staff. Four results are expected from project activities:

- An effective institutional framework for decentralization which aims at equitable development outcomes, is supported.

- Capacities of qark for regional development planning and delegated functions are strengthened.
- Comprehensive regional development planning and budgeting processes in Shkodra and Lezha regions are developed and institutionalized.
- Regional development is accelerated through project initiatives and effective implementation.

The Final Project Document emphasizes that RDP's mission is to leave behind, upon its termination a coherent model of an effective institutional framework, develop functions and capacities of the qarks to become effective regional development agents setting regional priorities by coordination of development strategies of the LGUs and harmonizing the regional priorities with the central level. RDP also aims at supporting the qark in becoming an effective negotiator for funding by offering a pipeline of prioritized projects and finally at establishing a comprehensive and sustainable model of a Regional Development Agency which will play a key role in implementing development initiatives at various levels.

Of course, it is too early to say whether this approach will produce the expected results. The main idea of supporting the institution building at regional level with a view to enable qark councils and administrations to fulfil their coordination task and manage regional funds, is at first sight convincing. Moreover, the project is directly addressing the national framework for decentralisation which is particularly weak with regard to regional institutions and procedures. From the perspective of multilevel governance, it is also important to note that RDP is strategically and operationally linked with DLDP with its support activities at the level of municipalities and communes (including inter-municipal co-operation) of the same region: In fact, the RDP builds on the experience of local level interventions (strategic planning, public service delivery, small grants system) and partnerships among various actors in the region, established and nurtured by the DLDP.

c) The CoE's Programme on Reinforcing Local and Regional Government Structures RLGRS

The Programme **Reinforcing Local and Regional Government Structures RLGRS** (managed by the Council of Europe and funded by SDC) covers 2010-2011. Its purpose is to provide conditions for more effective and accountable governance at local level and citizens' access to improved public services. Its specific objectives were to improve the framework for Inter-municipal cooperation IMC and strengthen local government capacity in this area, support the effective implementation of the new legislation on Territorial Planning and develop and implement a set of modern tools on human resources management. The recent external evaluation has identified a series of lessons learnt and provides recommendations for steps forward.

The **Albanian School of Political Studies** works under the auspices of the CoE and is managed by the newly created field office of the CoE, financially supported by SDC. It targets young political leaders. For six years already it organises seminars on topics of political interest as well as three national courses of three days each on leadership, political communication, and governance, development and globalisation. The courses' participants are invited for a summer course in Strasbourg to meet and exchange with young political leaders from Eastern Europe.

3.2 Assessing the portfolio's relevance

a) In general

In general, I perceive the current composition of the portfolio and the approaches used by the various projects as fairly adequate in the light of the context.

- As far as it can be assessed in the framework of this mandate, all the individual projects make a valid contribution to improve local governance and deepen decentralisation. The two recent reviews on DLDP and the RLRGS have documented their relevance as well as challenges.
- Overall, the projects are complementary: The portfolio includes interventions with different foci at micro-, meso- and macro level, and all interventions address the linkages and interactions between the various levels. The three projects are interlinked in various ways.
- With differing priorities, the projects combine a bottom-up approach to fostering decentralisation with a top-down perspective focusing on the necessary change of the financial and institutional framework and the power relations at central level. I see this combination as an important factor for success.
- The information and insights gained by the projects (particularly by DLDP and RDP) from local reality is an important basis for assessing needs, obstacles and driving forces in decentralisation, and can be used by national actors in designing next steps for reforming the decentralisation framework.
- With the projects' practical support at local, regional and national level it provides a sound knowledge basis as well as legitimacy for SDC's policy dialogue.

b) "Good practices"

The ToRs ask for identification of "good practices". Firstly, it is important to have a common understanding of "good" and "bad" practices. In my view, good practices are activities which contribute effectively and sustainably to improve governance, meaning a transparent, accountable, and participative way of managing public affairs, respecting the rule of law. With regard to these criteria, all the four interventions do include good approaches and practices which could be further explored. In the framework of this assessment it will not be possible to go into detail on how to develop these practices further, although some entry points will be sketched.

The following assessment is primarily based on the evaluation reports of DLDP activities and the RLRGS's activities. The RDP is just starting its activities after a long inception phase, so it is difficult to identify good practices at this moment. Moreover, in the short time available it was not possible to get a picture of the effects and performance of the Albanian School of Political Studies, since this activity was not included in the evaluation of RLRGS. Based on the evaluation reports and the short discussions with the various teams responsible for the programmes I would particularly mention the following aspects.

c) Innovative approaches to capacity development

The development of capacities of elected authorities and administrative staff at local level to cope with the transferred tasks and resources in an effective, transparent, accountable and participatory way, is certainly a very relevant area of donor support. Capacities for managing projects will be of particular importance, since it is expected that more money will reach the LGUs in the context of IPA. It is obvious that the term "capacity development" means more than training of individuals: it must address institutional structures and procedures as well as individual behaviour, knowhow, and skills, and result in building ownership of new approaches and methods.

According to the most recent mid-term review, the dldp has focused on a broad approach to local capacity development, going far beyond the traditional trainings of individuals (staff or elected organs). DLDP is developing **manuals** on Long and Medium Term Strategic and Financial Planning, to document the practices developed in the partner LGUs to link strategic development planning with financial planning and mid-term budgeting. This is an important step to make the trainings of local experts more sustainable and to institutionalize knowhow. It is also a prerequisite scaling-up of local practice, be it in the sense of individual replication by other LGUs or in the sense of becoming a generalised standard approach for all LGUs.

While DLDP invests in training activities of the local staff involved, it has also established expert groups consisting of local experts from various LGUs (on strategic development plans, on solid waste management). The idea of a **network of experts** dealing with the same issues, although still very modest in DLDP's practice, has a big potential in my view, to strengthen a more professional approach and valorise the expertise within the LGUs. It is also a step in the direction of **peer-learning** which is seen by many as a very successful approach, compared to the traditional training approach particularly in post-socialist countries, with an international or national expert giving lectures which sometimes lack connection to the real world experienced by the trainees. I can only agree with the recommendations of the DLDP mid-term review to better anchor the expert groups as well as the learning products developed with the qarks and with the Associations. The mid-term review also recommends to consider the possibility to support in DLDP's last project phase the development of a national knowledge management platform on local governance led by the MoI and work closer with the national training institute TIPa responsible for providing training to local

governments.³ The already existing collaboration between the RLGRS and DOPA/TIPA can be a valid entry point to be explored further.

As it is pointed out by the DLDP mid-term review, the idea of linking hard-ware support (grants) with soft-ware in a mode of "**learning by doing**" is certainly an pragmatic and valuable approach to be used and developed further. However, it will be very important to give enough weight and space to the learning component, instead of expecting tangible development results from the (limited) investment in the hardware. In other words: the success of the small grant system should not be measured by the impact or sustainability of the investment itself, but by the change of attitudes and habits. This should also be reflected in the developing of indicators for success. In this sense I would not fully agree with the mid-term review's statement on indicators needed on service improvement.⁴

However, local practice is not only shaped by individual capacities of local actors, but also by legal, financial and institutional framework conditions which favour or disfavour good practice. In a more comprehensive view, there is a need for identifying the structural obstacles to improve the quality of services and the fulfilment of tasks. The "learning-by-doing" approach, the development of manuals and the establishment of groups of expert able to reflect on more general aspects in their fields of expertise can also - directly or indirectly - play an important role in **practice oriented context assessment** from a bottom-up perspective, by analysing the difficulties regarding those framework conditions and find practical ways and entry points to overcome the obstacles encountered at local level and support driving forces. In the field of solid waste management, for example, DLDP, by sharing experience and reflection in the expert group, seems to have developed very valuable insights on the interaction between national and local actors, insights which are perceived as legitimate and useful to feed into the policy dialogue at national level as a basis for future steps for reform. DLDP was successful in sharing their experience and suggestions for improvement with the relevant ministry at central level and thus supported the new national strategy on solid waste management. Another example is the experience gained by DLDP as well as the RLGRS with inter-municipal cooperation (see below) which are very valuable in regard to assessing the context – and the needs and entry points for reform.

Other examples could include questions related to the financial transfers: How can financial transfers from the central government be more predictable for LGUs and their mid-term budget? How can additional funds (the "competitive funds", now: regional development funds) be accessible for the sake of implementing local strategic plans?

³ Elena Krylova-Mueller and Ornela Shapo, Decentralization and Local Development Program, Northern Albania, Mid-term Review Report, September/October 2011 Tirana, p. 22, 23, 16.

⁴ Elena Krylova-Mueller and Ornela Shapo, Decentralization and Local Development Program, Northern Albania, Mid-term Review Report, September/October 2011 Tirana, p. 12.

d) A relevant focus on inter-municipal cooperation

Although the legal framework speaks of "exclusive" functions of LGUs, the reality is more complex. Municipalities and communes are fulfilling their tasks in a certain legal, financial and institutional context, and their competences often overlap or at least are interwoven with the competences of and activities steered by line ministries and with the neighbouring LGUs. In this sense, local tasks and institutions have to be seen as part of a multilevel governance system. For example, although the local water system is in the exclusive competence of the LGUs, the quality and quantity of water services provided locally are depending very much on factors which are controlled by up-stream neighbours (ex. using too much water, polluting the source), by the regional water systems (ex. the status of the regional water channel bringing water to the LGU), or by national actors (ex. not imposing quality standards to the polluting neighbour).

Inter-municipal cooperation is one way how to deal with the complexity of local tasks, by fostering a common approach to common challenges in fulfilling deferred tasks (ex. the management of a common water resource, or the efficient and effective provision of quality services in solid waste management). Thus it can also be a way of building common ground among LGUs, of making them realize that they do have common interests to tackle jointly and worth-while to lobby for at national level, beyond party interests.

The current portfolio includes interventions promoting inter-municipal cooperation at different levels, and with different approaches. DLDP is currently supporting (technically and financially) two IMC projects in the field of solid waste management - an area where the need for cooperation is very obvious and the learning effect is high. By focusing on the coordination role of qarks, RDP will also be involved in making LGUs coordinate and cooperate more closely and develop a regional perspective, in addition to the local approach which can contradict their neighbours'. It will be able to build on the expertise and experience of DLDP. One of the CoE's interventions in the context of the RLRGS project was on inter-municipal cooperation, focusing on translating the existing CoE/UNDP/OSI into the Albanian language, training trainers on IMC, and improve the institutional and legal framework for IMC. The evaluation report is somewhat criticising the intervention's approach with regard to promoting and testing IMC as being not enough practical and adequate to the context. However, the assessment of the overall institutional and legal framework is a unique and very valuable contribution and the suggestions for improvements in this respect (still to be developed by the RLRGS) will be of utmost importance for the future. These suggestions could be a solid basis for developing a strategy for further intervention in this field.

e) Internal management of LGUs, accountability towards and participation of citizens

According to DLDP's experience from the ground one of the factors complicating the effective work of LGUs is the lack of clarity with regard to the roles and competences of mayors on one hand and the councils on the other, between elected organs and professional staff. It seems that in many cases, the internal cooperation practice is shaped by personal power lines and not by institutional

standards. Moreover, many observers note the lack of transparency towards the citizens - a core aspect of political transition particularly in Albania with its repressive past. The ambition of decentralised systems is also to establish direct accountability lines between local institutions and the local citizens. The local elections which have led to the re-election of some mayors and the dismissal of others, can be read as a means of holding power holders accountable. However, accountability depends not only on elections but on open information policies and transparency of power holders towards the local public, and there is still a lot of room for improvement.

- f) During its first and second phase, DLDP has invested in the quality of local service delivery, its accessibility as well as in transparency of local actions in many ways and with different partners (e.g. one-stop-shops, consultative processes). The support for "women in politics" before and during local elections, establishing a network of elected women councillors, has also been reported positively. However, it is not possible at this stage for me to assess the quality of those practices. It will be important to document and analyse the various approaches further, to identify best practices in this most important field of activities. The CoE related Albanian School of Political Studies could play a more important role here.

Analysis of context and developing adequate strategies of change

Recent evaluations of donor interventions in the field of decentralisation have shown a lack of information on most elementary aspects of the context - and thus a considerable lack of adequate strategies to cope with the real challenges in decentralisation. In this respect, Albania is no exception. In many respects the decentralisation process in Albania remains a kind of black box, impacting also on SDC's current programme interventions which are able to assess the context locally and directly only in the two provinces they are focusing their interventions. Some recent assessments cover the current situation and recent trends with regard to specific aspects (for example, the 2011 assessment on "fiscal decentralization and local governance in Albania" by Marta Schäferová, or the 2009 USAID discussion paper on "local government revenue trends in Albania"). But in other areas, there is a lack of information on and monitoring the current situation which would enable the various national and international stakeholders to identify strategic priorities and work with adequate baselines. This does not necessarily mean that there is a need for more academic research, but a need for assessing the status quo, identifying the most urgent needs for improvement, and developing solid conclusions for action.

While some programme components have suffered themselves from a lack of preliminary context assessment, the CoE's RLRGS programme was addressing this lack in the field of IMC and local human resource management practices, and - most importantly - by a comprehensive description of the status quo "on the level of local democracy in Albania", and the "directions for reforms aimed at supporting Local Democracy". This is a good start, however, these assessments still are to be concluded by suggestions for concrete action - and taken up and owned by relevant stakeholders in their discussion about the way further.

3.4 Suggestions for developing the portfolio

a) Thematic priorities

Although my insights into the portfolio are still relatively limited, I would suggest to build on the good practices identified, and keep a strong focus on the challenging context :

- Continue to be present at various levels of the decentralization process at local, regional and national level, and link the levels.
 - Continue to build on DLDP's well established local presence in Shkodra and Lezhe for the coming years, particularly with a view to consolidate its results, support RDP and feed into policy dialogue at national level.
 - Continue with supporting RDP in its main phase, using the lessons learnt in the policy dialogue on regional development with the Albanian government.
 - Continue to explore possibilities to co-operate with like minded donors and international actors.
 - Particularly, the CoE could be a strategic partner for SCO-A to focus on supporting Albania's growing aspiration to meet European standards on local governance, human rights and participation. The presidency of Albania planned for the second half of 2012 will be a window of opportunity for the CoE to play a more prominent role – and SCO-A could profit from these dynamics.
- Continue to support programmes that **develop and use innovative approaches to capacity development**, adequate for local stakeholders to fulfil their roles and take informed decisions. Explore further how to build ownership for capacity development within the national structures responsible for capacity development of LGUs (DOPA/TIPA).
- Support interventions that **use inter-municipal cooperation and regional coordination** as a tool to make local service delivery more effective, build awareness of common interests of LGUs, and explore how to foster a more comprehensive view of multilevel governance.
- Support initiatives to **unify and strengthen the voices of municipalities and communes** to defend the common interests of LGU in the political debate at national level (see below).
- Continue to support and develop new programmes contributing to the **clarification of roles, responsibilities and tasks as well as the distribution of resources** between the central government and LGUs, and within LGUs.

- Focus on interventions **fostering citizen's access to local services and participation** in the management of local affairs, within the framework of local government processes. Special focus should be on those groups of citizens which are often excluded from effective participation (women, minorities).
- Continue to **analyse and address general policy issues linked to the legal, financial and institutional framework of decentralisation** in Albania: Without a clear and informed political and financial commitment of the central government and the parliament and a de-politicisation of decentralisation (away from party politics), the bottom-up approach focusing on capacity development of LGUs will neither be effective nor sustainable (see below).

b) Suggestions for areas of cooperation between programmes

SDC's portfolio developed in a way that cooperation between projects and programmes were incorporated from the beginning, based on similar and complimentary approaches and intervention logics. Some areas of co-operation between DLDP and RLRGS have already been mentioned (i.e. inter-municipal cooperation, human resource management), cooperation possibilities between DLDP and the RDP were limited during the latter's inception phase, but will be prominent in the next years according to the final project document, provided that the DLDP's consolidation phase will allow for close cooperation in the next years.

There are still possibilities to intensify co-operation within SDC's portfolio (and beyond). In general interventions could profit from each other by regularly exchanging experience and knowledge. If cooperation should materialize, it can't be left to spontaneous and sporadic request but must be formalized in one way or in another (through special events, working methods and processes, anchored in project logframes, etc.). However, it is difficult for me to be very concrete in this respect, since I do not know enough the set-up of the programmes. In general, I would assess the following areas as appropriate for exploring cooperation further:

- Inter-municipal cooperation could be an entry point also in the future to combine interventions at national level (by RLRGS) and local practice (by DLDP and RDP). Joint learning events could be organised for the three project teams and beyond.
- With a view to scale up DLDP's innovative and pragmatic approach to capacity development and improve ownership, the CoE with its commitment to human resources management at local level and its useful links to DOPA/TIPA will be even more important to cooperate with.
- The roles and responsibilities of the various actors in local governments, leadership and participation in local governance, particularly under the perspective of gender equality and

social exclusion, could be an area of systematic cooperation between DLDP and the Albanian School of Political Studies and/or other actors (OSCE, CoE in general, UN).

- A joint approach to context assessment, combining the bottom-up insights with the top-down perspective, could be more systematically practiced. The RDP and the DLDP can be most relevant providers of information and link local sources of information with a national analytical perspective which could be provided (or: hosted) by the CoE.
- RDP will use a similar small grant approach and capacity building methodology. It will have to be ensured that RDP can fully profit from DLDP's (and others') lessons learnt in this respect.

SCO-A could play a proactive role in forwarding relevant information and organising platforms of discussion on specific issues. It could also regularly organise peer reviews, or include the programme managers in a process of mutual feedback on project documents and reports. SCO-A should also think to foresee some space in the project logframes for mutual cooperation and exchange.

4. The role of the associations and possibilities to support them

Decentralisation is a concept involving a shift of political and financial power away from the center. Albania has a political legacy which is very centralised. Although some tasks, responsibilities and resources have been transferred to the local and regional authorities and they do have a certain autonomy and scope of action, the power holders at central level are profiting from the still very strong political reflex to seek the bosses' opinion in Tirana before deciding or acting. Despite the general insight that decentralisation and subsidiarity may contribute to a more adequate provision of services adapted to local needs and contribute to increased legitimacy of State authorities, in reality the central authorities often tend to jeopardize the implementation of decentralisation in many ways, to avoid a loss of influence, control and power. It is important to stress that in the perspective of multilevel governance central authorities always have an important role to play, even in areas of decentralised competence. However, it is important that the central authorities refrain from steering and controlling within the scope of action transferred to local or regional actors.

Experience from many countries shows that central level authorities do not easily cede power and there is a constant tension between decentralising and centralising forces. If subsidiarity is to be taken into account in the political debate at central level, there is a need to organise the voice of decentralised authorities in the debate about laws, policies and the distribution of resources, about the institutional framework and sector policies (like water, energy, spatial planning, waste management, education, health). While there are also conflicting interests between municipalities

and communes (for example regarding the distribution of resources among LGUs), they have many converging interests (for example getting an adequate share of public resources for local authorities in general, and securing the scope of action for LGUs against the trend of steering and controlling by central authorities). While it is important that the voice of local authorities can be heard in the political process, it should also be avoided that the representatives of LGUs have to take co-responsibilities for decisions to be taken at central level: Responsibility for decision-making on the national framework of decentralisation and accountability for results must remain at central level. If LGU representatives are held accountable for central level decisions (which often are not in the interest of LGUs), they may lose their legitimacy in the eyes of their members.

According to many observers, the bargaining power of LGUs in Albania is low. One striking example is the centralizing trend in the regional development area. While the concept of regional development had foreseen that the new mechanisms under the Ministry of Economy, Trade and Energy METE as well as regional development agencies at the qark level would decide about regional priorities and projects, the priorities of regional development are now decided upon by the Prime minister (via DSDC), with the argument that it is about balancing the interests of various regions. And the "competitive fund", originally bound for investments by municipalities and communes, is now used for such "regional development" purposes.

In Albania, two associations aiming at voicing the interests of municipalities (AAM) respectively communes (AAC) have been set up in the last ten years, while the association of Albanian regions was established, but does not seem to play a major operational role. Laws and political procedures do provide some (consultative) space in the political debate for these associations, and they have played some role in political decision-making during the last years. The AAM, representing the urban centres, seemed to be well established. Its activities were relatively heavily supported by several donors according to their own priorities. Considering that the AAM was well established and could play a role in relation to its members, donors often funded specific activities mainly related to their own strategies, using the AAM as a means for implementing and up-scaling their own ideas (in the words of the recent review on DLDP: using them as "knowledge dissemination and advocacy channels"). On the other hand, the AAC, representing the less prosperous communes often situated in rural and remote areas, was in a way considered as the poor brother of the AAM. With the long-term support of SIDA, the AAC developed into an operational organisation with a relatively small and modest but increasingly competent staff.

The recent political polarization before and during local elections hit the AAM severely, may be even deadly. By the partisans of the SP, the director and the chair of AAM, and thus AAM itself, were increasingly seen as instruments in the hands of the ruling DP. Under the lead of the SP chair Edi Rama, who was not re-elected as mayor of Tirana, the SP leaders of municipalities, communes and regions (mayors and heads of Councils) decided to establish a new SP organisation of local authorities of Albania (ALAA), by this breaking with the idea of having an unified voice of

municipalities, beyond party politics. While the AAM is not any more operational since and was not able to re-establish its organs, the AAC was more successful in surviving this shock: The AAC institutions seem to be more stable, and the management invested in regional consensus building and balancing the various political factions, so that the election process of the new chair and the steering committee is expected to run smoothly. However, the number of AAC members paying membership fees has continuously decreased in the last years, being at 52 members (out of 308 communes) today, according to the most recent review of the SIDA support to the AAC.

If decentralisation is to be successful, the interests of LGUs have to be considered in political decision-making at central level, and their autonomous scope of action defended. The voices of LGUs are only heard if they can get a certain leverage in the political power game, and if they are perceived as "technical" and neutral, avoiding to take positions in the debate between parties, focusing on common interests of LGUs – and not on the differences of interests which may also exist (for example, between big and small, rich and poor LGUs). Experience from other countries, particularly in the Balkans, has shown that by gathering around common interests and developing shared positions and a unified voice, local authorities can gain the necessary power. Associations of LGUs draw their legitimacy from their members. They are strong if they are backed by their members, and if locally elected representatives of LGUs see an interest in them. For Albania, it will be a challenge to overcome the current blockage which is one of several arenas for a broader conflict between the two main parties (which is often said to be, after all, a personal conflict between Berisha and Rama) and re-establish LGU associations based on membership and develop a common vision of LGU interests and the way forward in decentralisation.

During the last few months various donors, disappointed by the dysfunction of the AAM, stepped back and do not longer show interest in supporting the association. DLDP was among the only partners left, using the AAM newsletter for dissemination of good practices and thus ensuring a minimum level of communication from the AAM to its members. However, it can't be the role of DLDP (as a regionally based non-governmental project implementer) to be the main supporter of the AAM. Moreover, DLDP is increasingly facing difficulties with the AAM's even decreasing level of operational capacity, and the risk that it is seen by SP lead LGU partners as biased, by working only with the AAM perceived as a DP organisation. Many observers say that the donors' way of financing specific activities - thus making the organisation jump from one topic to another for the sake of funding and hindering a more strategic orientation of the AAM - may have been a relevant factor contributing to the institutional weakness of the organisation. On the other hand, since its beginning in 2005 SIDA's support to AAC was focusing precisely on long-term institution building, with a certain success. However, it is not clear yet whether SIDA will be able to continue this support, since SIDA is in a process of strategic re-orientation which might lead to retirement from this sector.

Most recently a new actor has entered the field: The Council of Europe's Congress on Local and Regional Authorities has shown its interest to support Albania in implementing the European Charter of local self-government, particularly by assisting the LGUs to develop a unified voice to defend their interests in the political game. Considering the current blockages in party politics, the new international actor with its approach of requesting Albania to achieve European standards (instead of supporting and implementing self-standing "projects") could indeed have the necessary political leverage and neutrality to open important space for negotiations and management of conflicts. Its first attempt to offer a platform for discussion particularly to the newly elected local leaders (which were rightly or wrongly perceived as not as spoilt yet by party politics) to build some bottom-up pressure for collaboration beyond the old cleavages, was well taken. As Albania will take the chair of the CoE mid 2012, the government may have a specific interest to cooperate with the Council of Europe and show its determination to reach European standards. The intervention of the CoE can take advantage from this window of opportunity and build on the fact that European integration and the determination to achieve European standards is still a common denominator of all political leaders in Albania. However, the building-up of Albanian ownership to the process will take time and need the commitment of key actors perceived as legitimate to speak on behalf of LGUs. They will have to develop a common understanding on the role of associations in the decentralisation process and the common priorities to focus on. Different models of representing the interests of LGUs and different forms of organisations are possible and have to be explored, and if the LGU associations are expected to develop sustainably, LGUs will have to make their own informed decisions. If the CoE wants to seize this opportunity, it must avoid the trap of being too impatient and pro-active, wanting to act on behalf of the Albanian stakeholders instead of supporting them, and pushing for concrete results and even concrete solutions too early. A long-term engagement of the CoE will be needed to secure space and integrative processes allowing LGUs for building mutual trust and ownership, irrespective of party affiliation.

One of the main questions to start the process will be whom to work with in this process: Who will be perceived to have the legitimacy to sit at the negotiation table and speak for the LGUs or at least a group of it? Who is able to express his/her opinion independently enough from party positions to be respected as a partner by the others? How do the existing associations integrate into the process? It will be important to combine a pragmatic attitude with a conflict sensitive approach to organising the platform for talks in order not to contribute further to the blockages experienced so far.

Although many questions can't be answered yet, I would suggest to SDC to act in a pragmatic way, by

- supporting the Council of Europe in its endeavour to de-block the situation. It should be able to offer a **neutral platform for further discussion** to help Albanian stakeholders

develop a unified voice. It should offer capacities to support the process of rebuilding the associations and address or even mediate the conflicts around the various associations.

- **Not continuing the support to AAM**, as long as it is not operational and lacks legitimacy to speak with one voice for all municipalities. The same for ALAA.
- Considering to provide institutional support the AAC in case SIDA has to phase out its support.
- **Not supporting associations in individual projects** that are not narrowly linked to their strategic priorities and political role.
- **Offering financial support to AAC, AAM, ALAA as an incentive for cooperation**, for activities which are developed in common by the various associations.
- Linking the support to the CoE to your activities as donor focal point in the Sector Working Group with a view to make the group a **“group of friends” or advisory board** to this process.

5. SDC's possible contribution to policy dialogue

In all countries of the world an effective transfer of tasks and responsibilities, the decentralisation of financial and human resources can considerably shake the political power systems as well as the existing accountability mechanisms. Many actors at central level do not see a short-term interest in ceding power and resources, and they may interpret the principle of subsidiarity in a very restrictive way. Moreover, it is important to note that decentralised decision-making and funding processes also have an important transversal impact to (and can be impacted by) policies relating to specific sectors (water, roads and energy, education, health, social services etc.). Thus, the national legal and policy framework (providing or closing space for local action) in various sectors as well as the decisions on the distribution of financial and human resources at central level are the most decisive success factors for decentralisation. For example, the most professional local staff, trained in the most sophisticated methods for planning, budgeting and implementing projects, will have no sustainable impact if the LGUs do not have the necessary legal instruments and responsibilities to implement the planned projects in the various sectors or lack access to financial resources.

Thus, decentralisation reform is not only about adopting a decentralisation strategy or policy. It needs commitment of political and administrative authorities for implementing it at various levels and in several sectors and areas. While national actors with the legitimacy to defend the interests of local authorities are most important (see previous chapter), international actors also have an important part in influencing the national government's determination and capacities to implement the strategies.

“Policy dialogue” should be seen as an important means to influence the political determination to implement decentralisation and foster regional development and adapt legal, institutional and

financial frameworks accordingly. However, the term “policy dialogue” or “political dialogue” has no unified meaning: Many donors or project implementers just understand it in a narrow sense: making the national framework more adequate or useful for the (short term) success of their own projects. While policy dialogue may well contribute to an enabling environment for reaching outputs and outcomes of individual projects and programmes, it is even more important to **ensure long term impact and sustainability of donors’ projects and programmes**. Thus, policy dialogue, with a view to convince national actors to make steps for reform where needed, is of high relevance for all donors.

In the Albanian transition, international donors do have a relatively strong political role. The idea of integration into the international community, adhering to international standards and particularly the European integration is one of the only common orientations in a rather antagonist and post-communist political landscape. The existing strategic framework on decentralisation and regional development (although not formally adopted) and the general commitment to international standards (like the European Charter on local self-government) provides international actors with legitimacy to ask for compliance, a strategic framework to align with and an entry point for policy dialogue. In Albania’s decentralisation process SDC has a specific role. Based on its relatively long experience with various interventions (particularly with DLDP at local level) it has gained acceptance by national and local actors. As we could hear several times during the interviews, SCO-A is generally appreciated particularly by the MoI as a committed donor with a long-term approach, focusing on and balancing the needs of both central level authorities and LGUs in the decentralisation process. This provides legitimacy in the eyes of Albanian and international actors and adds some leverage to the limited weight of SCO-A as a relative small donor in terms of financial support to Albania. The formal role of SCO-A co-chairing the Sector Working Group is another important factor.

Another question is **how to address policy dialogue** in an effective way. A series of challenges are to be taken into account. To be successful, policy dialogue must firstly have a clear focus on the most important elements to be reformed. In many cases, donors (and national actors) lack the necessary understanding of the context to identify such priorities. Secondly, in order to be effective, the international actors involved must have a common or at least harmonised understanding of the main elements of reform needed. This is often difficult to achieve, since many actors do not share the same approaches. Thirdly, the results of policy dialogue are extremely difficult to measure, particularly if there is no clear orientation or indication for the change envisaged. Forthly, if improvements of the legal and policy framework are taking place and concrete steps are taken, it is often difficult to attribute it to an intervention of donors. Even more: To be acceptable, changes should not be attributed to the donors’ influence, but “policy dialogue” should convince the power holders actors responsible for change to act on their own behalf and in their own responsibility. So if change takes place, the donors’ intervention should even not be so visible, in order to avoid jeopardising the legitimacy of the national actor’s intervention. The

principle of ownership is most meaningful here to make change acceptable and sustainable – and for a donor, building ownership and political determination for reform may be a considerable methodological challenge.

For SCO-A's future interventions, this could mean the following:

- Continue to **invest in policy dialogue**, as in the current challenging context policy dialogue is a main factor of making SDC's investment in decentralisation sustainable and ensure its long-term impact;
- Continue to **invest in assessing the current situation** of decentralisation in the field, together with national stakeholders, in areas where the strategies lack implementation, with a view to identify the urgent needs, obstacles and driving forces for reform of the legal and policy framework. Link the assessment to DLDP's and RDP's insights from the field and practical experience from Shkodra and Lezha.
- As the donor focal point on decentralisation and regional development, co-chairing the SWG, continue to invest in **harmonisation with other donors** at the level of policy dialogue, particularly with USAID (just starting a new phase of cooperation with a specific component relating to policy dialogue), and the Council of Europe. Try to reach a **common understanding among donors on the main objectives of the policy dialogue and priorities to follow**, plan activities accordingly for the next year. At first sight the priorities should cover the areas of clarification of tasks and competencies of LGUs (municipalities, communes, qarks) and their relation to the competent line ministries, the transparency and predictability of financial transfers to and stability of income of LGUs, the standards of performance in the area of local services, ways and means how to strengthen the voice of LGUs in decision-making at central level, etc.
- Communicate these areas of concern to **the Mol and keep asking the central authorities about information and analysis regarding the status quo in these areas**, the obstacles in implementing the strategy on Decentralisation and Local Government, and about the ideas of the government to address regional development, to show the international interest and keep these points on the political agenda.
- Think about how to find **incentives and windows of opportunities to convince the Mol and the central government to address the gaps** in the legal, financial and policy framework and the obstacles to the implementing of the strategy on decentralisation. The fact that Albania will be chairing the Council of Europe could be an important element to consider now, together with the representation of the CoE in Albania as well as other donors.
- Develop an adequate **monitoring and evaluation frame** for policy dialogue activities, to be able to show a clear orientation, objectives, expected results, and achievements at any time.

