IN THIS ISSUE
To Our Readers ...................................... 1
Major Project Activities ............................. 1
USAID Project Improving Planning and Local Governance in Albania .................. 1
PLGP Project Launch ................................. 2
National Conference on Fiscal Decentralization ............................................. 2
White Paper on Fiscal Decentralization ............................. 3
Empowering Local Governments in Territorial Planning ............................... 5
Strengthening Capacity on IPA Funds Management .................................... 5
Regional Workshops on Local Tax Administration ................................. 5
Launching of Citizens’ Advisory Panels ............................................. 6
Customer Service and Public Relations Workshop in the Water Sector ............ 6
Water and Sewage Service Delivery Agreement ..................................... 7
Training of Supervisory Council Members of Water Utilities on SC Manual ...... 7
PLGP Publications, Upcoming Activities .... 8

Major Project Activities

• PLGP was officially launched on May 18, 2012. Memorandums of Understanding were signed with partner local government units.

• PLGP held the National Conference on Fiscal Decentralization on October 4th, 2012.

• PLGP, in cooperation with NTPA, organized on November 14th a National Meeting on “Empowering Local Government in Planning and Administering their Territory”.

• PLGP has supported the launching of Citizen Advisory Panels (CAPs) in Elbasan, Kuçova, Saranda, Durres and Korçà.

To Our Readers

I am honored to serve as leader of the USAID-funded Planning and Local Governance Project (PLGP). The five-year PLGP is off to a good start in supporting efforts to strengthen local governance in Albania and implement decentralization legislation, policies, and reforms. In 2012 multiple activities were launched: technical assistance and training was offered to local government officials, the delivery of services is being improved, and the capacity is being built for local governments to better manage and plan growth and development.

2013 promises to be a year of both challenge and opportunity for LGUs in Albania. Local governments, with limited resources, will be challenged to respond to the demands of their citizens and fulfill their legal responsibilities. Further progress will be required in the area of fiscal decentralization if this challenge is to be met. This challenge is accompanied by opportunity. In 2013 Albania has the opportunity to build the consensus necessary to strengthen local governance, thereby ensuring the economic vitality of this country and improving the quality of life of all Albanians. I, and my colleagues with the PLGP, pledge our support in addressing this challenge and embracing this opportunity.

We thank you for your collaboration during the first year of the PLGP and we look forward to a very productive and successful second year. Please contact us if we can be of any assistance as we work together to promote the principles and practice of democratic local governance in Albania.

All the Best,
Peter Clavelle, PLGP Chief of Party

USAID Project Improving Planning & Local Governance in Albania

USAID’s Planning and Local Governance Project in Albania (PLGP) works both at the national policy level and at the local level to promote acceptance of the principles of decentralized governance, and to disseminate and institutionalize practical and effective methods and techniques for municipal management and governance issues.

The PLGP ‘partner’ local government units include: Tirana, Durres, Fier, Lushnjë, Berat, Kuçova, Patos, Vlore, Saranda, Elbasan, Korçà, Vora, Kamza, Kashar, and Paskuqan. The program works in four main areas:

• Support the Government of Albania to Implement Effective Decentralization Policies and Legislation – PLGP will promote an inclusive dialogue and help build a bipartisan consensus on issues of strategic importance to local governments.

• Improve Local Governance – PLGP will provide technical assistance and on-the-job training to staff in 15 target LGUs on a variety of management and governance issues.

• Improve Management of Local Services – PLGP will assist the GOA and LGUs to improve water and solid waste service sectors.

• Assist the GOA and Local Governments to Plan and Manage Urban and Regional Growth – PLGP will provide technical assistance to the GOA and selected local governments in developing skills and knowledge to draft territorial plans in accordance with the Law on Territorial Planning.
USAID’s Planning and Local Governance (PLGP) was officially launched in a ceremony held on May 18, 2012. Attendees included: the US Ambassador Alexander Arvizu, the Albanian Prime Minister Sali Berisha, and the Mayors of Tirana, Durres, Fier, Lushnje, Berat, Kuçova, Patos, Vlore, Saranda, Elbasan, Korça, Vora, Kamza, Kashar, and Paskuqan. Memorandums of Understanding between the PLGP implementer and partner LGUs were signed to lay out the project’s five year assistance program.

The selection of the fifteen participating municipalities and communes was done through transparent and participatory process. Selection was based on the municipalities’ fiscal capacity, level of interest, and their commitment to improving public service delivery, planning and information technology and citizen participation in local government decision-making.

In addition, the PLGP Project implementer signed a MOU with the National Territorial Planning Agency (NTPA), which outlines support USAID will provide to help the agency better plan and manage urban and regional growth strategies.

### National Conference on Fiscal Decentralization

On October 4th 2012, the USAID “Planning and Local Governance Project in Albania” (PLGP) held a Conference on Fiscal Decentralization. Working both at the national policy level and at the local level, PLGP aims to promote an inclusive dialogue and help build a bipartisan consensus on issues of strategic importance to local governments.

Attendees included the US Ambassador Alexander Arvizu, the Albanian Prime Minister Sali Berisha, Mayors of PLGP partner LGUs, representatives from the Ministries of Interior and Finance, donor community working in local governance and NGOs. The Fiscal Decentralization Conference provided an excellent opportunity to engage in a dialogue on the importance of fiscal decentralization in Albania.

Preceding the Conference on Fiscal Decentralization, PLGP prepared a White Paper that provides a comprehensive overview of the current situation and presents the full scope of issues to be addressed in moving fiscal decentralization forward in Albania. It aims to stimulate dialogue and consensus building on what further actions can be implemented to advance fiscal decentralization. The Conference was guided by a series of “issue dialogues” on fiscal decentralization issues with local and central government representatives and with other stakeholders.
PLGP prepared a White Paper on Fiscal Decentralization through a process which involved broad consultations with stakeholders from the national and local levels. Discussions with local governments generated a constructive debate and gave voice to local governments to express their concerns and recommendations related to Fiscal Decentralization issues: revenue and expenditure assignments, intergovernmental transfers, local borrowing and asset management.

Two series of regional roundtables/discussions were undertaken with partner LGUs to advance this goal. The first round of regional discussions were held during May 2012 in Tirana, Vlora and Elbasan to assess the main concerns of partner LGUs related to progress on fiscal decentralization in Albania and to compile an agenda on fiscal decentralization reforms to be initiated by the PLGP. Mayors and/or deputy mayors from the LGUs of Tirana, Durrees, Vlora, Korca, Elbasan, Berat, Patos, Kucova, Kamza, Kashar, Vora, Lushnje, Fier, Paskuqan and Saranda participated in these roundtables. The regional discussions were organized in groups that reflected the geographical location of the participants. These regional discussions focused on issues related to expenditure and revenue assignments, local borrowing and asset management, intergovernmental transfers, service delivery and territorial administration. International and local experts contributed to the discussions. The ideas discussed in these regional roundtables were further elaborated within the Fiscal Decentralization White Paper.

Following the drafting of the White Paper on Fiscal Decentralization, PLGP disseminated its Executive Summary to officials of the Government of Albania (GoA) and LGUs, national local government associations and international organizations. Although comments on the White Paper were initially limited, due to August summer vacations, the PLGP organized extensive consultative meetings with key stakeholder to receive their feedback before the Decentralization Conference took place.

The PLGP in September 2012 convened a second round of regional discussions with local governments to validate the issue-specific reports and collect LGUs’ comments and suggestions on the Fiscal Decentralization White Paper recommendations. With the same approach as the first round of discussions with Local Governments, three regional roundtables were organized in Tirana, Vlora and Elbasan. These roundtables served to reach agreement between PLGP and local governments on the recommendations and approach to further discuss with central government. The discussions included an analysis prepared for several decentralization issues. Status reports (local borrowing, local revenues, local asset management and urban planning) were also presented. Recommendations articulated in the Fiscal Decentralization White Paper were validated through these consultations.

Donors have also been part of the issue dialogues on fiscal decentralization. A roundtable was organized with international organizations and donors including the European Union (EU), the Decentralization and Local Development Program, the Council of Europe, the Swiss Agency for Development and Cooperation, SKL International and the OSCE.

The discussion aimed to bring together international donors and project implementers as important stakeholders in the decentralization process. Consensus on new policies and laws that will improve the fiscal capacity of Albania’s local governments is emerging.
PLANNING AND LOCAL GOVERNANCE PROJECT (PLGP)

Empowering Local Governments in Territorial Planning

PLGP is supporting National Territorial Planning Agency (NTPA) and local governments in territorial planning and strives to strengthen the capabilities of the Government of Albania and local governments to plan and manage urban and regional growth.

PLGP in cooperation with the NTPA organized on November 14th a National Meeting on “Empowering Local Government in Planning and Administering their Territory”. The event was attended by more than 80 participants, including the US Ambassador to Albania, Mr. Alexander Arvizu; the Albanian Prime Minister, Mr. Sali Berisha; the mayors of 15 PLGP partner municipalities; mayors of other municipalities that received assistance from PLGP on revising their territorial plans; Ministry of Public Works and Transport officials; and donor organizations working in the urban planning area. Prime Minister Berisha and U.S. Ambassador Arvizu delivered encouraging remarks at this meeting that highlighted the importance of planning. The event was the culmination of a coaching process conducted by the NTPA and PLGP from April to October 2012. Eleven municipalities received coaching to adapt their territorial plans to comply with the territorial planning regulations approved in 2011. Ten LGUs (Berat, Shkodër, Korçë, Fushë-Krujë, Kamzë, Fier, Vlorë, Gjirokastër, Durrës, and Pogradec) presented their finalized General Territorial Plans at this meeting.

Following a review of the plans by the NTPA, the plans will be submitted for approval to the National Territorial Council (NTC). In December 2012, the NTC reviewed and approved the General Territorial Plans of the municipalities of Berat and Kamza. The NTPA is currently reviewing the other plans, which will be submitted for approval to the NTC during the next few months. The National Meeting established a highly official setting that highlighted the approval process for Local Plans and contributed to the strengthening of the NTPA’s leading role in territorial planning. The event also facilitated communication and promoted cooperation between municipalities, the NTPA, GoA entities, and donors in the territorial planning process.

The expected approval of the plans by NTC will not merely reward these substantial efforts. More importantly, with the approval of plans, regulated land development will take place and sustainable economic development will be stimulated.

USAID will continue to support the municipalities and the NTPA. Assistance to the NTPA include identifying issues and areas of national importance and the initiation of work in drafting Albania’s General National Territorial Plan.
The Instrument for Pre-Accession Assistance (IPA) is the financial instrument for the European Union (EU) pre-accession process. Its aim is to enhance the efficiency and coherence of aid by means of a single framework in order to strengthen institutional capacity, cross-border cooperation, economic and social development as well as rural development. Pre-accession assistance supports the stabilisation and association process of candidate countries and potential candidate countries while respecting their specific features and the processes in which they are engaged.

As part of the efforts in building LGUs capacities in increasing their own source revenues, in November 2012 PLGP co-funded a training/study tour on IPA funding and management of EU funds. The training titled "Strengthen the capacity of Albanian representatives on IPA funds management" was provided by the Slovenian Embassy through the Slovenia’s Development Cooperation (SDC) and a Slovenian NGO, the Center for European Perspective (CEP) and took place in Slovenia during November 12 – 16, 2012. The training/study tour was provided to 11 municipal staff from 5 of PLGP partner local government units, namely Korça, Durres, Berat, Fier and Elbasan.

The purpose of training was to present details of the EU Project Cycle Management with an emphasis on the programming phase (the process of preparing operational programs) and the preparation of tenders, together with implementation phase (preparation of applications and tenders from the Instrument for Pre-Accession Assistance). The training helped the municipal staff to strengthen their capacities on IPA funds management.

Regional Workshops on Local Tax Administration

PLGP will continue to support and assist partner LGUs to build local officials’ capacity and improve their performance regarding specific challenges in revenue generation: problems in collecting the small business tax; difficulty in establishing an efficient property tax system, and dramatic decreases in the revenues generated by the infrastructure impact fee given the moratorium on development related to adoption of local Territorial Plans.

The first Regional Workshop on Local Tax Administration took place in Tirana in September 2012 and it was followed by a second workshop, held in December 2012 in Korça.

The workshops were designed to raise the local tax administration capacities to evaluate and analyze the current status of Local Tax Collection and to identify the best practices related to generating LGUs’ revenues. Discussion topics included the introduction of the Action Plans for ameliorating the revenues from the Property Tax, the potential amendments to the Local Taxes Law, and the need for better and more efficient cooperation with the Central Tax Administration.

Participants in the workshop included representatives of the Tax Administration of seven partner LGUs (Tirana, Durres, Korca, Kamza, Vora, Kashar, Paskuqan) and representatives from seven other LGUs (Kruja, Fushë Kruja, Rrogozhina, Shkodra, Lezha, Pogradec and Maliq), four of the participating LGUs were partners of LGPA, the prior USAID Program on Local Governance in Albania.

PLGP intends to assess the lessons learned and identify the best practices related to generating revenues by the local government units participating in PLGP and share them with others to ensure improved local governments’ fiscal management, accountability and transparency.
Launching of Citizens Advisory Panels

USAID’s Planning and Local Governance Project (PLGP) has supported the launching of Citizen Advisory Panels (CAPs) in Elbasan, Kuçova, Saranda, Durres and Korça.

Hundreds of people participated in the launching events and workshops; including leaders of local organizations, University representatives, business leaders, and other civil society leaders. Also, in attendance were municipal officials including the Mayor and representatives of the Municipal Council.

To assure maximal stakeholder participation into the local governance processes, PLGP will work to increase the engagement of civil society and to strengthen the interaction among local government, civil society, and citizens through establishing and institutionalizing Citizen Advisory Panels (CAPs) in each partner municipality. This commitment was included in the Memorandum of Understanding that was signed with each partner community on May 18, 2012.

The overall objective for creating CAPs is to encourage citizen involvement in local governance. CAPs will provide a forum to discuss and articulate key issues of Municipal development, consult with Municipal officials and staff concerning civic society’s vision and exchange ideas for improving local governance. CAPs will create an inclusive and participatory mechanism to enable citizens to learn about local government and play an active role in decision making.

The first meetings of CAPs generated lively discussions and strategies for increasing civic participation in the future. By the end of 2013 CAPs will exist in all 15 municipalities and communes that are PLGP partners.

Customer Service and Public Relations Workshop in the Water Sector

The Planning and Local Governance Project (PLGP) organized in Lushnja and Tirana in September 2012 two regional workshops on Customer Service and Public Relations with representatives of water utility companies and 14 partner local government units.

The workshop participants discussed citizens as customers of the local government and the concepts of customer service and strategies to address customer’s complaints.

Representatives of water utility companies participated actively in the workshops identifying customer needs, service standards, and level of customer care. Representatives of the Municipalities focused on public relations.
Water and Sewage Service Delivery Agreement

To advance the reforms within the water sector, PLGP is supporting the Water Regulatory Authority (WRA) to develop a model of a Service Delivery Agreement, as a legal contract between the a water utility and local governments. This initiative will fulfill a requirement foreseen in the Water Supply and Sewerage Services Sector Strategy approved by the Council of the Ministers in 2011.

This collaboration was formalized in November by a Memorandum of Understanding between the PLGP and the Water Regulatory Authority (WRA), in which the parties agreed to establish and support the work of a broad based working group to reach consensus among stakeholders regarding the necessity of drafting and implementing a Service Delivery Agreement. The activity will further assist the negotiations between a local government unit and a regional water utility of a Service Delivery Agreement, using the developed model.

The Working Group includes representatives of the Association of Municipalities, the Association of Communes, the Water Supply and Sewerage Association, the Ministry of Interior and the Ministry of Public Works and Transport. The Working Group held its first meeting in December 2012 to discuss the main issues to be considered in drafting the Service Delivery Agreement Model. The final draft of the Service delivery Agreement model is expected to be issued in early May 2013.

Training of the Supervisory Council Members of the Water Utilities

PLGP and the Water Regulatory Authority (WRA) organized in November the “roll out” training for all Supervisory Councils of partner water utilities and also local officials from a few small PLGP partner local governments. The training consisted of a full day session for the 9 Modules of the Manual prepared by PLGP team for Supervisory Councils of the Waterworks Utilities. The main topics addressed during the workshop were the legal framework of the water sector, monitoring tools and indicators of the water utilities, business planning, and private participation partnerships.

The training sessions were attended also by the Director of WRA, Mr. Avni Dervishi, who confirmed his firm commitment to make the training of Supervisory Council members mandatory for all licensed water operators and to continue working with the Association of Water Works of Albania to deliver the training for other water utilities in the near future.

The participants showed great interest in all presentations, particularly in the discussions related to the legislative issues for the selection of supervisory council members. The adoption of the criteria for appointing the members of Supervisory Council and the process defined by law to select the General Director of the Utility generated much discussion.

At the end of the training course the Head of Water Regulatory Office distributed Certificates for Completing the Training Course to all participants.
PLGP Publications

During its first year, the USAID’s Planning and Local Governance Project has produced the following publications:

1. White Paper on Fiscal Decentralization
2. Status Reports on:
   - Own Source Revenues
   - Local Borrowing in Albania
   - Municipal Assets Management
   - Territorial Planning
3. Public-Private Partnership in infrastructure and Public Services (Albanian)

Outreach

USAID/Albania just opened a Facebook page. Like this page to follow PLGP’s work and stories from the 15 municipalities as well as information from other USAID projects around the country.

www.facebook.com/Albania.USAID

ACT NOW!

Albanians Coming Together Now! (ACT Now!) is an Ambassadorial Initiative that encourages Albanian citizens to make their voices heard. Get involved, get informed, and ACT Now!

Are you looking for ways to increase awareness of your Municipality’s accomplishments? Would you like to promote or highlight a partnership with local organizations or citizen groups?

The Embassy’s ACT Now! Facebook (http://www.facebook.com/Albanians.ACTNow) regularly features stories of Albanians making a difference in their communities in partnership with local governments. Become a fan of the page and send them your stories!

Upcoming Activities

- Convene Regional Roundtables with LGUs to discuss the proposed Regional Development Fund criteria
- Assist LGUs to prepare action plans to improve their financial resources and implement fiscal decentralization actions
- Convene Workshop on Private-Public Partnerships at the local level
- Launch the Private-Public Partnership support program
- Train Municipal Councilors on roles and responsibilities
- Establish Citizen Advisory Panels established in additional partner LGUs
- Convene 3rd round of Regional Workshops on Local Tax Administration with focus on property tax
- Convene capacity building session for tax local staff in Municipality of Saranda
- Draft Business Plans for Water Utilities in Vlora, Kamza and Lushnja
- Provide training on asset management for the managerial staff of Water Utilities
- Provide training on urban planning issues for local councilors
- Assist the Municipalities of Vlora, Lushnja, Durrës, and Berat in the preparation of Local Development Plans
- Assist the Commune of Kashar to develop an economic opportunity program for women
- Continuing the coaching program with Vlora and Kukes Municipalities in revising territorial plans
- Prepare a Manual on Participatory and Inclusive Territorial Planning
- Study the implications of Small Business Tax reform

DISCLAIMER
The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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