FUNCTIONAL AREA PROGRAM
BURREL- KLOS
PROGRAM OF DLDP

Functional Area: **Burrel - Klos**

Service Provider:

Rr. Kavajes, Ish Ndermarrja e Librit Shkollor,
Sh. 1, K.1, Ap. 2, Tirana
Tel: +355/4/4512854

CONTENTS

ABBREVIATIONS

ADF	Albanian Development Fund
ALL	Albanian Lek
Dldp	Democratic Local Development Programme
FA	Functional Aerea
GDP	GrosS Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GVA	Gross Added Value
IPA	Instrument for Pre-Accession Assistance
LGU	Local Government Unit
RDF	Regional Development Fund
SDC	Swiss Development Cooperation
Sida	Swedish International Development Agency
UE	European Union
USAID	United States Agency for International Development
WB	World Bank

INTRODUCTION

The following document is a study of territorial Area Burrel -Klos according to methodology of Functional Area in the course of period September 2014- May 2015 conducted by DEA Consulting. This study was made possible as a result of Swiss program DLDP and implemented in cooperation with local government actors , civil society and interest groups of this functional Area

Concept of Functional Area

Functional area is a concept that theoretically represents the real existence of a space where interactions between the inhabitants of a territory, and cooperation with the institutional structure (local, regional or central government) are frequent and dense. The concept is grounded and determined from the existence of individual inhabitant in the environment he/she lives and interacts motivated by his/her need for constant exchanges/interactions over a territory , which does not necessarily coincide with existing administrative boundaries . Such interactions discussed in this document are for example those of the residents with the local regional and central government administration, interactions of economic character with local public or private employment units in various sectors such as Industry , agriculture , services etc.

In this document, the concept of Functional Area (FA) seems to be appropriate to capture :

- continuity of the territory of present geographically Area identified here as Mat ,
- cultural background conditioned by a common history, traditions, habits and lifestyles,
- economic interactions that appear to favor a FA with two centers respectively Burrel and Klos
- and opportunities for further development in key sectors of economic activity examined further in the document .

Methodological Aspects

The concept of FA constitutes the main methodological ground for the implementation of this study. However, this methodology would have been incomplete at the absence of other instruments that allow the application of this concept in a qualitative manner. Functional Area Forum, with representatives of LGUs , civil society members and stakeholders, is the most important of these instruments. The existence of Forum was instrumental to the organization and participation of local communities in the study as a very important element for assuring its quality; it facilitated the exchange of information and assessment findings and served to maintain the pace of the implementation.

Figure 1: **A meeting of Functional Area Forum**

At the same time it is worth mentioning that the methodological framework described so far was supplemented with other elements, which were deemed necessary during the stages of analysis. As such, we may mention instruments such as:

- added Value Chain Analysis,
- competitive/Comparative Advantage Analysis,
- statistical simulations assuming the existence of a reality more or less in line with FA at question.

All these instruments were used in the study to reach qualitative conclusions based on a more accurate and detailed quantitative analysis.

Structure of the Document

The document is structured in 5 important sections:

- **Functional Area description** which describes in a concise way, facts about the real existence of FA Burrel- Klos illustrated through the analysis of the territory, history and culture, resources and economic interaction in this area . At the end of this section we draw some conclusions and argue why this territory can be seen as a functional area within boundaries of a geographically known territory as Mat area.

- **Economy of Functional Area** is the second section which deals with a detailed analysis of the characteristics and trends of economic development in FA . This analysis is intended to argue why FA is a reality and can be developed as such in the future based on arguments developed through competitive advantages and value added analysis.

- **Analysis of Services** is a third section, where we analyze public services provided at local level based on the typology of the current functions of local government, extending some recommendations about the future in the context of administrative and territorial reform . The range of services selected for analysis includes: water and sanitation services, waste collection and management, transport services and roads.

- **Organizational Analysis** is the fourth section of the document, which is an attempt to give some recommendations on the future structure of new units of local government on the basis of existing organizational structures and current development needs analyzed in previous sections.

- **Projects** for the future development of FA are the object of the fifth section. This section summarizes some project' concepts arising from second and the third section of the analysis, which can be implemented in the short, medium or long run with own or donor resources. In this part, the urgency of development projects for new units of local government as a result of administrative and territorial reform is paid particular attention; therefore the projects focus on the public sphere besides private one.

At the end of each section some we present some recommendations, identified in the course of analysis; they can serve as a guide to further deeper studies of the same.

1. GENERAL DESCRIPTION OF THE FUNCTIONAL AREA

1.1. Territory of the functional area.

Functional Area of Burrel and Klos is located in **the northeastern part of Albania**. It is bordered in the east by Diber district, in the north by Mirdita, in the west by Kruja and in south from Tirana district.

Figure 2: **Geographic position of Functional Area of Burrel and Klos**

The Relief is characterized from mountain lines, blocks and ridges, highlands and separated mountains, hills and river valleys, transverse and longitudinal and holes.

In terms of **Hidrography** there is a large river Mat and several lakes, of which the following are the most renown:

- artificial Lakes like: Uleza and Scopet
- And natural glacial lakes like, White and Black Lake, Lake of Sopet, Lake of Goats, Lake of Balgjaj etc.

In terms of **Geological constructions**, Mat area (alias FA Burrel and Klos) are characterized from different euphusive and intrusive magmatic rocks, especially those ultra basic. Besides these sedimentary rocks, of carbonate and there igneous type are widely spread.

Climate is transitory from hilly Mediterranean to pre-mountainous and mountainous Mediterranean. Rainfall is about 150 -2000 mm per year. The average annual temperature reaches 10-12 °C. In coldest months the minimum temperature reaches -25 °C, while in the hottest months up to 35 °C.

Lands are mostly mountains pastures lands whereas mountain brown soils are prevalent in the area of Klos. Flora is very rich, of the European and middle Mediterranean types. The northeastern sub-region is characterized by its large areas of grass and forest.

Fauna is extremely rich and is represented by carnivorous animals (bear, wolf, fox, wild cat), herbivorous animals (wild boar, deer, wild goat, rabbit, wild cat), birds (ouzel, the mountain grouse , wild forest cock, etc.).

In terms of Natural Resources the area is rich in minerals like copper and chromium metal, but also with the construction and ornamental stones, marbles and marbled limestones, inerts of river beds, etc.. The most important mines that continue to operate are the chrome mines in Klos and in the area around.

1.2. History, Culture, traditions, main attractions.

The history of this area goes back to VII century b.c. through middle ages until nowadays. The name Mat (Matja, Emathia) is thought to have its origin in Albanian sense of the word " mat' ane, ", which means " beyond the coast/line". It's related to one of the most important ancient population , namely the Illyrian one because in Middle Ages, region of Mat is believed to be at the origin of Albanian tribe, Albanoi, which was also the nucleus of Albanian descendants of Illyrians. It was mentioned for first time from Ptoleme in 13th Century a.c.

Traces of Illyrians and their civilization, the relation with other ancient civilizations in Europe especially in Greece, Macedonia and later Rome are still found in many archeological sites in Mat Region such as Illyrian Tums of Bushkash, Caves of Blazi, Këputë, Pëllumba and Neziri.

Locals prefer to call Mat the "Land of Kings" as Gjon Kastrioti , the father of Gjergj Kastrioti, Albanian national hero known also as **Skanderbeg**, was born there. Another famous native of Burrel was **Ahmet Zogu**, first King of the Albanians, who reigned as King Zog I from 1928 to 1939. His mother from another well-known landlords Family (Toptani), claimed to be descended from the sister of Scanderbeg. Before proclaiming itself King of Albanians e had previously been a Prime Minister of Albania between 1922 and 1924 and President of Albania between 1925 and 1928. He was overthrown from Italian occupation during second war and died exiled in France, in 1961.

Figure 4: **Scanderbeg, National Albanian Hero**


Figure 3: **Ahmet Zogu I, King of Albanians**

During Medieval times, this area continued to exist and prosper as it's demonstrated from the existence of important commercial sites like Komsie, Lisi, Klosi and Derjani. During this time we find also important fortresses like Castles of Skopeti, Xibri, Petralba, Ceruja that may serve as turistic attractions in nowdays.

Figure 5: **Bastions and Venetian Bridges in FA of Burrel and Klos**

Mati is wellknown for **Mati bastions and venetiane bridges** that recently have awaken the interest of foreign visitors. Besides it's the place where several festivals and gatherings are organized every year like "Shen Gjergji", Folk Feast, Lyric Song Festival of Mati etc.

The most traditional dishes in the area are those based on meat and pasta bakery whereas traditional products known on national scale are honey, wine and rakia of Klos. However none on these products is marketed under recognized, registered or protected brand name or trade mark.

1.3. Demographic and Social Development

According to local data from the area the population of functional In January 1912 amounted to:

- 64,399 inhabitants
- 16,992 Households

Our last data with sources in Regional Civil Service of Population in Diber are less optimistic. They show the following numbers:

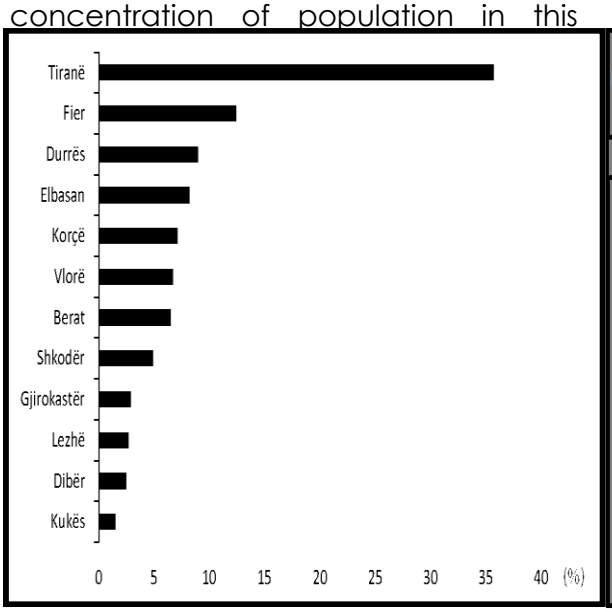
- 59,336 inhabitants
- 16,588 Households

	2012	2014	Forecast 2016	Forecast 2021
Total Population	64,399	59,336	**57,800**	**52 ,000**
Nr. Households	16,992	16,588		

The numbers are decreasing because of internal migration. The trend of this migration is moderate to low and in line with National Census 2011, whose forecasts are presented in the Table 1.

Table 1: **Past, present and actual Population in FA**,
Source: Local and Regional Service Population Data 2015 and Census 2011

Both forecasts are build on the assumption of a moderate growth rate ad moderate internal migration rate, which seems to be well founded in line with structure and concentration of population in this



Nr.	Region	Urban Population	Rural Population	% of Urban Population
1	BERAT	60,24	81,72	42.4
2	DIBËR	37,168	99,894	27.1
3	DURRËS	198,749	64,938	75.4
4	ELBASAN	132,536	164,32	44.6
5	FIER	130,845	181,875	41.8
6	GJIROKASTËR	27,22	46,634	36.9
7	KORÇË	107,112	113,795	48.5
8	KUKËS	21,325	64,102	25
9	LEZHË	51,034	84,079	37.8
10	SHKODËR	105,765	110,31	48.9
11	TIRANË	670,553	86,375	88.6
12	VLORË	99,812	81,576	55
	Total	1,642,359	1,179,618	58.2

Figure 6: **Internal Rate of Migration vs Rural/Urban**
Source: Instat, Census 2011 and A new Classification of Urban/Rural Population 2013

Nr	LGU	Population Size 01/2014	Surface km²	Number of Villages	Number of Households 2014
1	Burrel	16,846	16	-	4,907
2	Klos	10,019	142	13	2,765
3	Xibër	3,321	96	6	939
4	Gurrë	4,036	73	6	1,102
5	Suç	3,445	52	5	915
6	Lis	4,670	78	7	1,271
7	Komsi	5,218	109	10	1,310
8	Baz	3,155	86	4	886
9	Ulëz	1,915	74	6	558
10	Derjan	3,265	71	7	984
11	Macukull		113	6	
12	Rukaj	3,446	45	6	951
	Burrel and Klos Functional Area	**59,336**	**955**	**76**	**16,588**

Table2: **Population, Structure and Location.**
Source: Ibid

The population is mainly rural with Burrel, the only Urban Center. The most important centers where the population is concentrated, besides Burrel and Klos, are Lis, Komsi and Gurre.

Not surprisingly some of the public services found in Municipalities of Burrel and Klos are found also in these rural centers. As an example we can mention Water Supply Networks organized in Water Supply Companies or offered from LGUs themselves. As it regards primary services such as education at pre-school , primary and high school FA has 55 kindergartens , 38 primary schools and 12 high schools . 45 % of municipalities do not have high school. The number of children enrolled in kindergartens varies from 20 to 397 in rural areas and from 258 to 592 children in urban areas. For primary schools this number is 158-2020 and 1470-2992 respectively , while for high schools from 12 to 427 and from 469 to 1790.

1.4. Markets and Economic Interactions in the Area

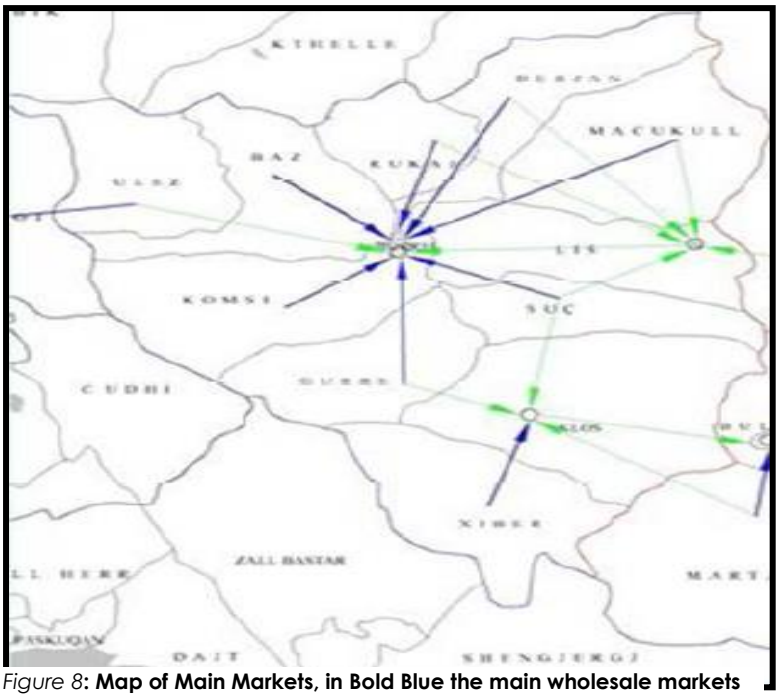


Figure 8: **Map of Main Markets, in Bold Blue the main wholesale markets and in light green main retail trade**
Source: *UNDP, Study on Functional Areas, 2014*

The main economic activities with real contribution remain Agriculture and Services; Chromium's industry is located around Klos.

The Map of economic markets is Characterized (Figure 7) by movements towards local markets where the most importants are Burrel , Klosi (for the Wholesale and Retail trade) and Lis for retail trade .

The map given in Figure 8 shows economic interactions and movement for employment; it reaffirms Burrel and Klos as the main centers of economic activity and destination of internal movements in search of work. That being said, one should take into account the fact that internal migration flows towards other regions except neighboring (in our case Bulqize and Peshkopi) , as the chart shows Figure 6 remain low.

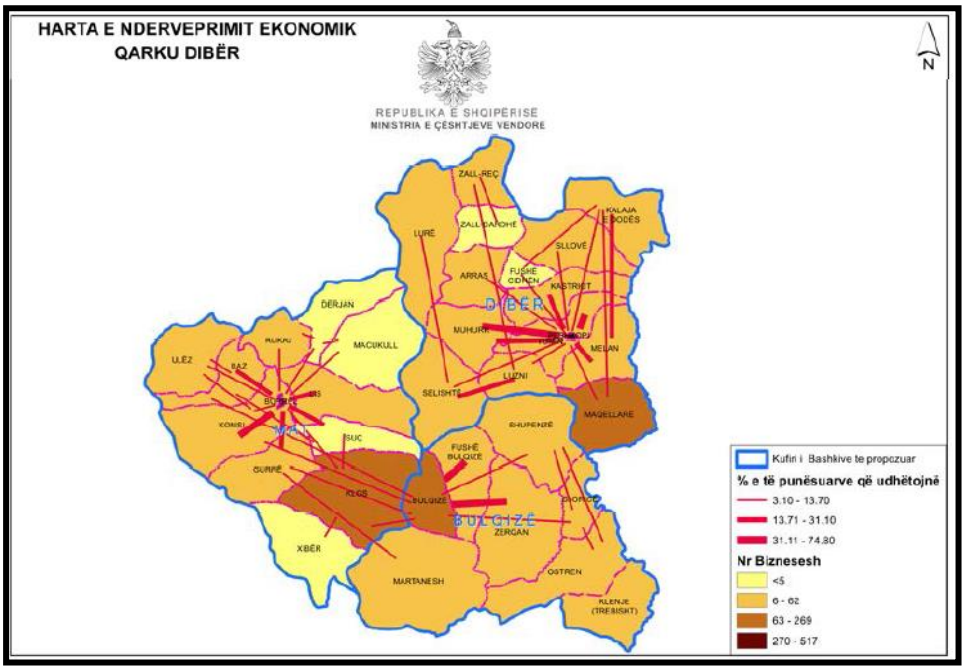


Figure 7: **Map of Economic Interactions and Activities**
Source: MCV 2014

1.5. Functional area main features, conclusions for policy making,

FA of Burrel and Klos is characterized from a **development pattern common to rural communities**. Main drivers of economic growth in the area are the sectors of Agriculture, that is livestock and crops, and Services. Industry contribution is low and consisting mainly of Chromium extracting industry, which is prone to external markets trends on row materials as internal processing activities remain limited. FA has a **competitive advantage in some agriculture products such as potatoes, corn, vegetables, grapes compared to the region and beyond**. The sources of this comparative advantage have to do with favorable geographical position and climate of **Mat River Valley.**

In addition the area is endowed with rich natural resources and is full of historical and archeological facts that add to development potential of the area. The map of these assets (cultural artifacts, archeological sites, architectural and historical buildings and places etc) is spread all over the territory of FA whereas a schematic graph of its natural endowments conditioning agriculture development in this is given in the graph here on the right.

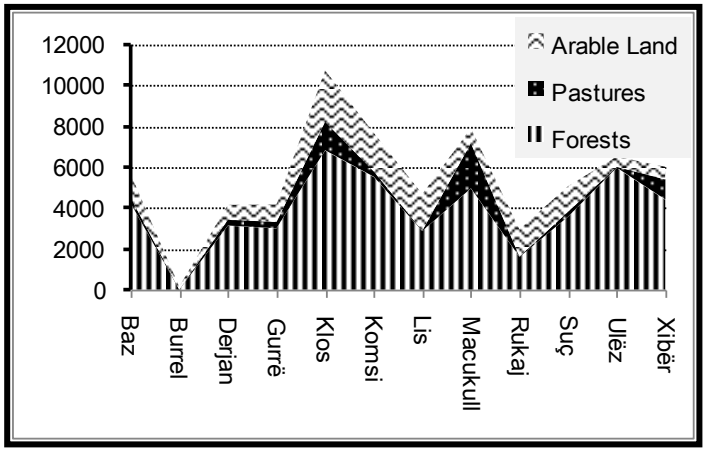


Figure 9: **Natural Endowments of FA in natural sources (Data in Ha),**
Source: Interviews with LGUs Officials in FA, 2014

Figure 10: **6 national water basins in Albania,**
Source: "Plani i Menaxhimit i Lumit Mat", Grontmij I Carl Bro, May 2010,

In addition the area is the **origin of one of important 6 national water basins,** thus, conditioning all ecological reality of communities far beyond functional Area. This represents an important asset for local development and in the same time bestows a high responsibility burden for local public officials on their development decision making process.

The **added value of economic activities is low** though because they are placed on lower bound of the value chain of added value. This is common to both agriculture and service sector. With regard to industry the processing of Chromium seems to have started anew in Komsi near to Burrel and is expected to increase technical capacity and consequently employment in the area in years to come. Such expectations are yet

to be verified and always weighted against environmental impact and consequences for sustainable development of local communities. The recent assessment from both local and national authorities classifies it as medium risk activity[1], yet in constant need of close supervision from local and regional authorities.

From FA analysis it follows that various alternatives are open to public authorities especially in Agriculture Sector and Services with an emphasis on Tourism.

As regards Agriculture, while **extensive development alternatives are limited** from the fact that exploited land is almost the same as arable land, the **intensive alternatives of development** are the ones with the highest potential to generate more growth and development in this sector. They consist of **new investments for increasing the degree of mechanization** in agriculture activities and **irrigation facilities** and extent compared to available arable land. From our analysis it's detected that rural communities with higher mechanization and irrigation facilities are able to sustain higher productivity levels in the set of products, where FA as such enjoys comparative advantage. So far both these alternatives have been **hampered from large fragmentation of arable land** and parcel size that is below 1 Ha. In order to facilitate the process the public authorities need to take measures to enhance the **form of cooperation within local communities** in order make eligible them for investment alternatives from various sources that is banks, donors or government.

Another group of measures that need to be envisaged concerns the **extension of processing and marketing activities of rural products**. From our analysis if follows that investment in milk and meat processing plants of small to medium size, **the benefit in terms of gross revenue to rural community is from 5-6% per year**. This effect doesn't include the benefit from marketing activities (local brands and trademarks etc.) which can almost double the effect in rural revenues.

With regard to Tourism it seems that supporting facilities especially **accommodating facilities are lacking in most of sites of touristic in**terest. This in turn creates a huge opportunity to develop **familial tourism** that is well suited to mountainous landscape of the region. It goes without saying that this practice has to go hand in hand with accompanying services (guide, translation, information etc), whose requirements do not put any problem for actual education level of inhabitants in touristic sites. Of course the **touristic offer** has to be **integrated in national and region touristic offer** and it seems that local communities are moving in this direction with orientation information in national sources and channels of communication. From our analysis it follows that with actual prices in the area for any set **of 100 visitors/month** and with 3 nights stay the **impact on gross revenue of rural communities** is in the order **of 1%** of gross revenues from Agriculture Activities. The potential to grow such market is

[1] "Plani i Menaxhimit i Lumit Mat", Grontmij I Carl Bro, May 2010

important, should one consider not only traditional products but also historical and cultural sites, are spread all over Mat Region.

The policy alternatives open to public local officials and that are instrumental to development of sectors described so far concern first of all public services mainly road and transport, water supply and sewage networks and urban and rural waste management.

As it concerns road and transport services it's crucial that future **local public officials sustain at least the actual level of maintenance expenditures for their local rural and urban road**, while the maintenance of regional/ national roads and new need to be sustained at least in near medium term from other instruments like Albanian Development Fund. A nice way to provide further financing for these last needs will be the savings that might result from envisaged new territorial and administrative reform. In addition the **new axe of "Rruga e Arbrit" is going to provide important opportunities of development** to this area. The highway is going to be tendered this year and hopefully its implementation will start during 2016. **Merging local government units will increase the scale economies benefits** for transport services, thus leading to more opportunities for more itineraries and quality services towards remote rural areas. From the time being this service is privately offered and remains centered around LGU centers and largely informal.

As we report the **population access to water supply network is 75%** whereas the access to water sources is 100%. There are new investments planned and under implementation that are expected to bring the access to water supply networks close to at least 80% close to national average of 81%. The **access to sewage networks is lower though, only 24%** below national average of 51% and is in urgent need of investment. The dominant part of population in rural areas is using individual septic tanks. Should new elected public officials opt for a sustainable development strategy in line with area comparative advantage the sewage network is one of the priority policy area that needs to be considered.

The other policy area where attention and action is needed concerns **waste management.** The access of service is secured entirely only in Burrel and partially in Klos, Ulëz and Suç. The other communities do not have an official waste public service. In places where this service is offered the **collected revenue from tariffs doesn't cover operative cost** of service although from our analysis it seems the tariff level set is more than sufficient to cover the needs for these places. Collection rates are not satisfactory and that points to organizational weaknesses of public local structures for managing the service. In other communities where this service is not offered at all, it seems that the **cost of services is negatively correlated to population size**. This finding points to the alternative of **collaboration schemes within FA between different areas** as a viable alternative for offering a qualitative service to local communities. The same conclusion is drawn also for inert urban waste and land- field services and places for recycling and treating the waste.

In spite of administrative division in two LGUs, the above arguments **are in favor of a rather real existence of FA as a whole and integrated area**. This is why in the section of project' concepts, submitted projects promote cooperation between Burrel and Klos within the territory of FA as an alternative for increasing the economies of scale. These projects are presented in detail in the fifth section of this document are scheduled in the short , medium and long run in order to provide to provide a work program for the new domestic units even with the minimum available funding.

Regarding **organizational analysis** of current LGU structures, what characterizes them is the **same typology of organization** (with the exception of Burrel, where the organizational structure is much more detailed) with minimum functions of local government. This means that savings on future number of public officials will depend on a minimum number of public administrators in the former LGUs that will merge and the level of increased effectiveness of public services in these areas. In the section of project' concepts two projects presented are meant to deal with these topics.

2. ECONOMY OF THE FUNCTIONAL AREA.

2.1. Economic characteristics of the Functional Area.

2.1.1. General data on the economy of the Functional Area.

The below table gives an overview of economic growth trend in the area and the sectorial contribution. These data are derived from regional GDP accounts of 2012 published published from INSTAT in 2014. The data for 2013 and 2014 are not available yet therefore we had to take into account these data in order to create an overview of main sectors of economic activity that are contributing to economic growth of FA. From the information presented below the major sectors of economic activity in this region are Agriculture, Extracting industry and Services.

Regional Indicators	Unit	2008	2009	2010	2011	2012
Gross Value Added (GVA)	Mln ALL	27,442	29,581	33,710	33,197	37,470
Agriculture, Forestry, Fishing	%	37.70	37.00	38.40	38.90	**42.20**
Industry (extracting)	%	21.10	21.80	22.90	20.80	**20.30**
Construction	%	7.60	7.10	6.80	5.40	
Whole and Retail Sale, Hotels and Restaurants, Transport	%					**4.70**
Communiction	%	11.00	10.60	8.20	8.30	**7.80**
Financial Intermediation, Real Estate, Rents and Professional Activities	%	5.50	5.20	4.70	7.40	**6.90**
Other Services	%	17.00	18.40	19.00	19.20	**18.00**
GDP at current Prices	Mln ALL	31,739	34,187	38,784	38,171	43,236
	Mln Euro	258	259	282	272	311
GDP estimated with prices of previous year	Mln ALL		33,012	36,722	37,882	43,211
GDP Growth	%		104	107	98	113
GDP per capita	ALL	204,248	227,262	265,396	267,885	30,967
	Euro	1,663	1,721	1,927	1,909	2,228

Table 3: **Sectorial Growth Contribution (in the Region according to Instat) with growth drivers in Bold**
Source: Instat, Regional GDP Accounts of 2012 published in 2014

In order to **validate such sector's contribution to regional growth as working assumption for our FA**, it's wise to see also the structure of labor market and main economic activities. As rule of thumb we need to find relative weights of employment in economic sectors identified in Table 3, respectively higher for agriculture (as less productive activity), lower for Industries and Services as more productive activities and sectors. The below section gives a graph of employment structure in economic activities of sectors so identified for each LGUs and some implications for our further analysis.

2.1.2. Labor market, Employment/ Unemployment structure.

The best way to infer the structure of employment is to refer to labor force surveys as done from **Instat**. Yet, the result of such surveys is aggregated at regional and national level therefore it doesn't serve our purposes. The next alternatives of doing a work force survey on our own within the limits of this exercise is beyond the reach of time and scope of the project.

The remaining alternative of considering CENSUS data which are giving the result for each locality proved to be the best objective way to provide the data we need. A representation of such data is given in the graph here on the right. It gives the percentage of employment in each sector of economic activity ; on the second vertical axe of the right, it gives the percentage of unemployed people in all LGUs. The results are counterintuitive to what might be expected:

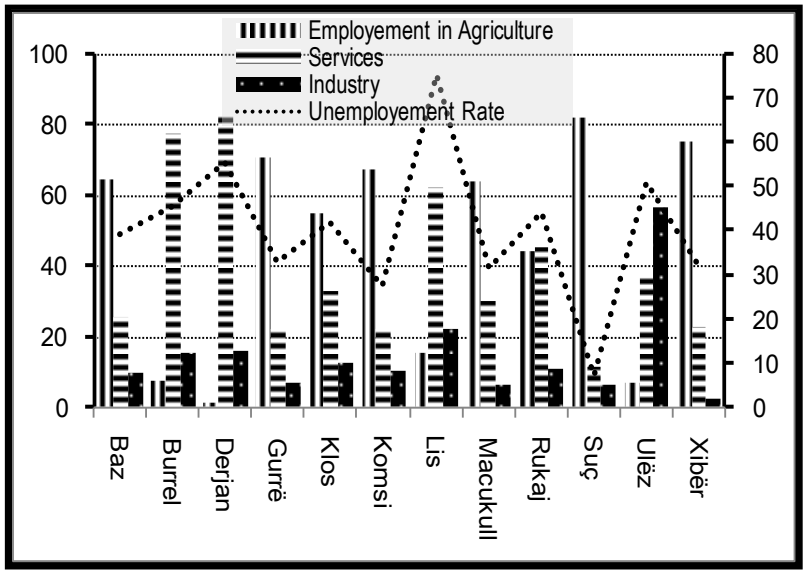


Figure 11: **Employment and Unemployment Structure of FA**
Source: Instat, Census Data and Instat GIS 2014.

- services for area of Mat are representing a large portion of employment, beyond 40.3 and this is true in those LGUs with less agriculture activity (Lis Derjan) and with high number of population like Burrel.
- On the other hand industry is not moderately but exceptionally low in all big LGUs, less than 12%, which cannot be explained in terms of productivity because the extracting industries in this area are not of highest productivity because low scale of mechanization and investments in last decade.

These features suggest Instat's **regional composition need to be disaggregated** further in order to show the right contribution of each sector in regional growth.

2.2. Deeper analysis of the Functional Area Economy

The regional growth accounts for Mat, as they are reported from INSTAT, include also Region of Dibra therefore the sectorial contribution to GDP refers to natural endowments and economic activities, which do not correspond to Mat only[1].

[1] The same is true for any region where regional accounts include more than two areas that in the context of FA study are treated as separate functional areas.

Regional accounts in Albania are produced on the basis of expenditure and production approach following the logic of aggregation among units according to criteria of residence. It follows that the **adjustment with a coefficient/disaggregation ratio**, reflecting respective weights of economic activity in the given area, is required in order to arrange regional accounts for our functional area of Mat.

While in Agricultural and service activities Mat and Dibra are producing mainly for internal local, regional and national markets the productions from extracting industries goes for export; thus the possibility that local GDP accounts, insofar as extracting industries are concerned, reflect inter-local exchanges is very limited.

All above being said, sources of data used for estimation of coefficients in case of Dibra and Mat in our case are:

- Data on production/incomes from extracting industries in Dibra/Mat from Ministry of Industry and Energy
- Data on Agriculture Production and Income from Ministry of Agriculture and Regional Agriculture Directorates.

From the graph for Fig 9, regarding extracting industries it seems that the main driver of regional revenues in the sector is Chromium. With this remark it seems that our work for estimating adjustment coefficient is easy as for time period regional accounts refer to, that is 2011-2012 as it's shown from Figure 9, and almost the total of chromium production came from Dibra region, namely Bulqiza. Based on the information from this chart, it's clear that Chromium from Bulqiza consist of at least **95%** of total contribution from extracting industries for this region.

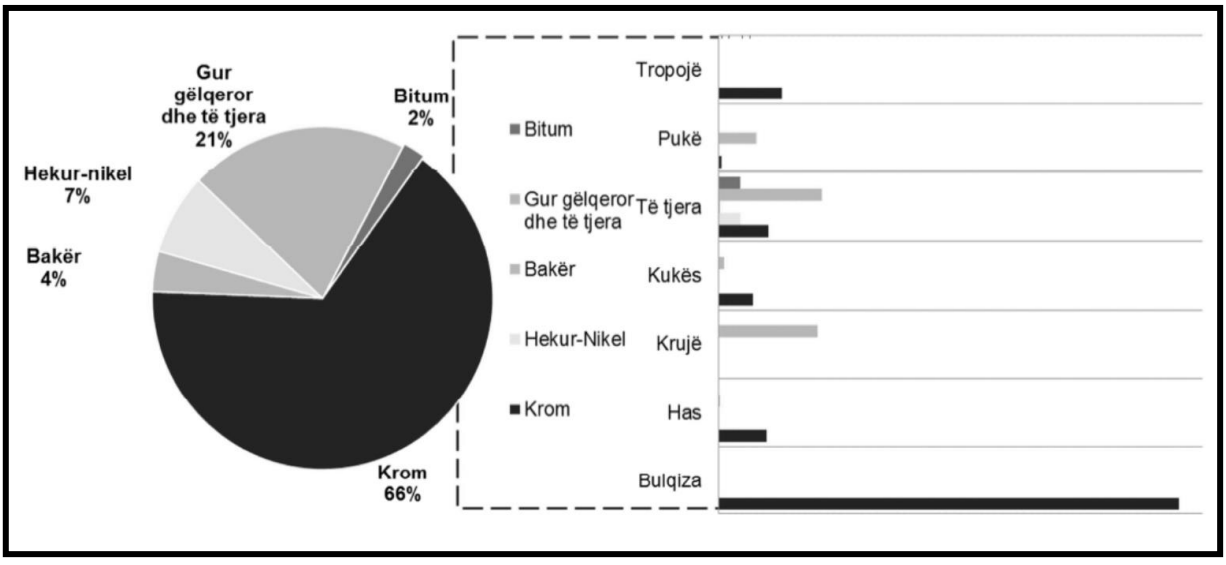


Figure 12: **Production of national extracting industries (in value) including Chromium according to criteria of origin** .
Source: Nisma per Transparence ne Industrine Nxjerrese, Rakordimi i Parase nga Sektori i Naftes, Gazit dhe Minierave ne Shqiperi-Viti 2011.
Note : Contribution of Burrel, Klos FA is included under the heading " **Te tjera**"

In order to derive disaggregating coefficients for Agriculture, we refer to data on agriculture output in the region. This information is presented in the table of Figure 10. From the information in the table, it might be derived that the share of Mat in Region of Dibra, in physical units, for various kind of outputs presented in the table varies **from 20-65%.**

Tons otherwise Stated

	Region	Cereals	Specific/Weight	Vegetables /Total	Specific/ Weight	Potatoes	Specific /Weight	White/ Kidney Bean	Specific /Weight		Specific /Weight
Field Crops	Diber	46013		51222		27031		920			
	Bulqize	7754		5071		6677		86			
	Diber	27047		14554		11637		311			
	Mat	11212	24%	31596	62%	8717	32%	522	57%		
		Other Fruits		Vineyards		Pergola					
Fruit Growing	Region										
	Diber	23706		2634		4602					
	Bulqize	3223		83		479					
	Diber	14226		912		1193					
	Mat	6257	26%	1639	62%	2930	64%				
		Milk		Meat		Eggs (000)		Wool		Honey	
Diary, Poultry, Honey	Region										
	Diber	68558		9124		34756		169		118	
	Bulqize	12358		1154		4985		15		15	
	Diber	31200		4683		16763		107		57	
	Mat	24999	36%	3287	36%	13008	37%	48	28%	46	39%

Figure 13: **Data on Agriculture Output in physical units, disaggregated for Dibra Region.**
Source: Own calculations based on Data from Ministry of Agriculture, 2012,

Given the prevailing prices in the market at the time reported in the same document from Ministry of Agriculture the share of Agriculture's Output in Value for Mat Region is at the maximum **40%** of value of total output of Dibra Region

In both cases, Extracting Industry and Agriculture, the question at stake is to estimate output value of production processes, which as such are affected from endowment with natural factors that make local centers specialized even in small areas like Dibra Region.

In case of other activities that consist mainly of **services,** as general rule, we might expect the **economic units to have more or less equal specialization and productivity** otherwise they may migrate internally or externally because of lower costs than in productive activities. On the other hand the propensity to migrate of economic units internally is correlated strongly and positively to the speed of urbanization. As the propensity to migrate in Burrel and Klos is low [1], it follows then

[1] Please refer to Figure 6 for degree of Internal Migration.

that the productivity of this sector of activity, namely Services, is similar to neighboring regions.

All above being said, it may be reasonably and safely concluded that disaggregation of output value in economic activities other than extracting industry and agriculture in Dibra region can be done with a satisfactory accuracy following the ratio of active economic units in these activities in respective areas of the region. The below table summarizes the procedure and the methodology.

Sector of Economic Activities	Active Economic Units in the Area		Share of Mat to Region
	Diber	Mat	
Financial Intermediation, Real Estate, Rents and Professional Activities	45	42	0.47
Hotels, Restaurants, Whole and Retail Sales, Transport and Communication	327	293	0.45
Other Services	33	21	0.32

Figure 14: **Calculation of Disaggregation Ratio for Sector of Services,**
Source: Own calculation based on statistics of active businesses reported from CBR, 2007-2014

Summarizing all disaggregation coefficients calculated so far, **the estimation of contribution in gross economic value** for main sectors of economic activity in Mat Region based on Regional account for 2012 is as below:

Sector of Economic Activities	Gross Value Added from Regional Accounts 2012	Share of Mat to Region of Dibra	Contribution to Regional GVA Diber %	Contribution to Regional GVA Mat %	Sectorial Contribution in GVA Mat
Agriculture, Forestry, Fishing	42	0.29	30.14	12.06	**43.60%**
Industry (extracting)	20	0.05	19.28	0.97	**3.50%**
Hotels, Restaurants, Whole and Retail Sales, Transport and Communication	13	0.45	6.88	5.63	**20.34%**
Financial Intermediation, Real Estate, Rents and Professional Activities	7	0.47	3.66	3.24	**11.73%**
Other Services	18	0.32	12.24	5.76	**20.83%**
Total	100%		72.19	27.65	**100%**

Figure 15: **Calculation of Contribution of various Sectors of Activities in GVA Mat, 2012**
Source: Own Calculation based in Regional accounts 2012 and other statistics

It follows thus that the main sectors of economic activity in Mat are **Agriculture, Forestry and Fishing** and **Services** identified as above, where the main share goes to Hotels, Restaurants, Whole and Retail Sales, Transport and Communication. **Extracting Industry** although is present is contributing much less to area's gross added value.

Nota Bene 1: In order to increase the accuracy of estimations there is a need to estimate the size of informal economy contribution in both areas. The replying argument that both areas are affected more or less in the same way from informality

is not true. To take an example: from fact finding missions in the field there are several fishing farms in Mat area that are known locally, however only two of them are registered as legal activities. The same goes for other activities especially the ones leading to processed agricultural units (wine, brandy, milk processing activities). That means that Agriculture activities are underreported in Regional Accounts. The same may follow with other kind of products especially the ones that have to do with rural households economic activities that result in excess of their needs and as such are sold in local markets. On the other hand a fairly recent report published from Scheinder, Buehn and Montenegro in 2011, gives an estimation of informal economy in all countries of Western Balkans not less than 35%[1]. The fact of having incurred an economic crisis as from the 2008 means that this rate may have gone up even further.

Nota Bene 2: The weight of Other Services in the sectorial contribution is too high to be mentioned without further details. We think that it reflects not only services that are not captured in the sector but also other residuals, which because of discrepancies between Business Registry and National Accounts system remain unspecified.

2.2.1. Analysis of the main economic sectors: Agriculture

As found in the previous section is the main sector contributing to economic growth in our area. The large variety of Agriculture Corps, Mat Area is providing is due to its location and clime (that is transitory from hilly Mediterranean to pre-mountainous and mountainous Mediterranean or IIa, II b to IVb) as it's shown from the Figure 16 of next page.

It's this geographical position and climate that forms one of the particular **competitive strengths of Mat FA** in terms of traditional agriculture products in terms of productivity and quantity in the region and beyond. In order to detect the effect of such pattern of competitively in various agricultural products a comparative analysis is needed of our FA with neighboring region and other regions in the country that offer more or less the same products.

The traces of competitive dynamics of strengths and weaknesses of economic activities of certain sector reveal themselves better in **terms of productivity**, thus it's necessary that for realizing the exercise national objective quality data are provided for agricultural activity productivity all over the country. Figure 17 is representing such a competitive analysis at national scale respectively for Crops such as Cereals, Vegetables, forage, potatoes.

[1] "New Estimates for the Shadow Economies all over the World", Scheinder, Buehn and Montenegro in 2011.

It can be easily detected that some of agricultural products of first group where ats enjoys **comparative advantage are: Corn, Potatoes, Vegetables and Beans**. In all

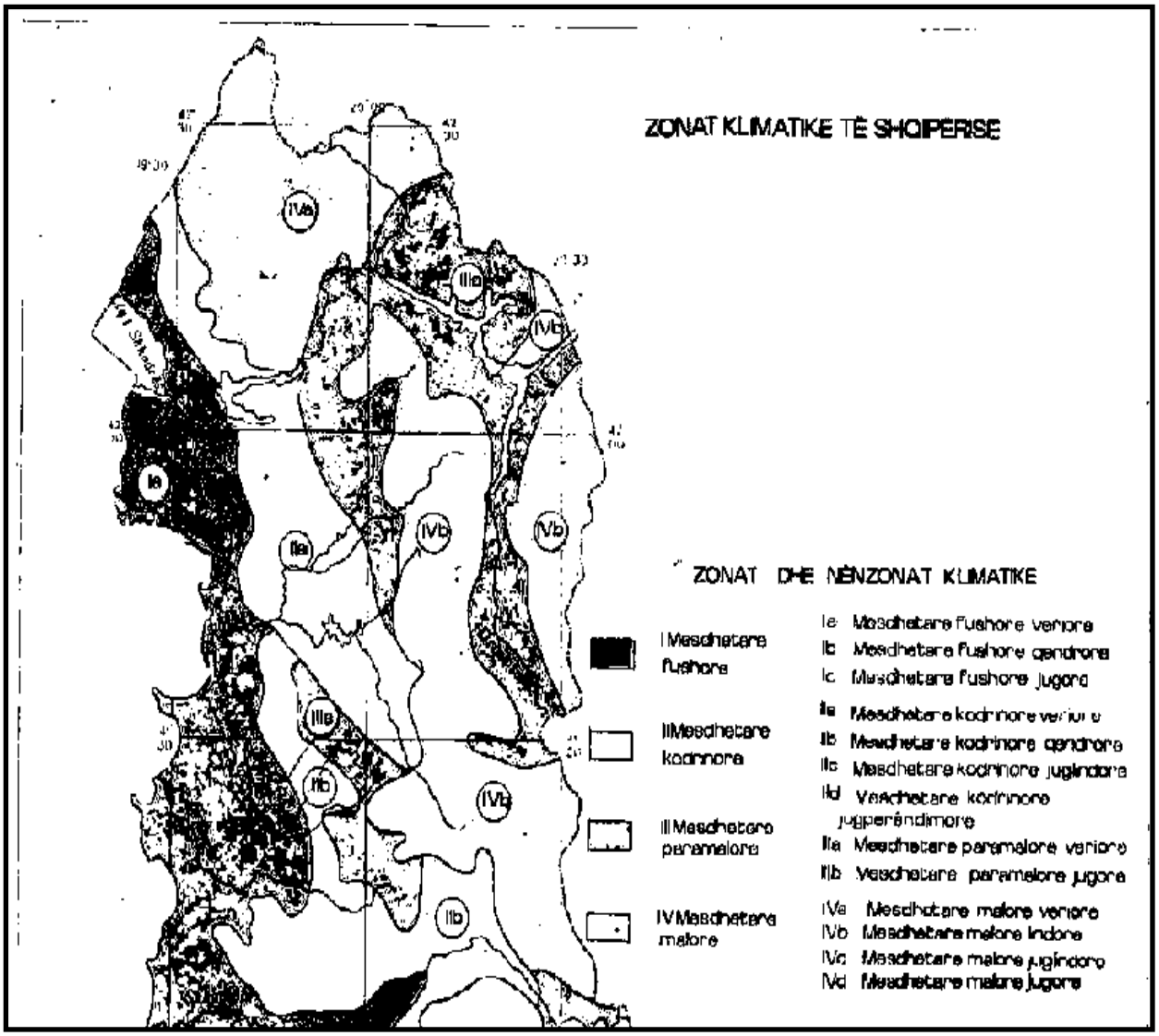


Figure 16: **Climate Map of Albania**
Source: Basic Principles of Agriculture, Albina Buci, Evan Rroço, Marita Zissi, 2013

these products Mat stands above national average. For Beans it occupies the first place, amongst best performers, while for Potatoes and vegetables it's one of best 10.

In e similar way the other two continuing figures present such comparative advantage for:

- Crops such as Fruits, Vineyards and Pergola,
- Livestock row and processed products.

As regards the fruit trees Mat, as Figure 18 demonstrates, is highly competitive in all Fruit Trees but Agrumes and Olives, whereas for **Grapes is** one of the bests amongst traditional producers and neighbors in terms of productivity.

	Cereals:	-Wheat	-Corn	Vegetables	Patatoes	White/Kidney Bean
Shkoder	60	41	69	216	258	16
Kurbin	60	55	67	222	233	17
Mirdite	59	41	63	152	201	18
Diber	53	41	62	336	352	20
Lezhe	53	46	62	226	168	20
Gramsh	47	42	59	283	209	23
Librazhd	51	44	58	237	270	23
Elbasan	46	46	58	317	232	25
Mat	**48**	**45**	**57**	**342**	**377**	**26**
Tropoje	56	43	57	216	214	16
National Average	45	41	56	265	239	16

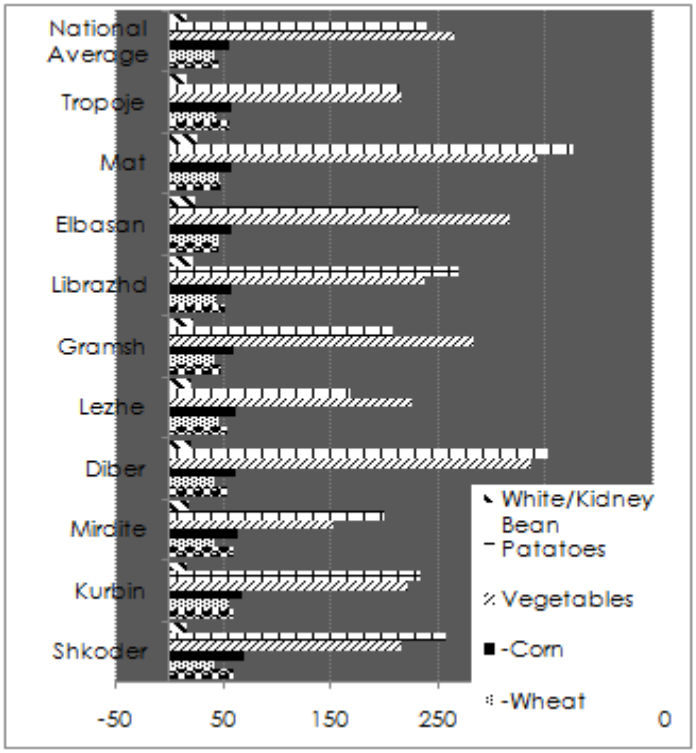


Figure 17: **Field Crops where MAT Functional Area has comparative advantage (00 Kg/Ha).**
Source: Own calculations and graphs based on Data from Ministry of Agriculture 2012.

Mat has more than 65% of total surfaces with Vineyards in Dibra region. The reason as it might be rightly guessed has to do with the sole composition and its clime especially at 200-600 m of height in both sides of Mat valley. It's in virtue of such climate and soil composition that Mat has been able to develop even local grape varieties. Mat is the origin of at least three local types of grapes well known to national scale "**Ceruja", "Tajga e Bardhe e Burrelit**" and "**Tajga e Kuqe e Burrelit".** From these local types "Ceruja" is suitable to production of White Wine whereas "Tajga"s are more suitable to massive consumptions.

In spite of being well known at national scale as local grapes these varieties and their processed products are not promoted, protected or marketed under any brand or trade mark which raises the question of certifying products and schemes for local activities. Such schemes cannot but be established under the guidance of Ministry of Agriculture following the last **Agriculture Sector Development Strategy**, which is still under revision from Ministry. The establishment of such schemes requires building legal framework, human and financial resources that need to control, monitor and certify such products under the label of local or region here of Mati. It's an investment that passes beyond local government and FA capabilities; yet programs and projects can be established in order to lobby or motivate national efforts in this direction.

	Fruit Trees	Vineyards	Pergola
Diber	27	171	13
Mat	**40**	**170**	**24**
Skrapar	25	155	21
Durres	21	152	18
Lezhe	20	150	11
Berat	28	139	19
Gjirokaster	16	138	35
Kruje	15	137	13
Has	14	131	9
Tropoje	9	115	8
Kukes	17	111	21
Shkoder	25	110	10
Kurbin	26	103	13
Librazhd	25	96	14
M.Madhe	34	92	11
Mirdite	19	69	10
Puke	23	50	7
Bulqize	17	44	7

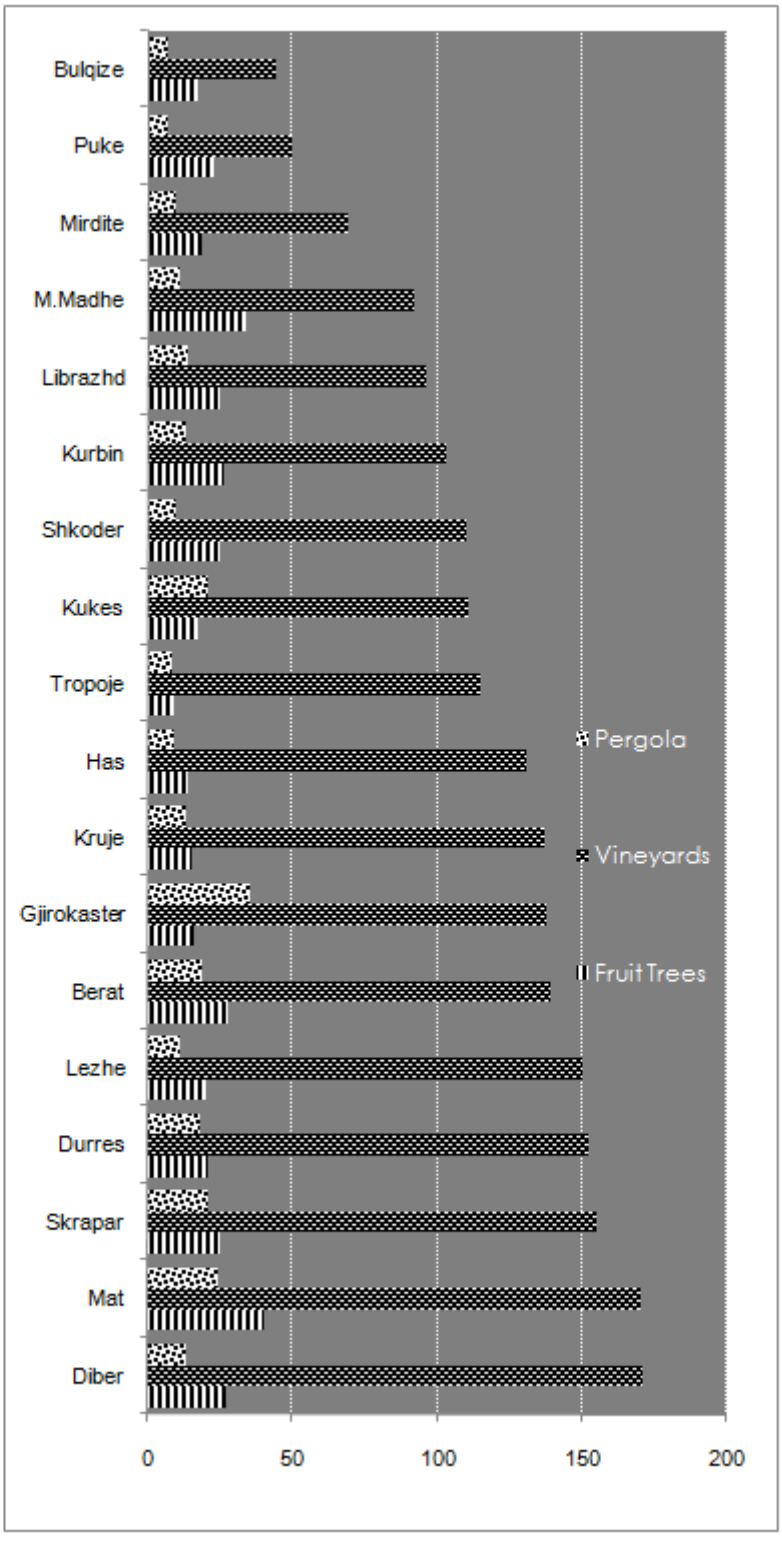


Figure 18: **Fruit Trees and Grapes where MAT Functional Area has comparative advantage (00 Kg/tree)**
Source: Own calculations and graphs based on Data from Ministry of Agriculture 2012.

	Milk			Eggs (pieces)	wool	honey
	cows	sheep	goats			
Lushnje	4136	63	309	126	3	11
Durres	3142	90	184	306	3	14
Peqin	3281	70	163	157	2	18
Kruje	2629	82	160	171	1	15
Librazhd	2761	64	152	153	2	15
Gramsh	2759	64	150	172	2	14
Tropoje	1554	93	150	121	2	12
Elbasan	3067	64	149	153	2	14
Shkoder	3019	110	147	193	3	10
M.Madhe	1610	74	146	238	2	10
Devoll	2811	66	139	125	2	5
Korce	2845	57	129	163	2	14
Pogradec	2085	55	125	115	2	13
Lac	2375	57	122	127	3	13
Kucove	3337	60	118	134	2	9
Berat	2744	56	115	171	2	9
National Average	2684	60	114	181	2	13
Bulqize	2012	55	110	116	1	9
Lezhe	2289	59	109	111	2	12
Diber	2415	58	104	157	2	8
Mat	**1992**	**60**	**103**	**111**	**2**	**11**
Has	1687	59	102	127	2	5
Mirdite	1133	40	91	119	1	8
Puke	1006	49	90	99	1	10
Kukes	1901	50	90	109	2	7

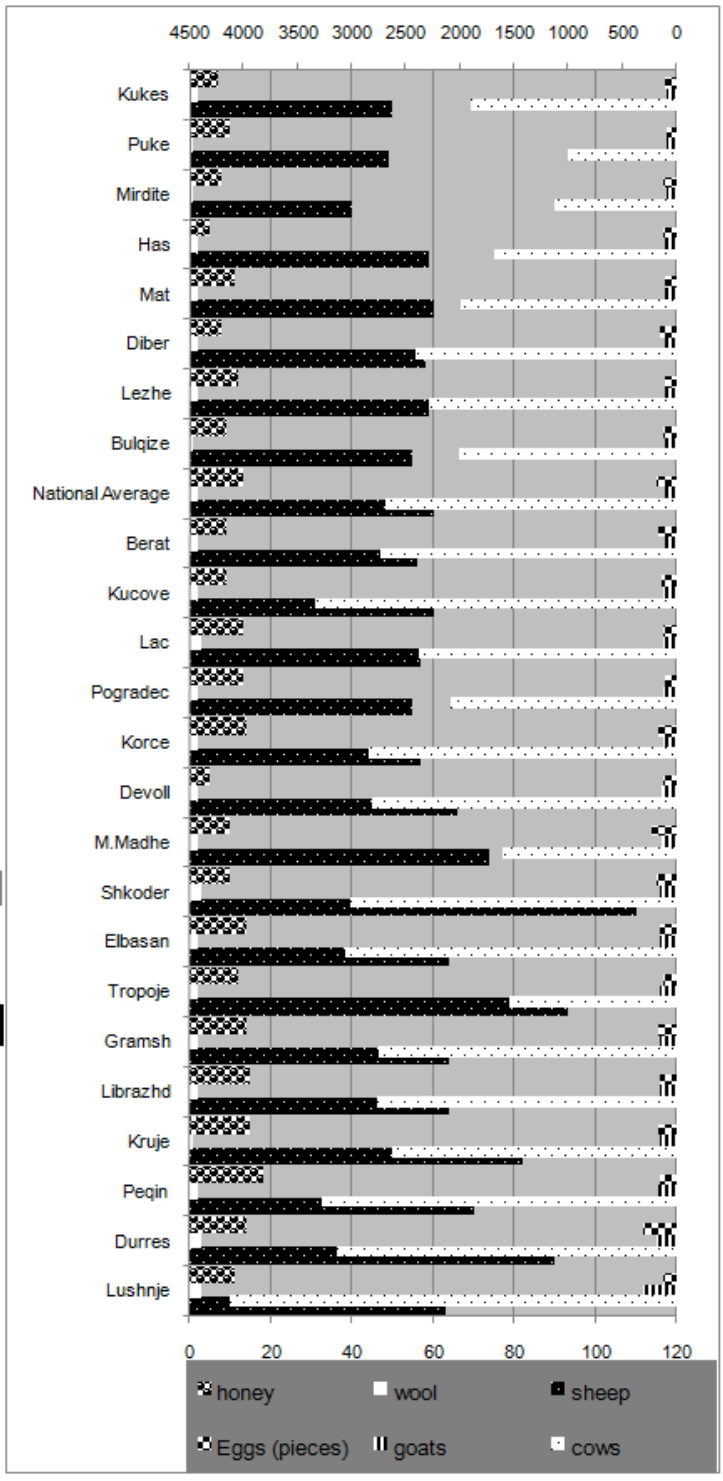


Figure 19: **Livestock Productivity (kg except eggs in pieces)**
Source: Own calculations and graphs based on Data from Ministry of Agriculture 2012

As regards Live Stocks productivity and characteristics, Figure 19 shows that Mat remains below national average.

While comparative analysis is a good way to detect competitive advantage of FA, we had to enhance our analysis at local level in order to detect the exploitation of

this comparative advantage at local level from rural communities in every place around FA and driver behind it, so to identify those action or policies that have the potential to bring about growth and development in agricultural sector. Before passing to this step of analysis we had to clear up the way and look **for factors that might motivate extensive alternatives** for increasing rural outputs namely the extent of exploited land toward use of total arable land. The graph on right section plots the extent of exploited vs Arable land and the extent of irrigated land in each place of FA in Ha . It might be seen that even for Klos that has the highest quantity of arable land the **degree of exploitation is almost 100%.** The same goes for any of the LGUs considered in this exercise. In other ways there the hypothesis of exploiting the arable hand in the same way as an alternative for growth and development of rural sector is to be ruled out.

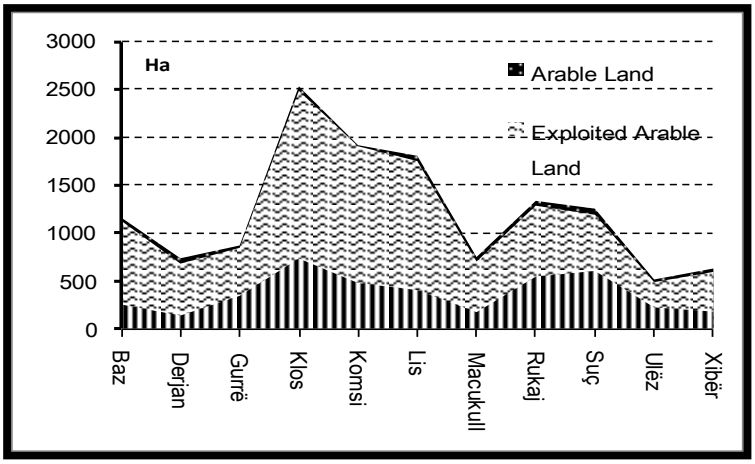


Figure 20: **Exploited vs Arable vs Irrigated Land.**
Source: Department of Agriculture Mat 2014

Turning back again in the comparison of productivities at local level it seems that they are higher in places where degree of mechanization is higher and irrigated area larger. The **figure on the left below gives a demonstration of this finding** for all areas under analysis. Please notice that Burrel is left out of the analysis as it has no agriculture land available. The pattern of productivity of crops where Mat has comparative advantage follows the pattern of extent of irrigated land in the functional Area which points out the **importance of new investments and maintenance of irrigation facilities** for concerned places and rural communities. Such investments and maintenance for the time being are not under the responsibility of Local governments but rather regional agriculture Directories therefore any further

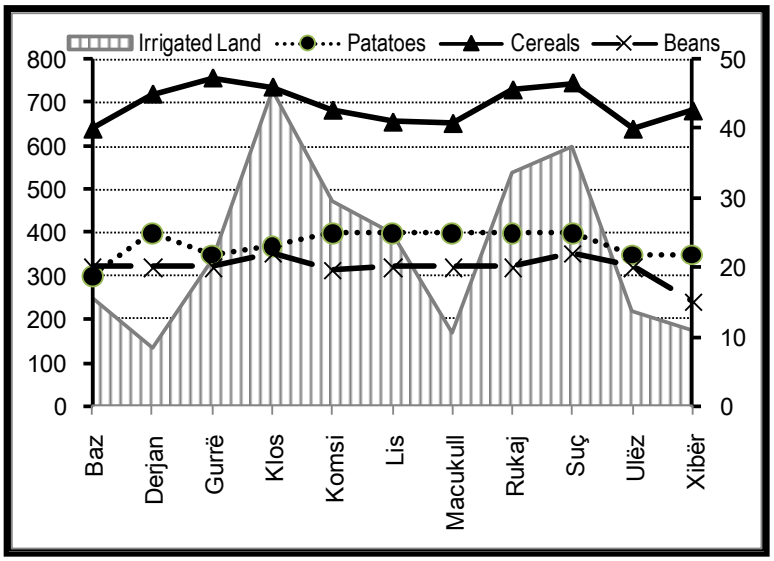


Figure 21: **Comparison of Productivity of Crops and the correlation with irrigated area.**
Source: Ibid and own calculation

policy measure at the level of FA will need to deal with the matter in collaboration with these regional bodies.

There is however another counterargument that might reply to importance of irrigation on the basis of irrelevance of irrigated area for some of crops where Mat

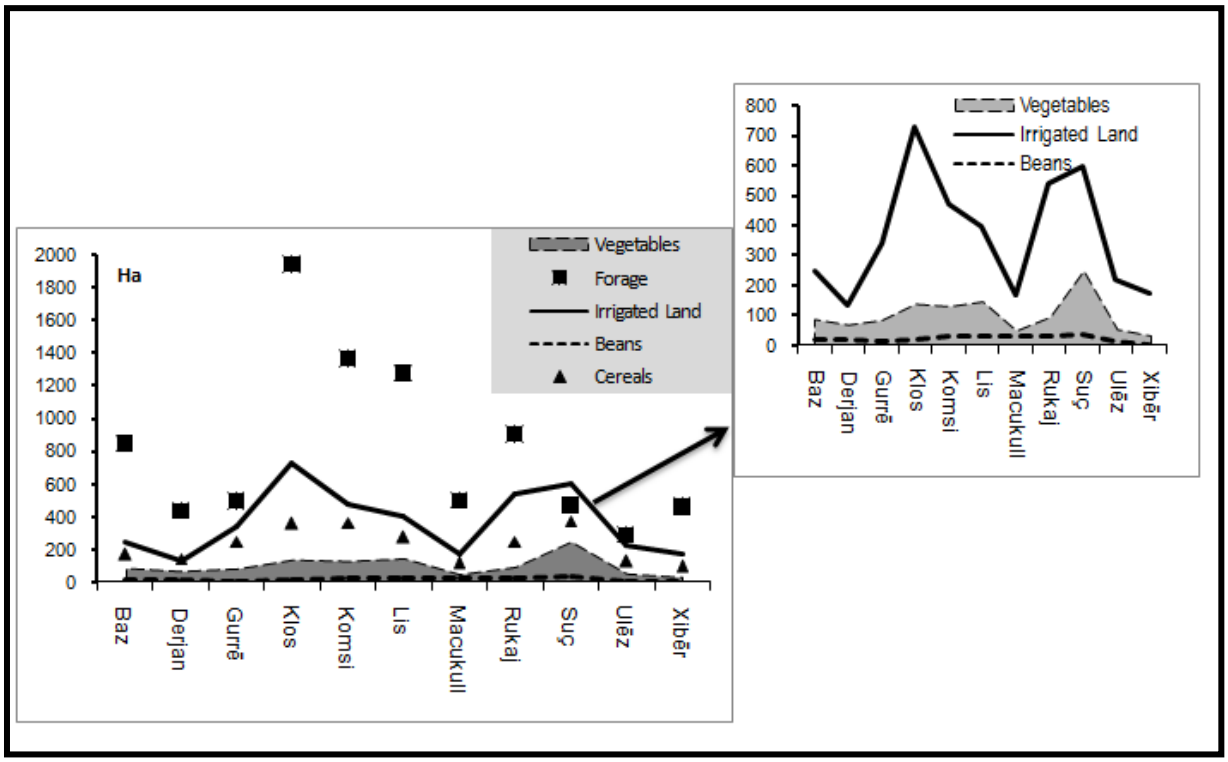


Figure 22: **Use of Irrigated land in FA**
Source: Own calculation based on data from Department of Agriculture Mat

enjoys comparative advantage namely: cereals and forage. At first view, this view might seem correct but it isn't at least as far as the other crops are concerned that is: vegetables and beans. The below graph demonstrate clearly that all surfaces planted with vegetable and beans are enclosed within irrigated area throughout FA and the rest covers other partly or entirely cereals (corn) and the rest forage.

It's to be noted however that the same pattern of Figure 22 is repeated also if we plot the **degree of mechanization of activities** in the sector throughout FA. This is the object of the graph presented in Figure 23. In addition this graph gives also a hint to the reason why this pattern continues to exist in the area, namely the size of farms, which mostly are below 1 ha. The case of Klos and Derjan are to be noted however as special case escaping this logic, first because of its vicinity with national road axes, thus increasing the possibility of access of mechanization items at affordable prices; and the second because of its remoteness and mountainous character that are an impediment to more advanced but complex machines.

The new investment on mechanization seems to be so closely linked to farm's size and for the time being the only form that is feasible with available means is voluntary cooperation forms between farmers in the form of associations or cooperatives for working or selling activities. Legal framework for establishment of such cooperation forms exists already, yet there is a need to support such entities with assistance and financial means. This is another policy direction that is highly recommended to future FA public officials.

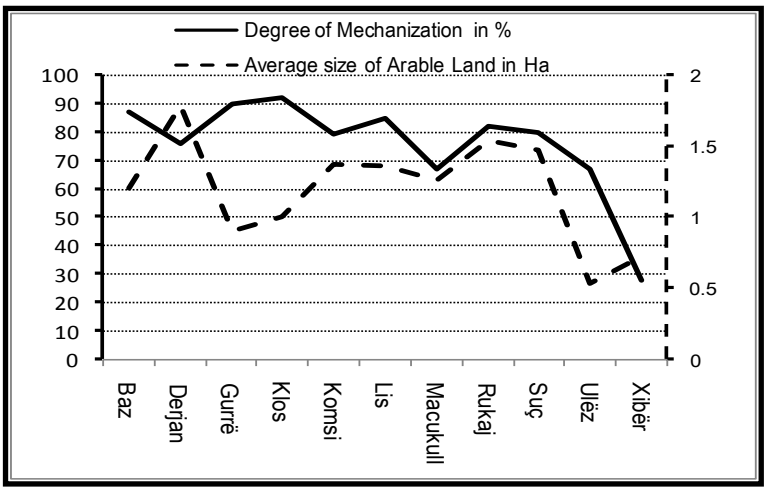


Figure 23: **Degree of Mechanization and Average Farm Size**
Source: Department of Agriculture and Own calculation.

So far the analysis has been concentrated to comparative advantage at the level of lowest level of value added chain for both crops and livestock. Yet there is another level, **namely the processing activities** that are the next step in the value chain. This step is completely missing in Mat FA. According to interviews with responsible peoples in FA there are **No**:

- Milk Processing Plants
- Meat Processing Plant
- Crops Warehouses
- Cold Rooms or Warehouses

Should one see the number of farms in Mat FA (please refer to the following diagram), one should assume the existence of processing plants or factories using local products. The number of Farms is almost equal and the access to remote areas exists in spite of being some time not good in quality. Moreover from the analysis of Gross revenues in Farms one might see the importance of revenues from processed products in the total of Gross Revenues of Farms. According to our analysis and data the amount **revenues from processed products is much more important for livestock farms than for crops farms**. One of the reasons has to do with the fact that processed crops are marketed for local

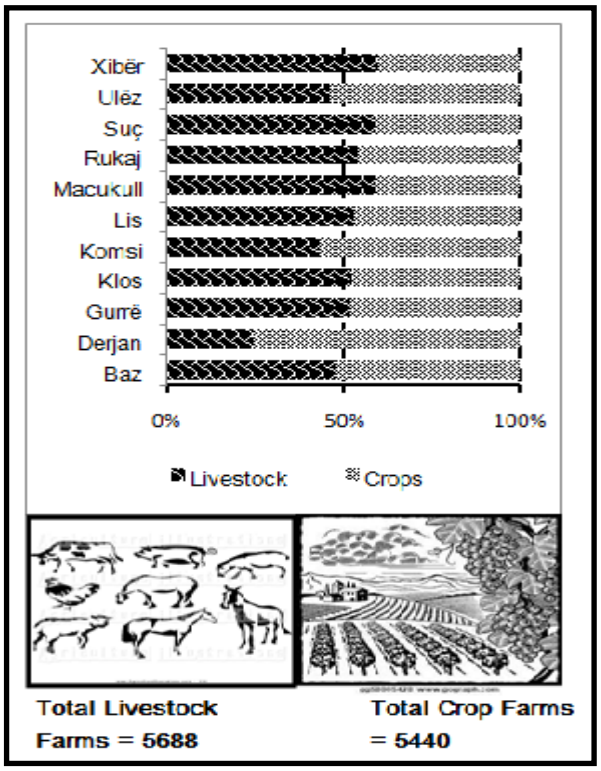


Figure 24: **The number and structure of Farms in FA**
Source: Department of Agriculture Mat

market and the lack of brand or trademark makes it difficult the access and the realization of important revenues in other regional or national markets.

Whatever the reason the importance of these revenues is high to let it go without paying sufficient attention. Furthermore, with actual farm expenses (administrative, fuel, machinery, fertilizers, veterinary services etc) the net **revenue accruing to farm families reaches as high as 76%** (in absolute value as high as 14,000 ALL/Month)

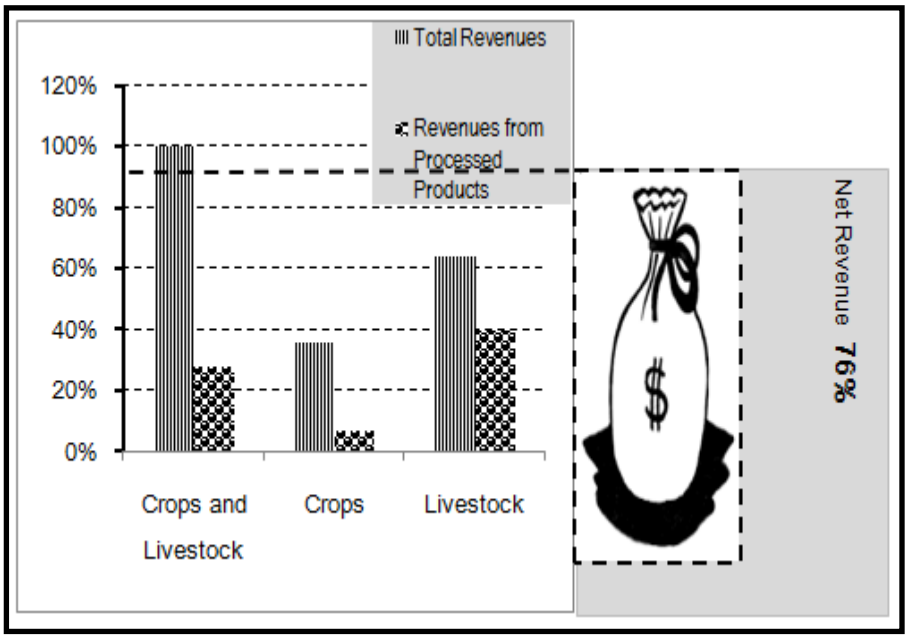


Figure 25: **Revenue from processed products and their importance for total revenue of Farm Families in FA.**
Source: Own calculation based on Interviews and data from Ministry of Agriculture and Department of Agriculture in Mat

Given the levels of production in the area and the profitability of processing activity in terms of ration net/ gross revenue the answer for the lack of investment on such processing activities should be required on the inability to farm entities **to attract investments (low size of farms), lack of knowledge (technical skills of budgeting and preparing business plans), lack of support from donors or banks (high risk therefore high interest rates).**

The policy option again should be required in **enhancement of forms of cooperation for creation of entities able** to benefit from credits and terms with advantageous terms. To instantiate our claim we have taken the example of investments in two kind of processing plants one for milk and the other one for meat. Both cases are presented in the following calculation sets attached to this document as Annex.

It follows from calculation that contribution to **gross revenue potential of these processed products is 6% per year** in case three small milk processing plants are established in the area[1]. In the case of **meat processing plants this potential goes even higher to 8-9%.** This potential growth of gross revenue **doesn't include though the benefits from marketing t**he products with brands and trademarks allowing certain stabilization period before marketing activity to start before exhausting existing demand.

[1] The minimum capacity of these plants cannot allow for more than 3 plants with actual production levels of milk in the FA. The same goes for maximum number of meat processing plants

Tabela përfundimtare më poshtë përmbledh të gjitha The final table below summarizes all the point of analysis so far and gives the policy options open to public officials

Products	Competitive Strategies of Economic Units	Respective Public Action
Corn, Potatoes, Beans	Leader Market Strategies: - Rural and Mass Marketing (Fairs, Advertisings, Promotion of Local Products etc) - Technological Improvement and Quality Enhancement (Mechanization and Automatization, Expansion towards agroprocessing stage of Value Chain etc)	– Public Actions and Awareness Raising for local consumers – Traditional Festivals and market fairs – Support for Local Brands and protection measures – Support to new forms of cooperation at production, agroprocessing and selling stage of Value Chain – Improvement for new investments in Irrigations – Investment in local networks of Roads etc – Investment in education infrastructure at service of local producers – Lobbying for national subventions to local products and support to international promotion of their qualities etc – Lobbying for International donors specialized and willing to invest in this field:USAID, GIZ, III, IV, V IPA .
Other Field Crops	Survival Strategy - Improvement of Cost/Benefit Ratios through new investments, new forms of work and new crops - Irrigation Schemes - Cooperation between economic Agents	– Improvement for new investments in Irrigations – Investment in local networks of Roads etc – Investment in education infrastructure at service of local producers
Fruit Trees, Vineyards	Differentiation Strategy: - Development and Protection of Local Brands - Entrance in Organic and Bio Chains of Production - Expansion towards agroprocessing stage of Value Chain etc - Investments in new trees suitable to local environment - etc	– Awareness Raising for local consumers – Traditional Festivals and market fairs – Support for Local Brands and protection measures – Support to new forms of cooperation at production, agroprocessing and selling stage of Value Chain
Live Stock	Survival and Differentiation Strategy: - Development and Protection of Local Brands - Entrance in Organic and Bio Chains of Production	– Awareness Raising for local consumers – Traditional Festivals and market fairs – Support for Local Brands and protection measures – Support to new forms of cooperation at production, processing and marketing – etc

Table 4: **Table of Competitive Strategies and respective public action in support of them in Sector of Agriculture**

2.2.2. Analysis of the main economic sectors: Services- Tourism

Services concern the second sector with actual present growth contribution (more than 20%) and great potential of development in the future mainly because of:

- common trend of expansion towards services that goes hand in hand with development of standards of leaving in developing countries like Albania
- endowment with attractive natural resources, historical, and architectural artifacts that can serve as touristic attraction,
- traditional products and activities that can attract visitors nationally and Internationally

From the services analyzed in the sectorial contribution exercise for our FA Tourism remains is the one with the highest potential for development in Mati first of all because of actual endowments of FA with touristic natural assets and historical assets. Table 5 below gives a simply drawn nominal inventory of touristic assets in this area.

Local Assets	Type	Value
Natural Resources with touristic value	Lakes	Balgjaj, Ulza, Shkopeti, Midhe
	Rivers	Mat
	Torrents	Kurvaja Thana
	Waterfalls	Bruc
	Canions	Prella, Flimi
	Caves	Pellumbat, Pergja Luses, Nezirit
	Water Sources	Gurra e Kacelit, Gurra e Gurit te Bardhe te Dishes
	National Parks	Qafeshtame, Geraldine
	Mountains	Mali me Gropa, Mali Sukzez, Qafe Panja, Mali Llapusha, Mali Erza, Mali Shemrit, Mali Trollma, Mali i Dejes,
Archeological, Historical and Religious Sites	Archeological	Before BC archeological Sites like Cave of Blazi, Illyrians Tumulis of Bushkash, Baz, Kokerdhok, Karice, Midhe, Bruç, Burrel, Suç, Klos Medieval archeological Sites of Rremull, Dukagjin, Derjan, Klos, Urxalle
	Medieval Castles	Castle of Skenderbeu, Castle of Komsis, Castle of Varoshi etc
	Bastions and other historical buildings	Bastion of Dedolli, Bastions of Macukull, Sarajet of King Burgajet, Grave of Turk
	Religious Buildings	Church of Shen Nikolla, Church of Kalireci, Church of Fushe Baze, Church of Bushkashi, Church of Ulez, Church of Stojani, Ruins of Church of Dukagjin and Shen Trini
	Venetiane Stone Bridges	Bridge of Allamani, Bridge of Halileve, Bridge of Hoxha, Bridge of Vasha etc
	Museums	Historical Museum of Burreli
Cultural Events	Festivals and local Feasts	Lyrical Songs of Mati, Feast of Shen Gjergji, Folk Fest (31 July), King's Birthday (8 October),
Sports	Sites and Activities	Local Stade "Liri Ballabani" Sport Palace Cycling Roads and Paths Sailing in Artificial Lakes of Ulez and Shkopeti Fishing Sites in Mat Valley and Ulez and Shkopeti Lake

Table 5: **Inventory of Touristic Assets in FA Area.**
Source: Own data and information from contacts in the region.

One might easily distinguish the high potential for revenue generation in the FA as the range of service that might be offered under the label of tourism is;

- **Tourism of Leisure**
- **tourism of Adventure**
- **Historical Tourism**
- **Cultural Tourism**

The figure on the right gives **a representation of revenue generation power of tourism activities** in FA based on actual level of prices and service level offered in the area. It's based on a simple simulation of normal expenditures of a visitor on 3 nights stay basis. The revenue potential is high when compared to revenue from agriculture that characterizes the rural areas where most of touristic assets are found.

% Of Gross Revenue from Agriculture	1%
Year Gross Revenue	12,000,000
100 Visitor/ Month	1,000,000
Visitor	10,000
Accomodation (ALL)	3*1500
Meal (ALL)	3*1000
Articles Bought (ALL)	3*1000

Table 6: **Revenue generating potential from tourism.**
Source: own calculations.

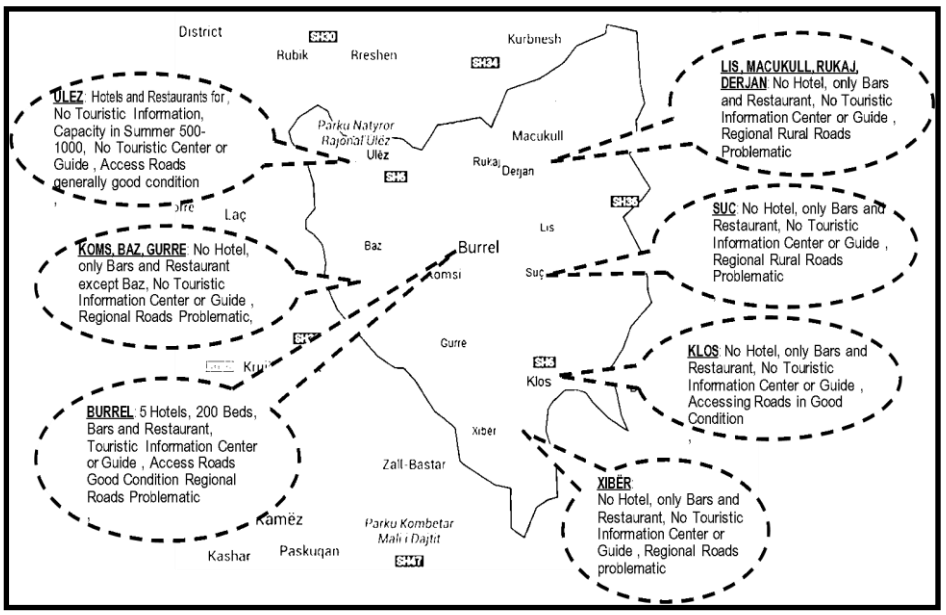


Figure 26: **Mapping of Touristic related Services offered in FA.**
Source: Interviews in FA

Nonetheless and independently of local assets and touristic attractions the service infrastructures remain largely insufficient and below standards. According to local data the hosting capacities are **100-200 beds** and are offered from more or less **5 hotels all of them concentrated in Burrel**. Culinary Tourism is still undeveloped in spite of large potential offered from local products (brandy, wine, honey, beans etc. Figure 23 above on the left illustrates better this situation.

On the other hand one can notice the **discrepancy between the touristic map of Mat FA and national touristic Map** that points out the insufficiency of promotion of tourism opportunities in FA and non integration in regional and national touristic offer.

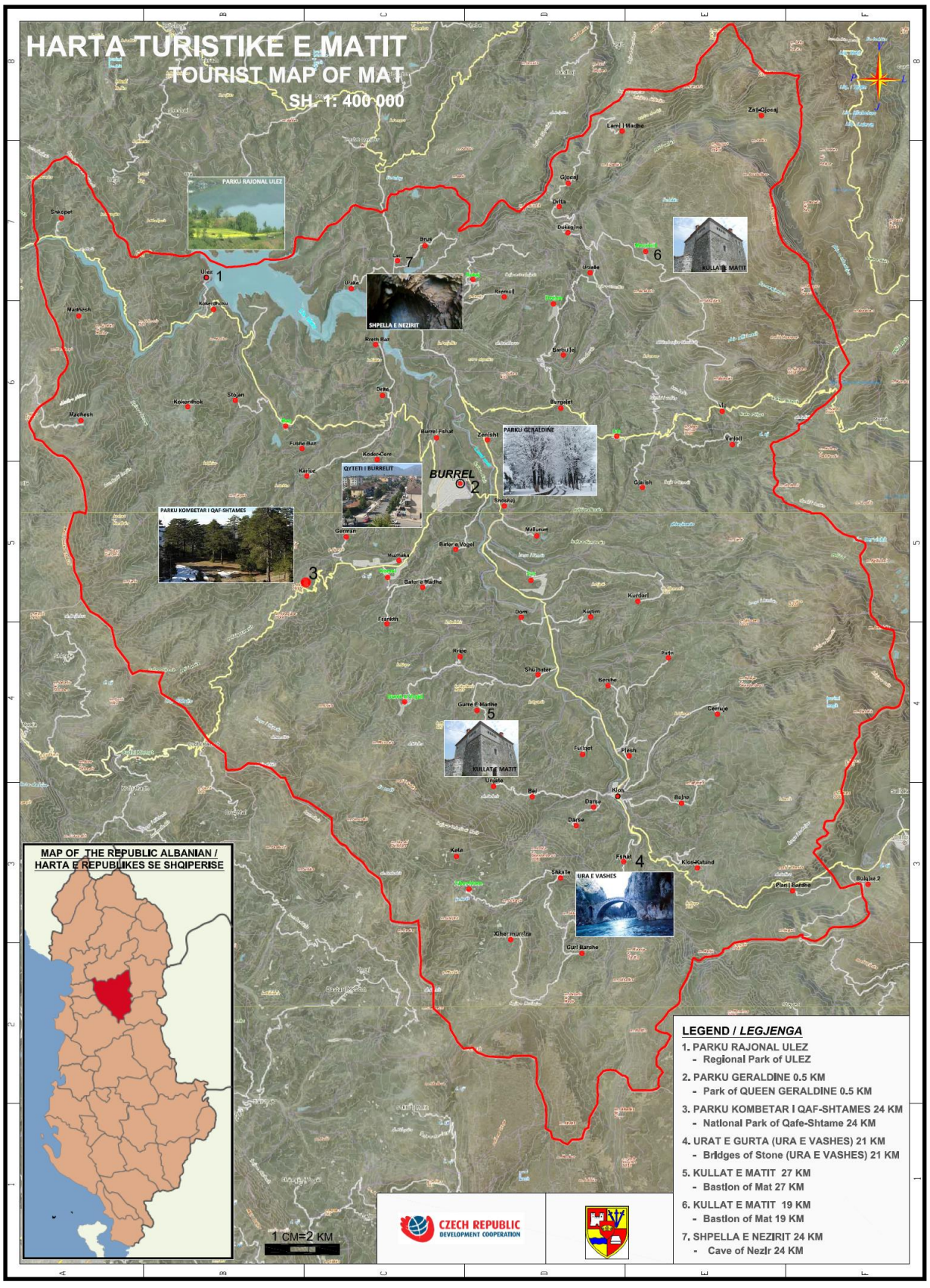


Figure 27: **Touristic Map of FA.**
Source: Municipality of Burrel. 2014

Figure 28: **Tourstic Map Albania**
Source: **www.albania.al**

The non integration with national offer of regional and national touristic offer points out to insufficiency of local touristic infrastructure; yet there are alternatives to come around this deficiency.

One of the common experiences used in many touristic sites all over the country in Northern and Southern part of Albania is **familial tourism** that gives the possibility to accommodate the visitors in private dwellings of farmers or inhabitants of touristic areas. It's the one of the most sustainable eco friendly touristic solution that is promoted also in other more advanced countries where large touristic resorts have destroyed natural landscapes and ecosystem. However this kind of tourism is in need of local support human resources to support the delivery of qualitative service. All areas mentioned in the map **have sufficient educated people**, as the graph here in the right demonstrates, fully capable to exercise this kind of activity; what is needed is to train them with appropriate skills in planning and delivery of qualitative services.

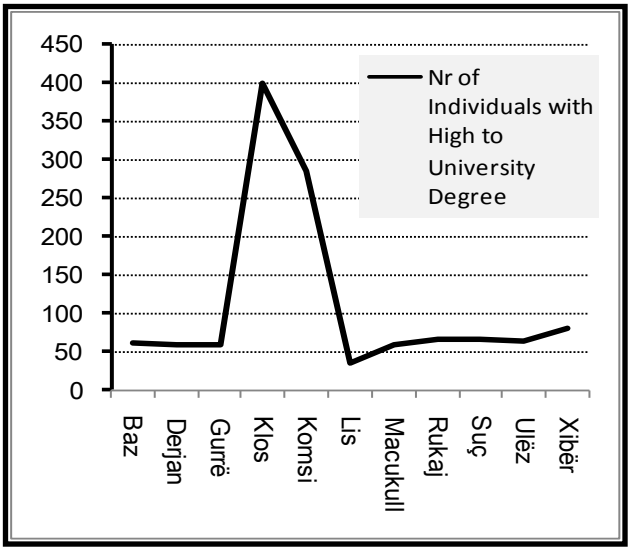


Figure 29: **Nr of Individuals with high to University Degree for every LGU in FA**
Source: Local Development Strategies from LGUs, 2014

Besides **training schemes the creation of touristic associations**, clubs and professionally certified individuals is the other policy direction that would be highly desirable in the area. However **substantial funding** is needed here therefore, lobbying activities and technical assistance for formulating marketable project ideas and fiches is of outmost importance.

To all touristic services the net of public services is of outmost importance therefore the improvement of transport services, public or private in itineraries and quality is crucial and entirely a responsibility of elected FA public officials. By the same token there is the improvement of waste management services and access to water supply and sewage networks. The problematic of these services is treated in the next part of this document.

All above being said, the following table gives a **summary of competitive strategies from private perspective** and compatible roles, policies and actions from public authorities.

Touristic Offer	Competitive Strategies of Economic Units	Respective Public Action
- Eco - Historical - Archeological - Cultural - Sportive - Culinary	Building Sustainable Competitive Advantage: - Investment in Resources: Humans and Capital - Mass Marketing (Fairs, Advertisings, Promotion of Local Products, Touristic Attraction etc) - Improving Customer Service through increasing quality through accreditation and Certification - Expansion and New lines of Services: Gaining access to national and International touristic offer and chain	– Public Actions and Awareness Raising for local, regional consumers and audiences – Support for Traditional Festivals and market fairs – Support for Local Touristic Chains and products – Support to new associations of touristic associations – Training and Capacity Building activities and schema – Local tax holidays or tax benefits – Investment in local networks of Roads etc – Investment in education infrastructure at service of local producers – Lobbying for national subventions to local products and support to international promotion of their qualities etc – Lobbying for International donors specialized and willing to invest in this field:USAID, GIZ, III, IV, V IPA .

Table 7: **Table of Competitive Strategies and respective public action in support of them in Sector of Tourism**

2.2.3. Analysis of the main economic sectors: Extracting Industry

The analysis of this sector is not dealt in this material first of all because **is not a sole responsibility of FA public authorities** but of national central authorities. The fact that any LGU in the FA is entitled of a rent for extracting activities doesn't change this consideration in as far as local authorities are not entitled to set the level of this rent and also other taxes, fees and licenses applicable to this activity. In the same way FA are not entitled of any right for setting activity standards in the area and compensation schemes for damages and influences in ecosystems and territory of the area. One should emphasize however the **importance of including the local actors in the whole process of setting** up the framework of this activity (legal and fiscal) as at the end of the day the ultimate bearers of consequences of this activity are the inhabitants of these areas.

2.2.4. Analysis of the main economic sectors: Hydropower Industry

As it was emphasized in the preceding sections this FA is part of one of 6 most important water basins in the country. Hydropower generation Plants of Shkopeti are in the border of this area. Other establishments are planned and given on concessionary basis like the one in Klos area. Again, national central authorities are responsible for policy direction and action in this area; yet the coordination and inclusion of FA elected officials and local communities is important from the outset as the negotiation with them might prove to be problematic; this is at least proven for Klosi case.

2.3. Main points, grounding alternatives and directions of policy making

The main findings supporting policy making options advanced in this chapter are summarized in each of the following SWOT Analysis and Value Chain Analysis diagrams for each of main economic sectors.

We emphasize the fact of considering it especially in relation to recommendations for policy direction in line with competitive strategies and actions from private actors laid down at the end of any section of detailed sectorial analysis[1].

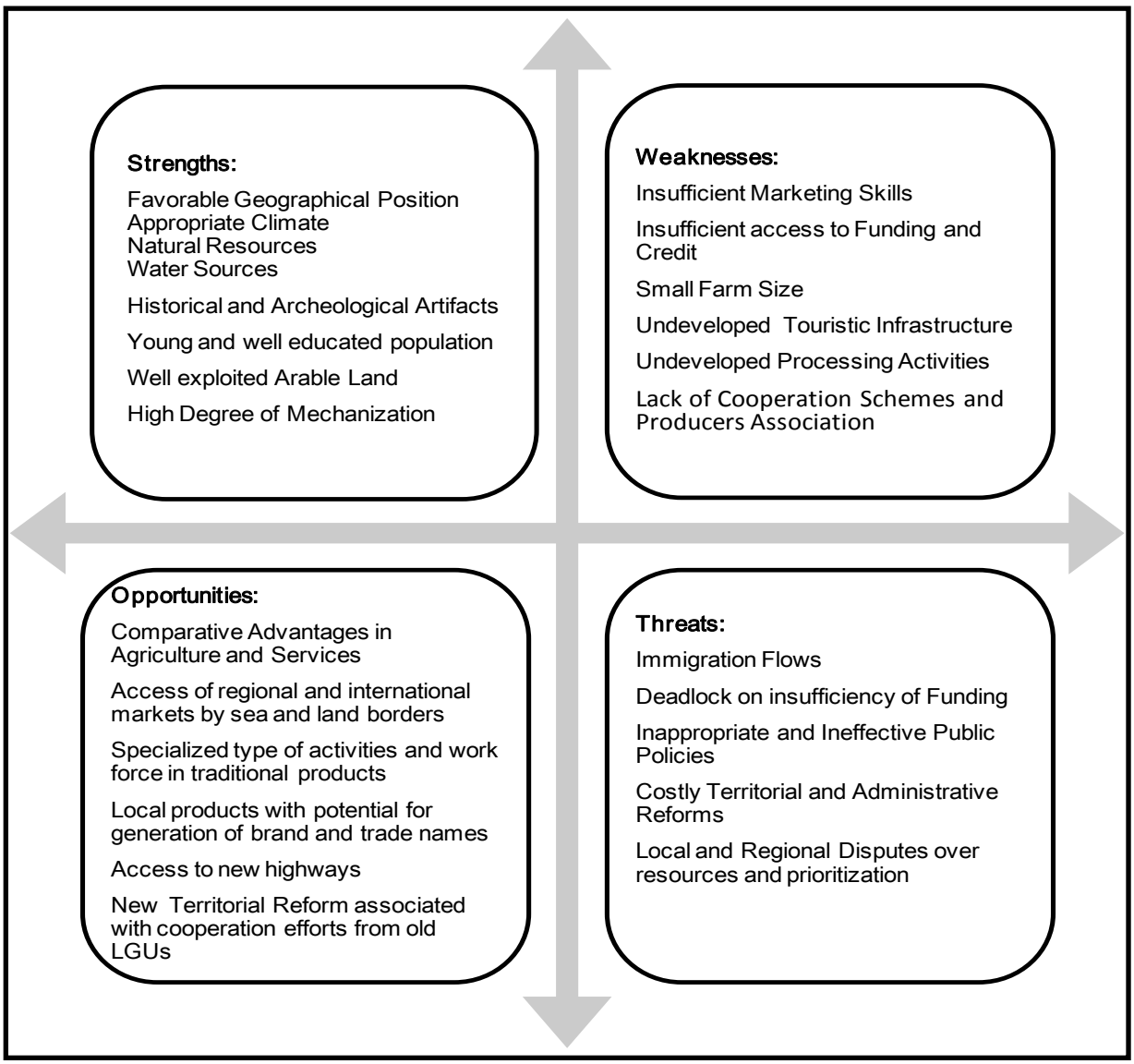


Figure 30: **SWOT Table summarizing section consideration s for Economic Analysis of FA**

[1] See Table 5 and Table 7.

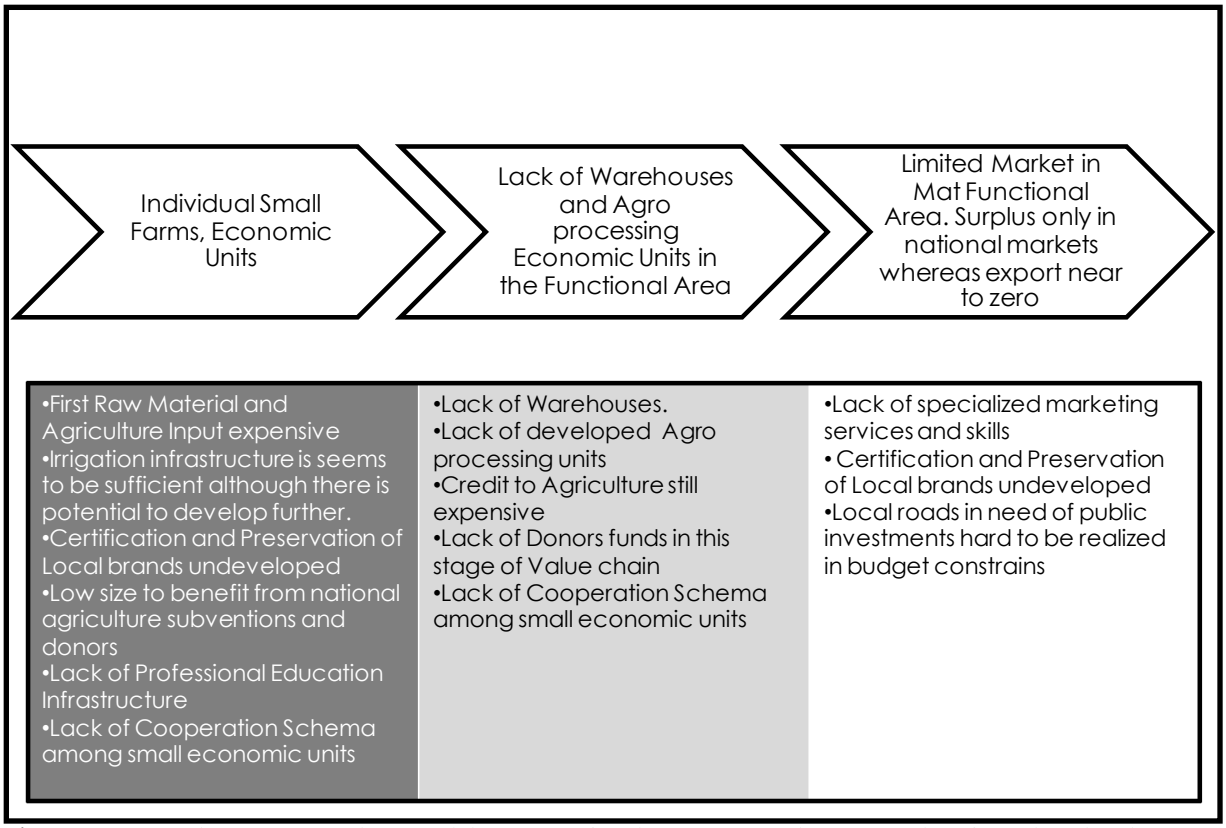


Figure 31: Summarized Value Chain Analysis in Sector of Agriculture supporting suggestions for Policy directions and decision making of public local officials

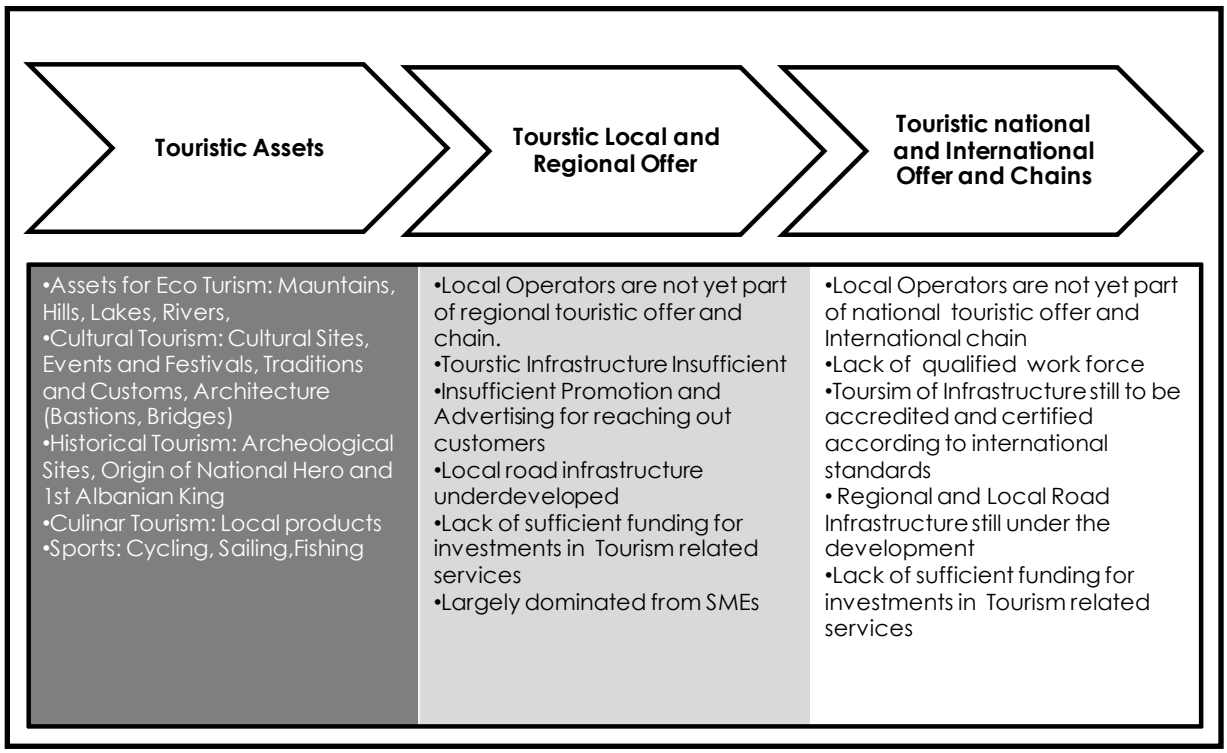


Figure 32: **Summarized Value Chain Analysis in Sector of Tourism supporting suggestions for Policy directions and decision making of public local officials**

3. MAPPING THE LOCAL SERVICES IN THE FUNCTIONAL AREA

3.1. Water Supply and Sewage

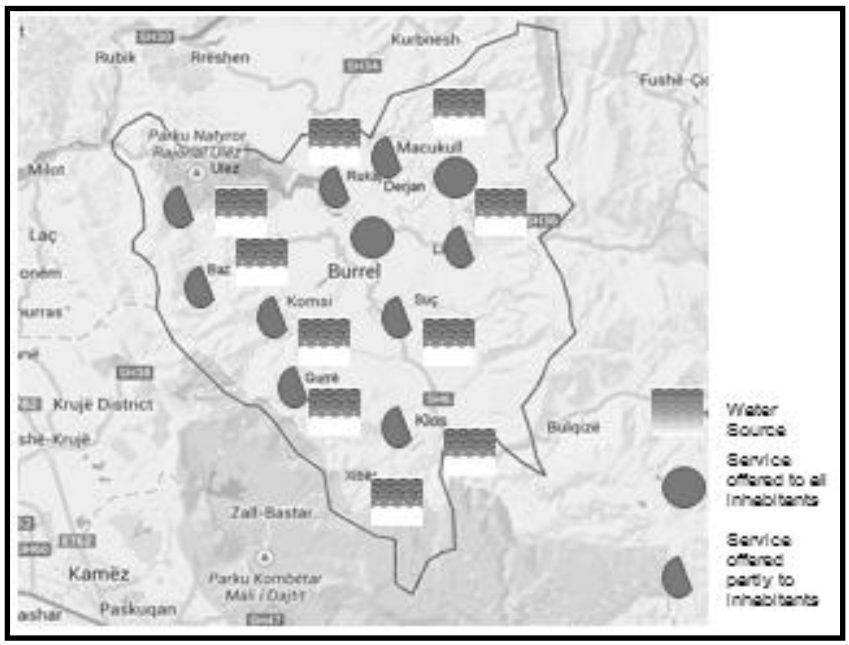


Figure 33: **Access to drinking water in the area and water system network**
Source: Interviews with local public officials and specialists 2014

FA is endowed with rich natural water resources, torrent, lakes and rivers. From this perspective the availability of the water in the area hasn't been a challenge for any inhabitant. Indeed all households have access to drinking water. The map on the left depicts this situation quite clearly. The same may not be said for access to water system network though. Only Burrel and Derjan seem to have the full access to networks. As a whole FA has an access to water supply services at the **level of 73%, which is below national average of 81%.**

Regarding the access to sewage system, it seems that only Burrel has assured for the time being such access for at least 60% its inhabitants. The other locations although have invested for access to water supply system have remained behind in sewage. As a whole the access to sewage system is on the level of **24%, well below national average of 51%.** One of the reasons is the heavy investment needed for constructing sewage system given the substitution for it (septic tanks). The evidence is found in the fact that in spite of having households with flush toilet the same households not always has access to sewage system.

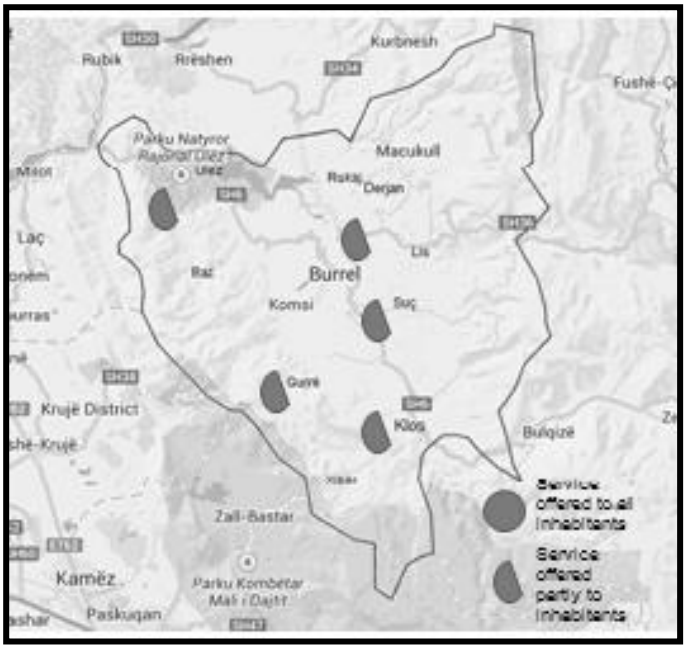


Figure 34: **Access to drinking water in the area and water system network**
Source: Interviews with local public officials and specialists 2014

The graph of in the Figure 35 of the next page shows the discrepancy between the access of population in the water system and sewage networks but also between them and % of households with flush toilet. The last line is always the same or over the line of access to sewage system. Should public local officials opt for proactive policies in support of sustainable development especially in Services Sector the investments in both components are crucial. That might come from entities governing the water system or future LGUs themselves. From the information collected in the field only Burrel has a shareholder based entity responsible for managing water and sewage systems. Other LGUs Derjan, Macukull, Komsi, Ulëz, Gurrë, Lis, Koms, Klos etc have the sole management and funding responsibility.

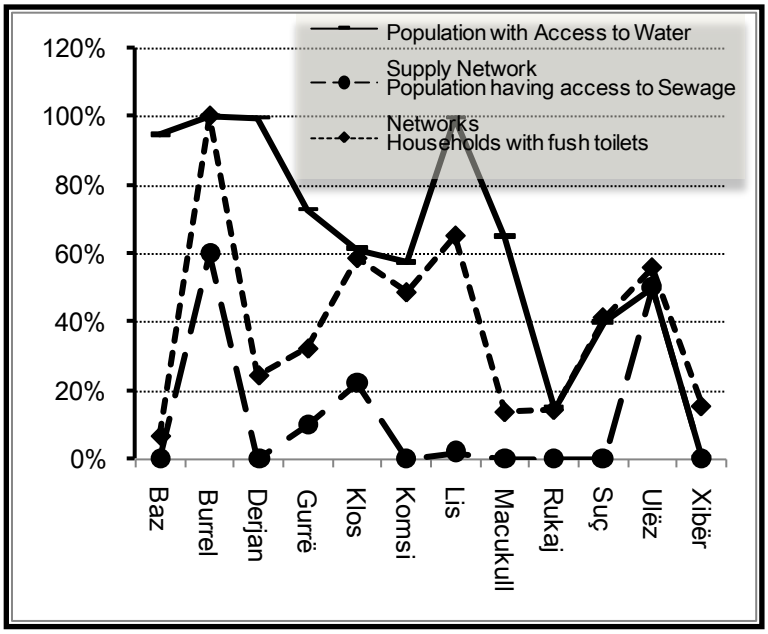


Figure 35**: The access to water , sewage system and the % of households in FA with flushing toilets.**
Source: Interviews with public officials and Last Census Data 2011,

It seems that for all LGU except Burrel, Lis and Komsi the final balance of revenues and expenditures is negative. In fact all of these LGUs are the only ones that have collection rates of water tariffs more than 50%. Burrel and Lis apply tariffs per m^3 whereas Komsi applies tariffs per m^3 and lump sum tariffs. Important thing to notice is the fact that these three together with Ulëz (center of Comune) entities have water meters installed yet not entirely for all inhabitants. The structure of tariffs and the extent of coverage per hours are presented in the graph on the right. Notice that lump sum applied for Klos, Gurre, Ulëz, Gurrë, Macukull are translated in equivalent of tariff/m^3 **assuming that any household is consuming on average 1 m^3 per day**. In average Mat FA has 14 hours

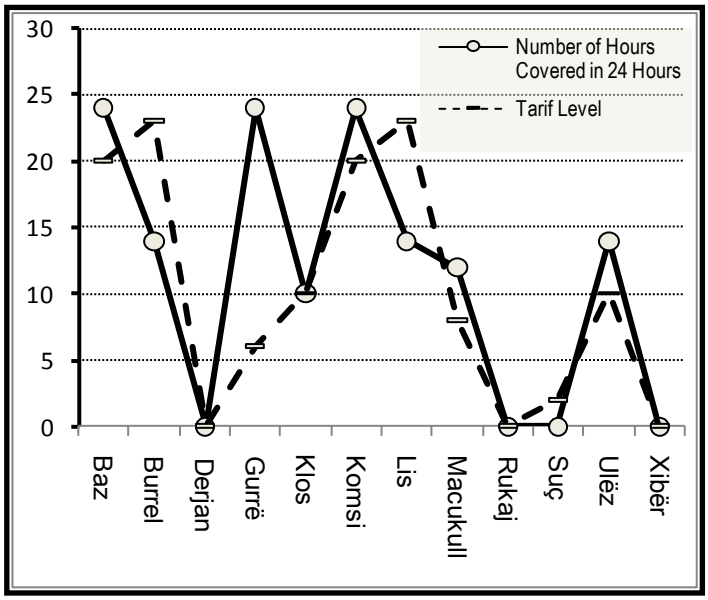


Figure 36: **Tarifs in ALL/m^3 and coverage in average service hours over 24 hours.**
Source: Interviews and Desk search

of coverage of service in 24 hours for the fraction of population, which has access to Water Supply Network.

Most of investments in Water systems are new and realized mainly from ADF like Ulëz, Gurrë, Baz, Koms for a total of **199 ml ALL**. Other investments with competitive grants have been realized and are in the process of realization such as Klos, Derjan etc.

As it regards ewage system apart from Burrel covering 60% of inhabitants, Ulëz with **100 families, Klos with 90 families the rest of FA do have only septic tanks**. The investment from ADF and other funding sources have been almost nul in the last 5 years.

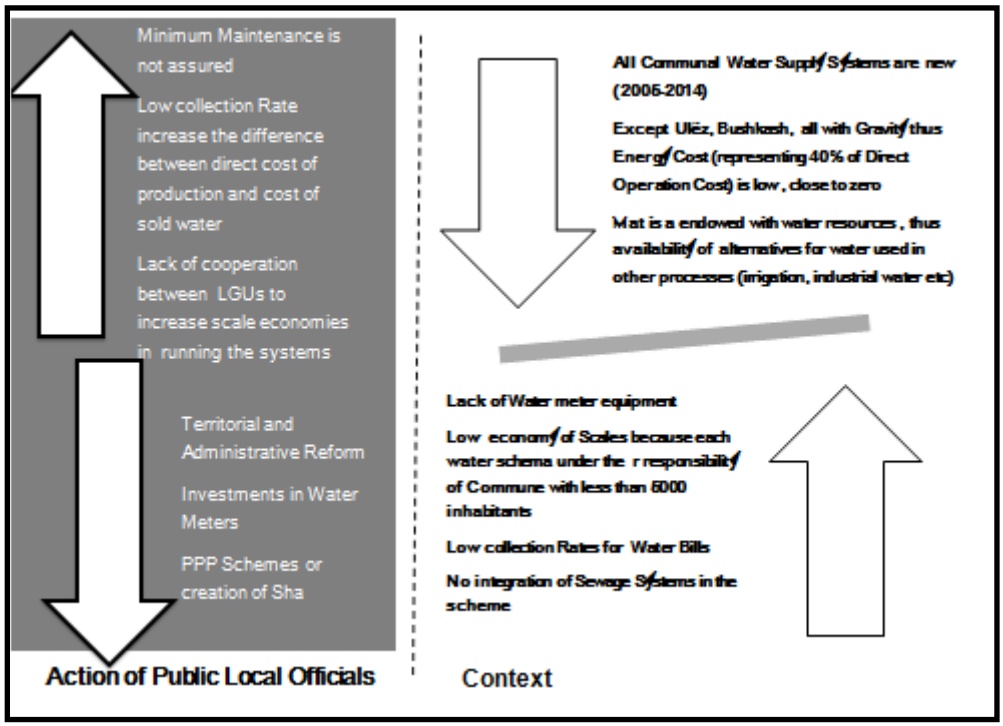


Figure 37: **Action of Public Officials for improving the Water Supplying Schemes in FA described Context**
Source: Team analysis of Data from DPU and Situation in FA.

As a general rule and based in benchmark guidelines from Ministry of Transport and Public Works component of average tariff/m^3 is the spread between direct cost of production and cost of sale. In Albania the Components of with higher specific weight in the Direct Cost Of Operation are Electricity (40%) and Labour (42%)[1] Compared to the rest of the country Mat is in good position compared to tariffs because of relatively new investment in the sector there which have a level of tariff higher therefore this position should be maintained with right action from FA authorities. The Figure here above gives on the right the context and the factors influencing actual level of tariffs applied in FA. On the left is what's recommended to LA public officials in terms of actions that they should refrain (on the upper part) and what they are encouraged to do (on the lower part of the schema).

[1]" 5 Vjet Benchmarking" Drejtoria e Pergjithshme e Ujesjelles Kanalizime, Tirane 2011.

3.2. Roads and public transport

FA of Burrel and Klos is situated in the central part of upper Albania at more or less equal distance from country capital (Tirana), north east border point (Bllatë) of Albania with FYROM and access point at western sea side (Port of Shëngjin). Functional area is linked to all these points with roads that **are part of national road network**. The length and itinerary of national segments across and out the FA is displayed in the figure on the right. FA population and products may reach regional markets, central, east and west part of Albania in less than 2 hours driving distance. The segments of national roads although not pertaining to first class highways are generally in good condition and well maintained. Part of this national road network is also the segment Burrel-Klos that links the main centers of FA. It's part of national road leading to Dibra and East Border point of Bllatë. In the future the FA will have the access (via Klos) to east north main highway "**Rruga e Arbrit"** that will connect Tirana to Dibra in FYROM, which is scheduled for **tender from GoA in 2014**. Such an investment that for the time being is programmed to be implemented through foreign funding is going to shorten and facilitate the access of FA population and in both regional and foreign eastern markets.

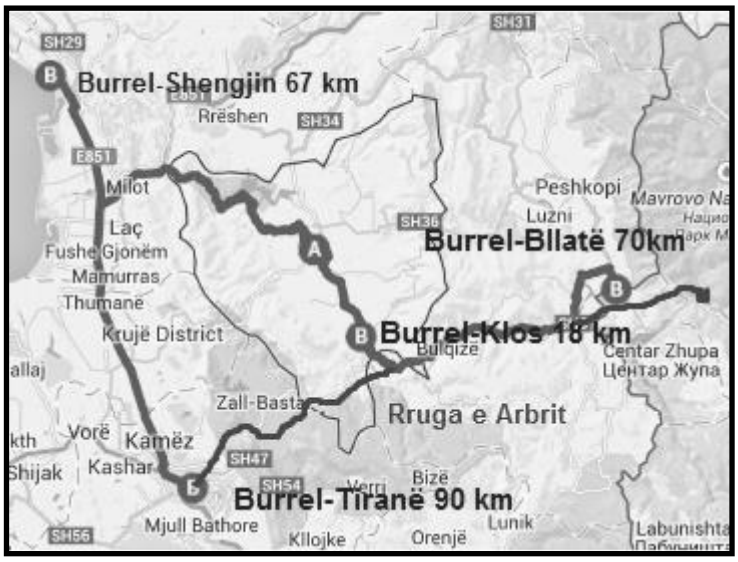


Figure 38: **Main national road network crossing FA and their respective length in Km.**

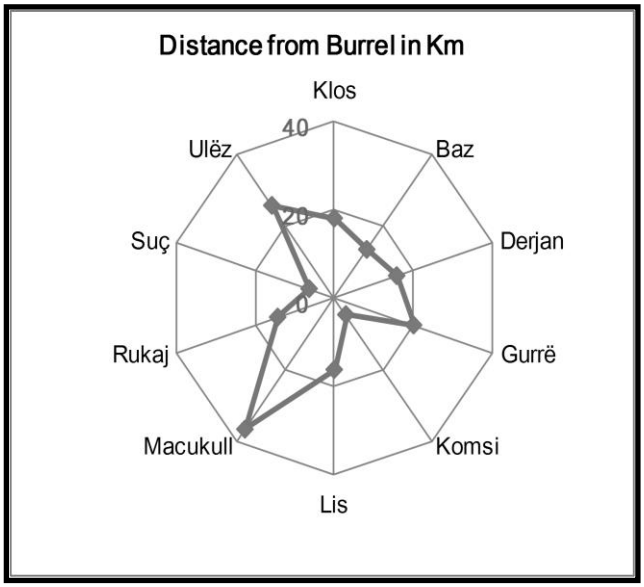


Figure 39: **Length of Local Roads linking LGUs of FA with Burrel**

Secondary road networks consist of regional and local rural networks. All present LGUs are connected to Burrel with local roads, whose length is given in the graph of Figure 39. Macukull is the farthest whereas Komsi is the closest LGU.

The second road networks consist of roughly 255 km of rural works. **135 Km** are considered to be regional works and are maintained from "**Regional Road Maintenance Enterprise (RRME)**" in Mat. The rest, that is **120 km are local rural roads** and are maintained

from each LGU, through private subcontractors via open tender procedures launched every year through centralized public procurement system.

More than **75% of these rural roads are with gravel** and the rest is either with asphalt or unpaved. According to interviews with responsible officials in LGUs, workers and technical personnel of RRME in Mat around **70%** of these local roads are in bad condition, especially gravel and unpaved roads, requiring at least minimal maintenance (consisting mainly of annual purchase of gravel materials stockpiled along the road for essential repairs to ruts and potholes. No regrading or regravelling is foreseen. The normal regravelling operation is effectively replaced by the steady replacement of gravel through regular minor pavement repairs). The graph of Figure 43 summarises information, which is presented in a more detailed manner in the Annex of this document, whereas the map of Figure 41 maps the same information for each area and LGU. The existing road network is **sufficient for guaranteeing the access to education, health and administrative services throughout FA** though the quality of them needs constant improvement through maintenance and new investments.

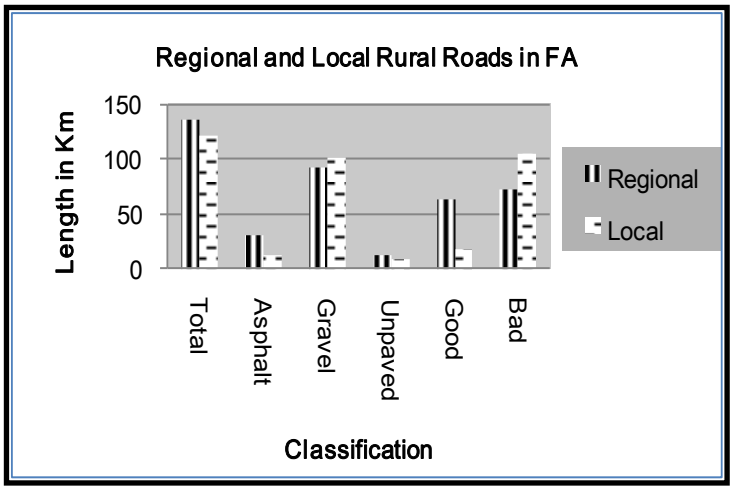


Figure 40: **Rural Road Structure and Condition**

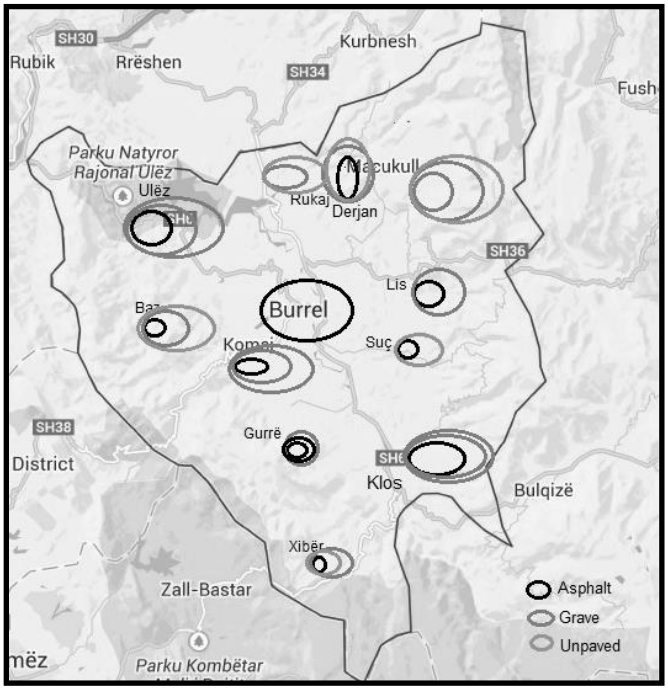


Figure 41: **Maps of Structure of Rural Roads in FA**

The financing of maintaining operations for local rural roads is done from individual budgets of each LGUs. New investments and maintenance of regional roads are done either by regional funds of Dibra region and Albanian Fund for Development (AFD). With regard to the former without exception the funds reaches on average 5% of total budget of each LGU, which suffices only for minimum level of maintenance, thus leaving the burden of new investments to AFD. The same is true for RRME and regional roads. Part of explanation is also the fact that as from 2008,

Albanian Government sought to centralize the main public investment in regional and local roads firstly through Regional Development Fund (RDF) and then together

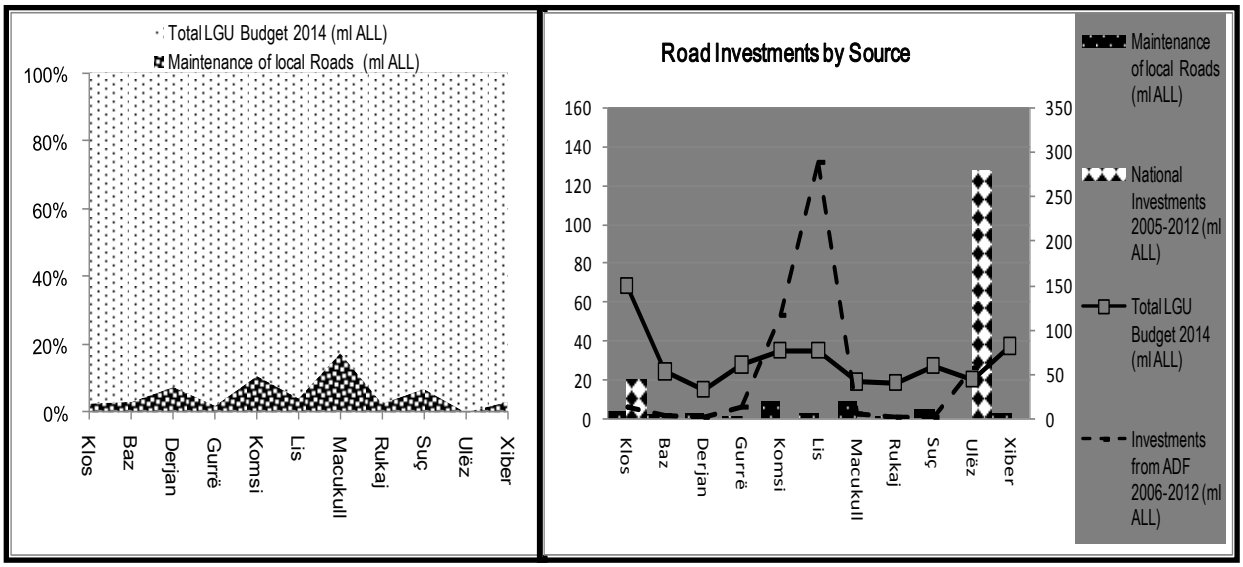


Figure 42: **Maintenance of Local Roads and New Investments in ml ALL in Local and Regional Roads according to various Sources**

Source: Team's calculations based on information from officials from FA

with ADF in order to boast the efficiency of investment through economy of scale principle. In the case of FA area it seems that this strategy has worked only for some of the LGUs for instance (Lis, Gurre, Komsi, Klos) and less for the others. The incidence of national public investments is more uneven.

Although Mat FA has benefited more investment per head compared to Dibra in terms of both regional and national investments the incidence of investments among LGUs as it might be seen in the above Figure is uneven, with Klos, Komsi and Lis and Xiber at the highest levels.

In terms of transport service all of it is organized privately with vans and busses and from our interviews in the field in last two years the informality in the sector (Unlicensed service) **is more than 35%[1].**

Should one take into account the need of FA population and economic activities, especially agriculture and tourism as explained in economic analysis section, for adequate rural roads in order to access the regional and national markets the main consideration for policy decision and action will be as below:

Policy Direction 1 and action from public Authorities: LGUs need to provide for sufficient funds in order to improve the quality of rural roads and make the transition from bad to good condition. In addition the pavement of unpaved roads especially the regional one need to be addressed in the medium term. According to benchmarks specified in Annex Nr. of this document although there is sufficient funds

[1] Comparing the number of licenses issued in 2011, 2012, 2013 it might be seen a decrease on the level of numbers and revenues from fees for each LGU is down even to zero for some LGUs like Gurra and Klosi.

to cover local roads maintenance there **is funding gap of around 35 ml ALL per year** at the minimum (please refer to Figure 43 below) for new investments and maintenance of regional roads. The alternatives for filling the funding gap would be:

- In the medium to long term increased Investments from FA entities at regional networks fueled from savings from merge of small LGUs into larger ones. Here Territorial and administrative Reform is a step in the right direction. Under a less optimistic scenario when the savings are lower than expected than the alternative will be cooperation schemes between LGUs and PPP (public-private-partnership) modalities of investment.

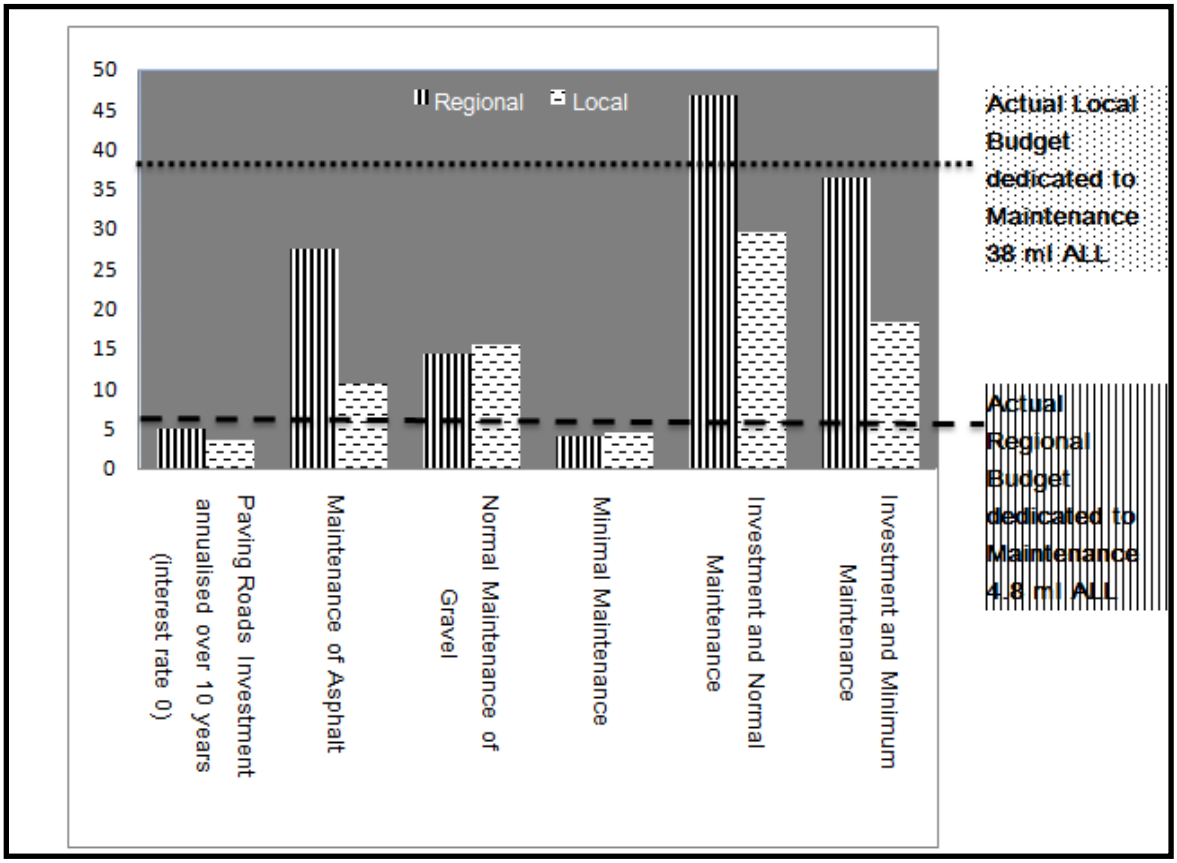


Figure 43: **Needs for investments and maintenance at regional and local level in minimum ALL under minimum and normal benchmark assumptions** (minimum partial maintenance- feeling of potholes and leveling, partial-maintenance and correction of corrugations, surface leveling and filling etc.
Source: Team's calculations based on information from officials from FA

- In short to medium term the regional gap of funding for investments may be filled in from instruments like ADF or any other possible funds that will be established as an equalization mechanism that will accompany territorial/administrative reform and decentralization reform.

Policy Direction 2 and action from public Authorities: For the time being all transport service (rural local, regional, urban and interurban) is offered through private e operators through private licenses issued from respective LGUs. It's unclear how the regional and national public transport strategy will be like in the future and how it will

affect the new larger LGUs. However the creation of larger entities (Klos and Burrel) will create more options for optimizing licenses rights for private operators as more routings and larger population will be served. The transport planning in these new entities will be one of the challenges that FA new elected officials will have to face. There are no ready solutions but a good advise will be to **keep it simple (KIS).** Any entity needs to identify first the total roads length that will have at his management responsibility and structure it according to the purpose being sought (access to market, access to education facilities, access to health facilities or administrative services etc). It will become clear that the network of local and Regional Transport Infrastructure (RTI) of FA in spite of having the highest total has the lowest traffic (here below mentioned as Vehicle per Day measure that can be Motorized or Non Motorized Transport NMT Types) compared to provinces or national networks.

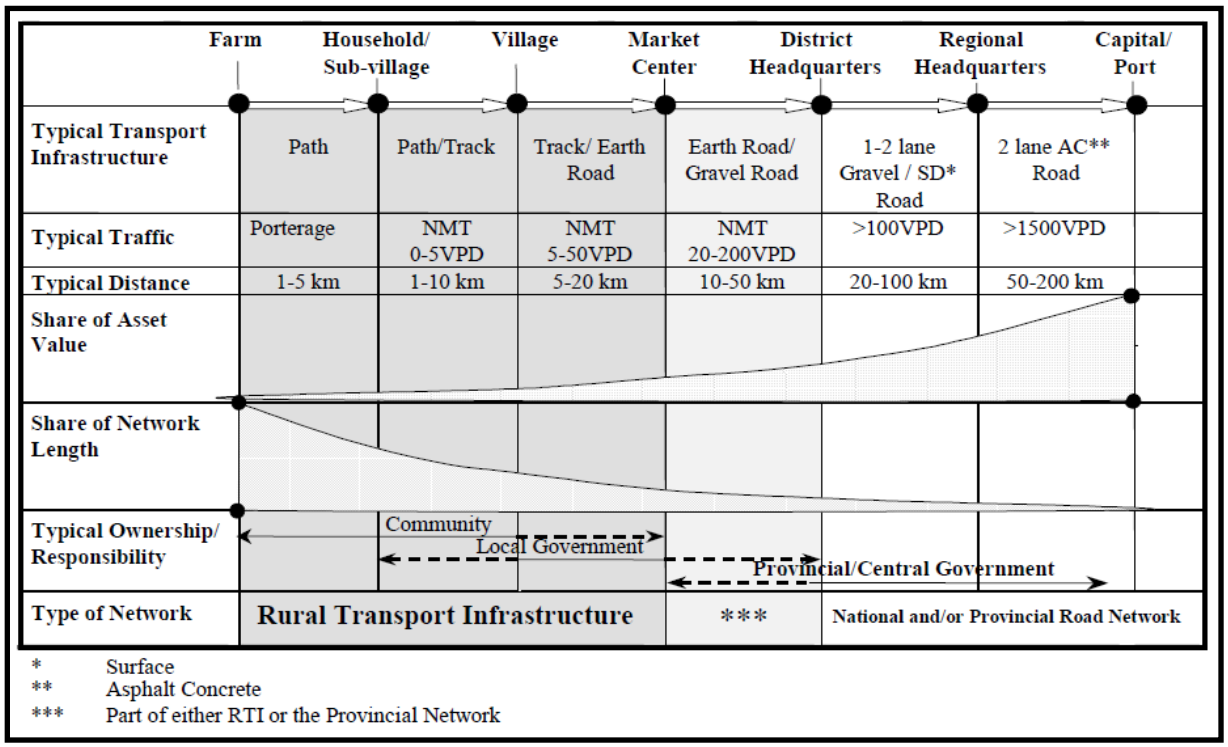


Figure 44: **Schematic Presentation of Transport and Road Access Methoodologies**
Source: Design and Appraisal of Rural Transport Infrastructure; Ensuring Basic Access for Rural Comunities, Jerry Lebo, Dieter Schelling, World Bank Technical Paper
Infrastructure Notes, Transport, Water and Urban Development, World Bank 1999

Next step will be to plan for basic, easy or full access of communities and design of local and routings served either by private or public service. Instrumental to that will be the assessment of Roughness of the Roads on the basis of subjective or objective criteria such as:

- The surface of the road
- Potholes
- Corrugations
- Depressions
- Etc

Maximum Speeds Function of Roughness (km/h)						
Cars	Utilities	Buses	Light Trucks	Medium/ Heavy Trucks	Articulated Trucks	Rough_ ness (IRI)
106	105	105	105	94	84	6
80	78	78	78	71	63	8
64	63	63	63	57	50	10
53	52	52	52	47	42	12
46	45	45	45	40	36	14
40	39	39	39	35	31	16
35	35	35	35	31	28	18
32	31	31	31	28	25	20

Figure 45: **Table of correspondence Roughness/Speeds of Vehicles**
Source: Infrastructure Notes, Transport, Water and Urban Development, World Bank 1999

Based on the roughness of the roads, a planning of various levels of speeds corresponding to respective levels of roughness of the roads estimated with coefficients as it's shown in the below figure that correspond car technologies used in Albania for private transport vehicles that is end of '90 beginning of '00.
Having found so the average speeds for various type of vehicles, knowing distances, average traffic data, and community needs, it's pretty straightforward to **estimate the cost of various level of transport for designing the licenses fees or budgeting for maintenance and investments** in local roads for next 5 or 10 years**.**

In general higher potential economy of scale benefits for private operators are expected to offset increased cost of higher standards for transport service set from new LGUs and additional routings and investments if needed; hence the needs for more qualitative mobility and transport services conducive to development perspectives in FA will be taken care and better fulfilled.

3.3. Waste Management

Waste Management service in actual LGUs of future FA area is similar to sewage system management service. Only **Burrel** is offering **full coverage** of population with the service; Klos is covering only **30%, Ulëz 50% and Suç 80%** of total inhabited area as it's shown in the map here on the right.

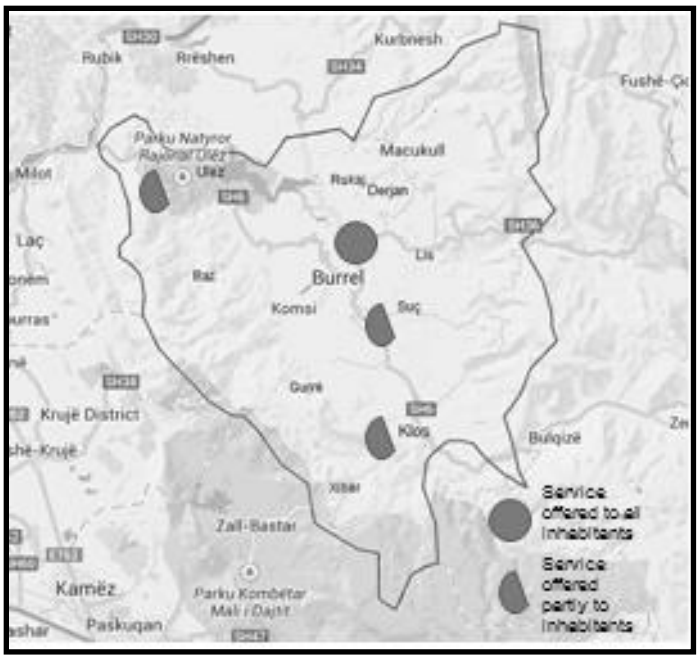


Figure 46: **Mapping of Waste Service in FA Area**

The service includes both urban waste and inert urban waste. In all three of them the service is **realized from private subcontractors** using metal garbage tanks in case of Burrel and Klos and in Concrete shaped deposited places for Suç.

Burrel and Klos are collecting tariffs from inhabitants in order to finance the services;

- Burrel is charging 788 and Ulëz **800 ALL/inhabitant/Year**.
- Klos is charging **500 ALL/Inhabitant/Year.** Businesses are charged at least **40 percent higher** for all these three LGUs. Suç is not charging any tariff for financing the services. In case of Klos businesses are charged 14 times higher for small and 240 times higher for large businesses

In all the other LGUs, households themselves are responsible for the waste that is produced by them. As general rule what is organic is composted yet none of LGUs asked for it didn't specify any answer on the extent of this recycling activity which as such is done informally. The rest of it is disposed from inhabitants at their free will. The same is happening also with inert waste. It goes without saying that there is no division or classification of waste and this is true not only for urban waste but also for industrial and hospital waste. Burrel for example is not dividing hospital waste from urban waste so it's not known the exact quantity of both groups. The same is true also for both Burrel Klos, doesn't have any regular statistics on inert waste divided from industrial and urban inert waste.

As we report the collection rates for tariffs in Burrel are 60% and in Klos only 30%. Klos however is collecting almost 100% of tariffs from businesses. Given the insufficiency of reliable data the only alternative was to run a simulation model based on Dldp methodology for planning waste tariff/inhabitant/ year with below assumptions:

- Burrel is considered to be an urban area therefore the amount of waste for inhabitant per day was assumed to be 0.75 kg per day. Frequency of the service was assumed 7 times/week
- Klos and all the other areas were considered to be rural in the interval 0.2 to 0.3 kg/inhabitant per day, Klos being the highest value and all of them with a frequency of service 2 per/week.
- Assumptions for distance to be covered were calculated on the data of total surface as the double of square root of the surface in m^2 and the distance to (hypothetic) land-field was considered any value between 2-5 km.

The results of simulation across different entries stabilize at the values presented in the below graph for both cost per ton and per inhabitant per year;

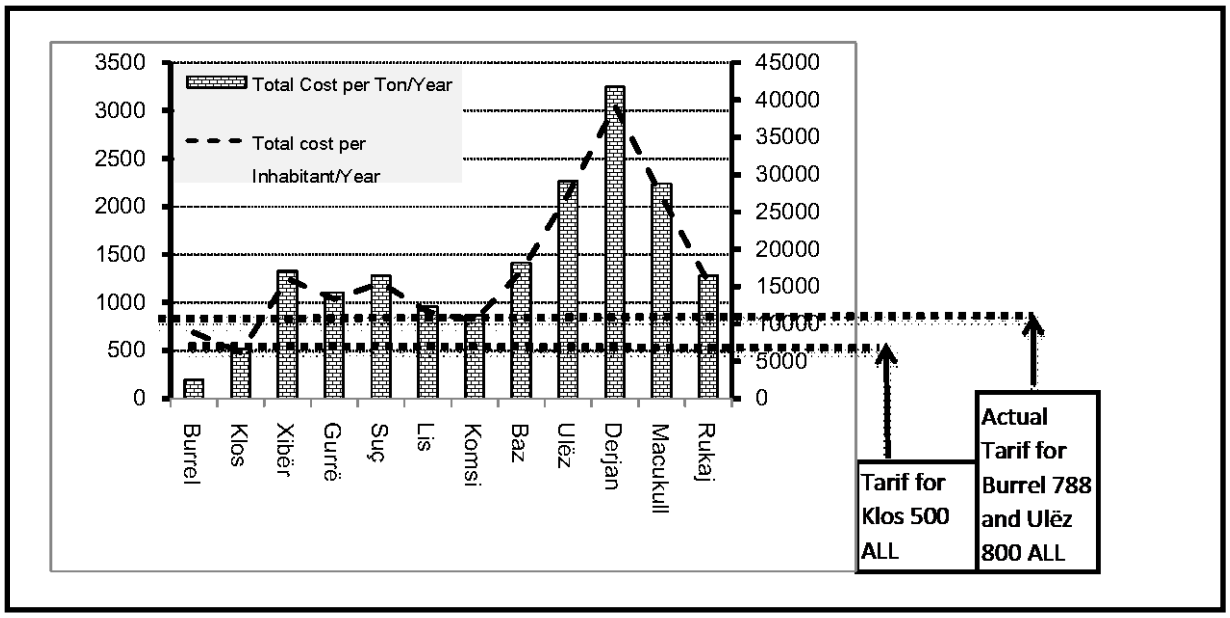


Figure 47: **Cost in ALL per inhabitant/year (on the left axe) and per Ton/Year (on the right axes)**
Sources: Simulation of tariffs based on Dldp model for calculating cost per unit and the level of tariff of Waste service
Note; The cost include all costs of waste collection and depositing activity but cost of Lanfield as there is not one in the area and as such it's cost are for the moment unknown.

The implications that might be drawn and which can serve also as recommendation for policy direction and action to future FA officials are as below:

Finding and Recommmendation1: In both cases of **Burrel and Klos the tariff seems quite able to cover administrative and operational cost of waste collection activity** provided that both entities manage to collect the tariff at 100%. Other strategies of making some citizens paying for the ones that do not pay are not effective and in any case not fair to local taxpayers.

Finding and Recommendation 2: The trend is higher the population served lower is the cost which penalized Ulëz in spite of having a higher tariff level thane Burrel and Kloss. The same goes also for any other LGU that has low level of population. It means that there is **a strong argument in favor of cooperation between living places** in this

FA for establishing agreements for collecting and managing Waste management Activity. As this finding is repeated not only for this public service but also for water supply and sewage system, transport and road maintenance we may state that the **process of territorial and administrative reform is a move in the right direction** yet with reserve that **necessary steps of reform need to be informed with relevant and correct information**.

Finding and Recommendation3: The simulation above has a deficiency; it doesn't include the cost of land field. It's a deficiency that may prove itself harmful to enactment of previous two recommendations because the severity of waste that is produced and is still unattended is enormous. Following the findings of the team responsible for west and environmental strategy at regional level of Dibra the amount of industrial and mineral waste in Mat Region is as given in the table here on the left. The management such levels of waste go **beyond responsibilities of future public officials of FA** as extracting and mineral processing activities are at the discretion of national activities and also regional bodies. On the other hand the findings of the same group show that land-fields have costs that are too high to be afforded within the confines of FA under the study (not more than 60,000 inhabitants). Their findings show that should a land-field be constructed it needs to serve the needs not only of MAT FA but also Diber and beyond in order to exploit full scale benefits. All above being said, again this finding **is a strong argument in favor of cooperation schemas in this** field not only between LGUs in Mat FA but beyond their area.

		Burrel	Klos	Komsi
Inert Urban Waste	Ton	210	400	1200
Inert Waste from Mines	m^3			751,700
	Ton			1,653,740

Table8 : **The amount of Waste in Ton**
Source: Interviews with public local officials and findings of responsible group team for regional waste management strategy, 2013.

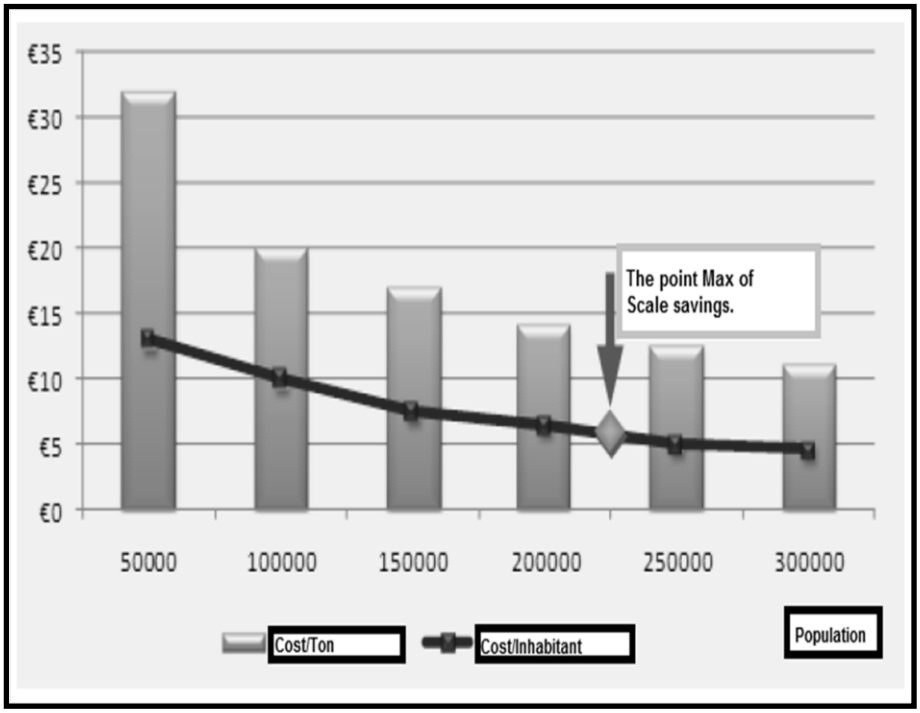


Figure 48: **Economies of scale levels for operating costs of land-field**
Source: Findings of responsible group team for Dibra regional waste management strategy, 2013.

4. ORGANIZATIONAL ANALYSIS IN FA BURREL-KLOS

4.1. Analysis of Organizational Structures

Organizational structures of actual local government units follow the same pattern except Burrel Municipality where the number of local public officials is greater.

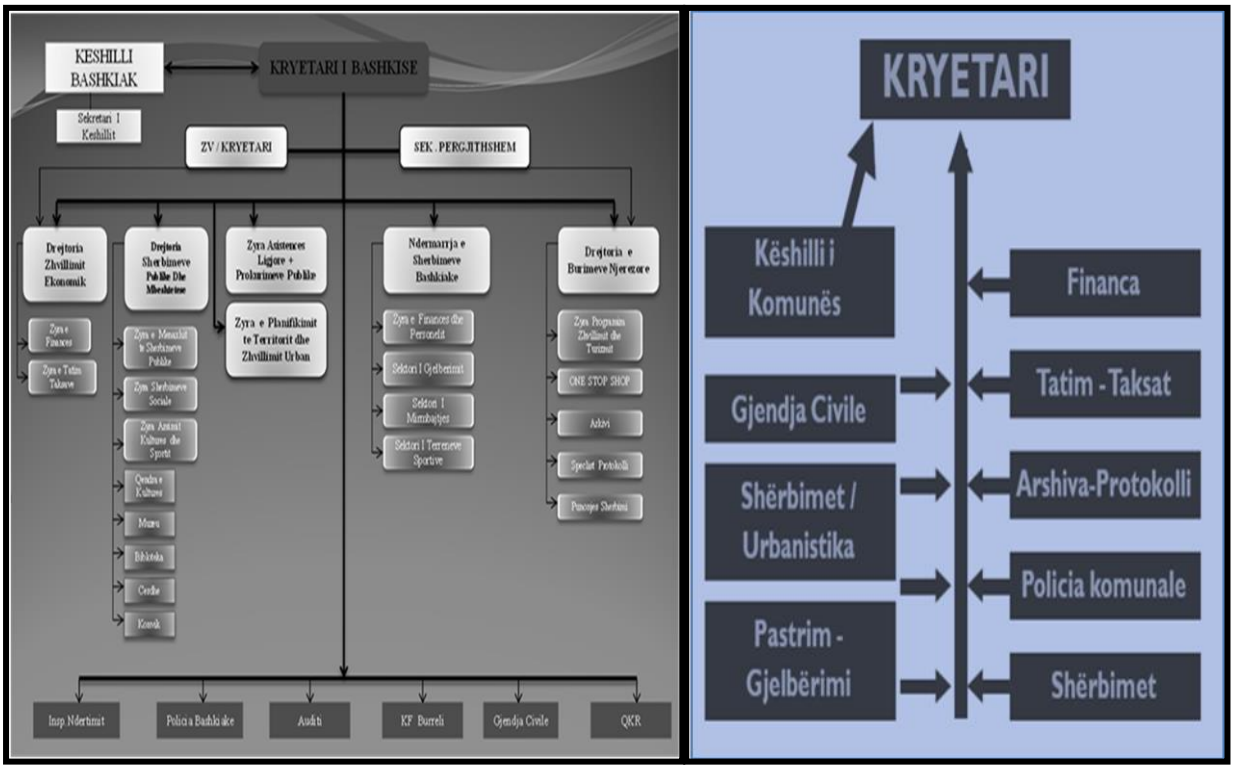


Figure 49: **Organizational Structure of Municipality of Burrel and other LGUs illustrated here from Organizational Structure of LGU Ulëz**

Source: Data from actual majors of LGUs

In the figure above the organizational structure of the Municipality of Burrel appear on the left side whereas in the right gives organizational structure of other LGUs including Klos.

What may be seen consist of a typical vertical structure where the role of the mayor of the municipality is irreplaceable meaning that mayors have not only the authority but also the main decision-making responsibility for routine daily running "business" of most government functions at local level . This situation seems to be favored by the small size of local government units, which is expected to change with the merger of the existing units in larger units. As possible implication of this change, it is expected that **organizational structures will become more functional** and the role of deputy majors in charge of the daily management of these functional divisions will be increased.

In terms of human resources, as all organizational structures are similar, the alternative that can provide savings in resources is **engineering services locally** with

the types of projects known as ONE STOP SHOP Offices. The services, which would benefit from this new way of providing services, could be:

- Service of Population,
- Archive Services,
- Local Revenues especially the activities related with billing of Water and Sewage services, waste collection and management etc,
- Service of Licenses and Permits,
- Urban Planning.

Savings in human resources may be as high as **10-25%** at local level, always providing for the quality of services[1]. However, it is recommended that savings in human resources from merger of LGUs **go hand in hand with the activities of development projects in FA** in order to guarantee the employment of freed human resources and the quality of labor supply in these areas. These activities may consist of services or tourism related activities, farmers' associations and service operators. The projects , some of which are presented in the project section of this study need to be supported with an intensive training programs to enable employment in new conditions and activities.

LGU	Total of Local Public Officials
Burrel	130
Klos	29
Baz	13
Derjan	10
Macukull	12
Rukaj	9
Suç	9
Ulëz	9
Xibër	12
Total	**233**

Table 9: **Actual Number of Local Public Officials**

Another possibility of employment will be the extension of supply of former local social service that is aimed at new strategy 2013-2020 of social support and assistance . This means that besides social service supports other services that can be provided at the local level through conditional transfer mechanism **may include social care care** for the needy such as orphans, people with disabilities, old peoples etc. Until now these services are covered by third parties. In the future, the new strategy aims to institutionalize such services in local governance structures.

The reorganization of water, sewage and waste services through the cooperation of local government units or the provision of services in larger territories, in order to benefit from economies of scale, has no potential of bringing about savings in human resources because actual employment level in these services at municipal level is very low or nonexistent[2].

[1] Calculating savings equal to a person for any office at the municipal level responsible for these services for 10 municipalities merged in future units of Klos and Burrel will give a total savings of no less than 50 public officials that is savings up to 25 % of total actual number of public officials.

[2] Most of the water supply systems in the LGUs of FA are of free flowing nature; hence the employees in each LGU for this service are either charged with billing or controlling lines and installations. In case of merger in larger units of service delivery , human resources employed at consumption control and measurement will have to be again

4.2. Functions of Local Government and FA Programme

The current functions of local government in FA Burrel , Klos generally follow the pattern of local government functions in the other part of national territory. In a summarized way they consist of :

- General government services
- Education
- Health
- Social Services
- Local Services (Urban Planning, Administration and Conservation of, Environment related services, Waste collection and Management , Water and Sanitation , Roads)
- Service of Population
- Economic Development

However, from the analysis of local service in FA Area, it follows **that some of the services that must exist at the local level are nonexistent or of insufficient coverage** for FA residents . More specifically the waste collection and management service IS offered only in Burrel , Klos , Ulëz and Suç; water supply and sewerage service is offered at a lower level than the average of the country, despite the fact that the area of Mati is rich in water resources .

The reasons have to do primarily with local LGUs' **inability to increase the amount of local revenues for covering the costs of providing local services**[1]. This inability is also the source of the inability to plan in the medium or long term beyond the level of operating expenses. Savings in operating costs as a result of savings described in the previous section will create better prospects for medium and long term budget planning. Both these developments in the future will be easier if local officials will have right skills in strategic planning and medium-term budget planning. Currently these skills are lacking; therefore it is recommended that training programs of local public administration in the future focus in this direction .

involved in these local centers , whereas billing services savings are calculated in the projects of engineering of services known as OSSH . For the service of waste collection and management the service is not offered almost in all actual LGUs except Burrel , Klos , Ulëz and Suç.

[1] From the consultations the team had with LGUs it seems that budgeted revenues and expenditures were never implemented according to the total planned figures.

5. PROJECTS OF DEVELOPMENT OF FA BURREL-KLOS

5.1. Methodological ground for selection and proposal of Projects

In the conception of future development projects in FA, the working group was referring to economic analysis and of services, and the combination of actions of public and private actors to address the gaps or take advantage of the opportunities for development of FA, on the basis of competitive advantages identified during analyses.

The purpose of these projects is to establish a vision of future development of FA, which although is expected to be identified at the time of electing new local public officials for new units, need to include by all means the following:

- Increasing the coverage of the population in the area with more effective (due to economies of scale) and qualitative public services.
- Guarantee and maintain at least the current level of supply of public services regardless of current LGUs merge into domestic larger units .
- Sustain economic development in FA through the exploitation of comparative advantages identified,
- Respect the environment, culture and local traditions.

In a schematic way the problematic and the typology of projects will be as in the below scheme:

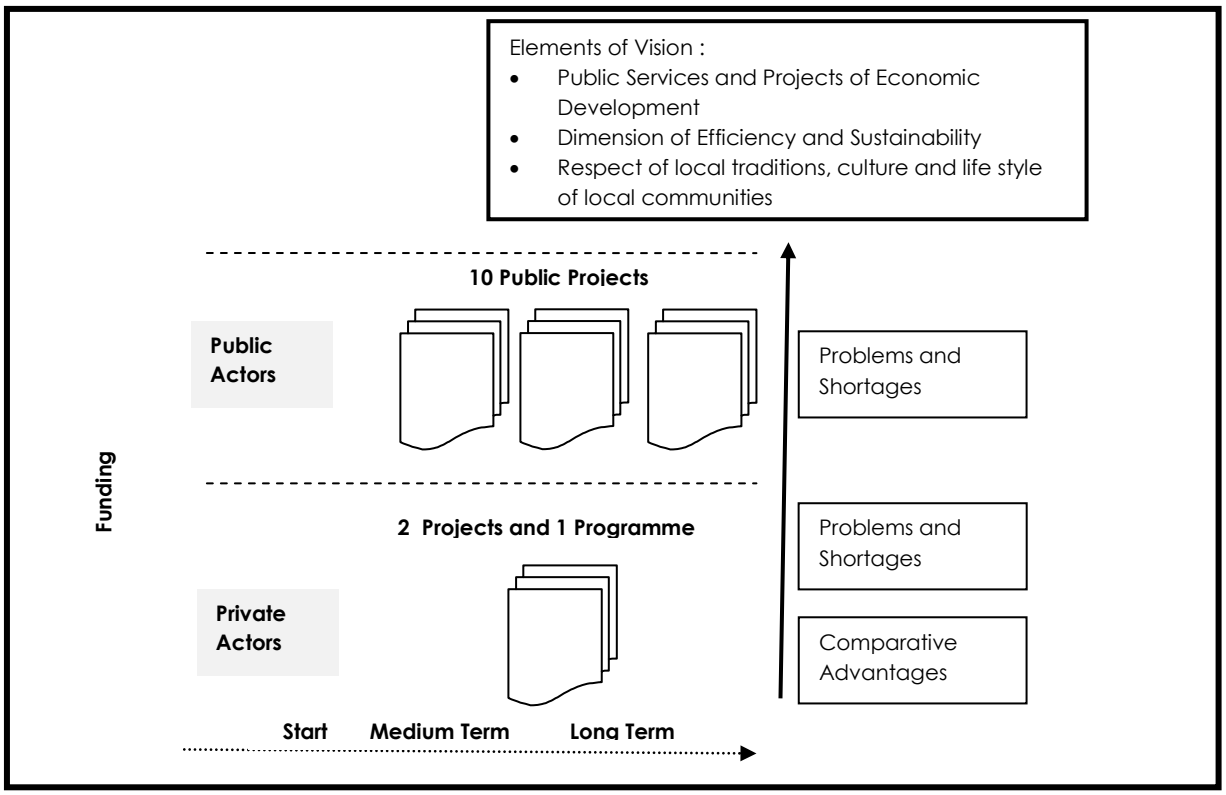


Figure 50: **Typology of Projects presented from the Team**

5.2. Projects

PROJECT 1

1. General Data

Project Title	One Stop Shop OSSH (Municipality of Mat)
Project Type	Public Sevices
Project Location	Burrel, Komsi, Lis, Macukull, Baz, Ulëz, Rukaj, Derjan,
Total pre-estimated budget	To be defined, but not less than 25,000,000 lekë

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are tendencies that should go in parallel. Currently, public services in Burrel are provided by the system of the One Stop Shop. This system should be extended and integrated with other units, which will be merged with the Municipality of Burrel, more concretely these units: *Komsi, Lis, Macukull, Baz, Ulëz, Rukaj, Derjan*. This is important especially for the support services in economic development (license issue, permission on exercise of activity, tariff payment and local tax payment, urban planning, maintenance of forests, etc.) as well other services of administrative character (civil registry, social support, etc.). The provision of these services with a support office and some offices in each of these merged units, will increase the service efficiency, keeping the same service standard already achieved.

3. Specific objective of the project

The OSSH will provide the public services in the amalgamated areas in an effective way and with a higher quality, increasing the transparency with the public.

4. Expected results and project indicators

- Increased efficiency in public services for the citizens of the Municipality of Mat (total number of population, over 27 000 inhabitants);
- Reduced public service cost per inhabitant, as a consequence of reduced cost of personnel and time spent for each service unit (more than 30 %);
- Increased transparency and quality of public services though inclusion of open service practice (100%).

5. Project activities

- Presentation of the concept and the benefits of a OSSH;
- Renovation and adaptation of the OSSH facilities;

- Refurbishment of the OSSH with the main equipment;
- Employment of personnel, training and testing;
- Development of promotion materials (logo of OSSH, signs, leaflets, postal box for the citizens, comments and complain).

6. Project maturity

There is an existing practice in the Municipality of Burrel, which should be merged with other municipalities, in the framework of the new unit Mat.
There exists a pilot project developed by dldp programme for Lezha unit or Kallmet, that can be implemented in these areas.

7. Funding resources and implementation partners

Funding resources:

- The Regional Development Fund
- Unconditional transfers
- Donors
- Decentralization Support Fund

Partners:

- Municipality of Mat
- Central Government and Council of Qark
- Donors: UNDP, OSBE, EU

8. Project cost

Concept presentation and benefits from a OSSH	
Renovation and rehabilitation of the OSSH	
Refurbishment of OSSH with basic equipment	
Personnel employment, training and testing	
Development of promotion materials	
Total:	**Not less than 25,000,000 lekë**

PROJECT 2

1. General Data

Project Title	One Stop Shop OSSH (Municipality of Klos)
Project Type	Public Sevices
Project Location	Klos, Suç, Xibër, Gurrë
Total pre-estimated budget	To be defined, but not less than 13,000,000 lekë

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are the tendencies that should go in parallel. Currently, there is no service practice of this kind in the communes to be merged, so work should start from scratch. This is important especially for the support services in economic development (license issue, permission on exercise of activity, tariff payment and local tax payment, urban planning, maintenance of forests, etc.) as well other services of administrative character (civil registry, social support, etc.). The provision of these services with a support office and some offices in each of these merged units, will increase service efficiency, keeping the same service standard already achieved.

3. Specific objective of the project

The OSSH will provide the public services in the amalgamated areas in a more effective way and with a higher quality, increasing the transparency with the public.

4. Expected results and project indicators

- Increased efficiency in public services for the citizens of the Municipality of Klos (total number of population, over 16 000 inhabitants);
- Reduced public service cost per inhabitant, as a consequence of reduced cost of personnel and time spent for each service unit (more than 30 %);
- Increased transparency and quality of public services though introduction of open services practice (100%).

5. Project activities

- Presentation of the concept and the benefits of a OSSH;
- Renovation and adaptation of the OSSH facilities;
- Refurbishment of the OSSH with the basic equipment;
- Employment of personnel, training and testing;
- Development of promotion materials (logo of OSSH, signs, leaflets, postal box for the citizens, comments and complains).

6. Project maturity

Currently, there is no practice in service provision of this kind in the communes that should be merged, so work should start from scratch.
There exists a pilot project developed by dldp programme for Lezha unit or Kallmet, which can be implemented in these areas.

7. Funding resources and implementation partners

Funding resources:

- The Regional Development Fund
- Unconditional transfers
- Donors
- Decentralization Support Fund

Partners:

- Municipality of Klos
- Central Government and Council of Qark
- Donors: UNDP, OSBE, EU

8. Project cost

Concept presentation and benefits from a OSSH	
Renovation and rehabilitation of the OSSH	
Refurbishment of OSSH with basic equipment	
Personnel employment, training and testing	
Development of promotion materials	
Total:	**Not less than 13,000,000 lekë**

PROJECT 3

1. General Data

Project Title	Se up of Archive Office and database for the Municipality of Mat and Klos
Project Type	Public Services
Project Location	Municipality of Mat and Klos
Total pre-estimated budget	4,000,000 lekë

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are the tendencies that should go in parallel. No matter the way public services are provided, the support information (population registry, assets, taxpayers, businesses, etc.) should be integrated. This implies integration of physical archives in new units that will be created and creation of physical and electronic integrated database for both the municipality units of Mat and Klos. This also implies the installation of an internal information system to be used for maintenance and access in these data by the service units.

3. Specific Objective of the project

Development of an integrated physical and electronic database for the units of the Municipality of Klos and Mat.

4. Expected results and project indicators

- The development of physical and electronic database for the municipality units of Mat and Klos (the offices of the central and local archives, the system of classification and paper forms, electronic and photographic ones, folders and shelves, lightening and preserving the registers, the manual of access and transfer of data)
- The concept of architecture and scheme of data use by the service units (central units, local servers, migration time of the data and format)
- Selection of software and licenses for use of data by the service units (open source or simple database system Access, or My SQL)
- Training of personnel and development of manuals for the data use (with a training course for the merged units and a joint training manual)

5. Project activities

- Presentation of the concept and benefits from integrated archives;

- Study and selection of the concept;
- Tendering and selection of implementation company;
- Renovation and adaptation of premises, installation of equipment against fire and moist;
- Purchase of equipment, servers and use licenses, photocopy machines with integrated scanners;
- folders, shelves, ventilation equipment for the archives;
- Installment of programme for use of data and internal use system;
- Development of manuals;
- Personnel training and testing.

6. Project maturity

There are no initial studies. Preliminary studies from other local government units should be adapted and assistance should be required from more advanced local government units.

7. Funding resources and implementation partners

Funding resources:

- The Regional Development Fund
- Unconditional transfers
- Donors
- Decentralization Support Fund

Partners:

- Municipality of Mat
- Central Government and Council of Qark
- NAA
- Donors: UNDP, OSBE, EU

8. Project Cost (for the Municipalities, Mat, Klos and all units to be amalgamated)

• Presentation of the concept and benefits of integrated archives • Study and selection of the concept • Tendering and selection of the implementing company	500,000
• Renovation and adaptation of premises, equipment against fire and moist • Purchase of equipment, servers and use licenses, photocopy machines with integrated scanners, folders, shelves, ventilation equipment for the archives	3,000,000
• Installation of programme for use of data and system of internal use • Development of Guiding Manuals	500,000
Personnel recruitment, training and testing	Included in the previous line
Total:	**4,000,000 lekë**

PROJECT 4

1. General Data

Project Title	Development of Websites for the Municipality Units of Mat and Klos
Project Type	Public Services
Project Location	Municipality of Mat and Klos
Total pre-estimated budget	1,000,000 lekë

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are the tendencies that should go in parallel. Development of websites to enable access in real time to information on public services, costs and results of local government authorities, would increase transparency and effectiveness of these services. These websites could be deposited and maintained by central servers which would be created by the integrated data system according to project fiche no. 3.

3. Specific Objective of the project

Development of websites for the Municipality of Mat and Klos and their maintenance with updated information on public services.

4. Expected results and Project indicators

- Development of websites for the Municipality Mat and Klos (effective websites with direct communication with central servers of these municipalities);
- Updated information in the websites of the municipalities (public services provided, taxes, tariffs, licenses, touristic sources, cultural activities, results of activities of public officials);
- Increase in transparency and accountability of local public officials (presence in the website of strategic plans of economic development, annual and mid-term budget plans, quarterly and semi-annual reports of budget execution, decisions of municipality council and plans on public hearing, results of procurement and contracts, results of audits and implementation of recommendations).

5. Project activities

- Presentation of concept and format of websites
- Approval and development of the Code
- Training of personnel for maintenance
- Filling in the Website and maintenance

6. Project Maturity

Currently, the Municipality of Burrel has a functional website, which should be enriched and integrated with information coming from other units. The code and the format exist, so it means only its enrichment.
The website of the Municipality of Klos could be developed with the same concept and format, minimizing the costs.

7. Funding resources and implementation partners

Funding resources:

- Donors (STAR Project)
- Decentralization Support Fund

Partners:

- Municipality of Mat and Klos
- Central Government and Council of Qark
- NAA
- Donors: UNDP, OSBE, EU

8. Project Cost

Presentation of concept and format of websites	0 (starting from the replication of the existing website of Burrel)
Approval and development of the Code	20,000
Training of personnel for maintenance	20,000
Writing in the website and maintenance	They will be part of the activities employed for the maintenance of the internal information network
Total:	40,000 lekë

PROJECT 5

1. General Data

Project Title	Integrated service of urban waste collection, deposit and management (Municipality Mat)
Project Type	Public Services
Project Location	Burrel, Komsi, Lis, Macukull, Baz, Ulëz, Rukaj, Derjan
Total pre-estimated budget	900,000 lekë + Part of investments specified by the study

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are the tendencies that should go in parallel.

The urban waste collection is currently organized only in Burrel (100 % of the population) and Ulëz (50 % of the population). The other ex-communes do not provide this service, which is necessary to improve the quality of citizens' life and improve the perspectives of economic development, for as long as they are related to a cleaner environment quality. The project has a specific importance, even for the fact that Burrel has a regional hospital, the waste of which is not yet treated separately. The development of an integrated system of waste collection and urban waste management could have a better quality and it could be more effective under the new conditions for the Municipality of Klos, having to supervise a greater area. The service costs could be lower and as a consequence, the service tariffs would be lowered.

3. Specific Objective of the Project

The development of an integrated system for the urban waste collection, deposit and management for the citizens and the inhabitants of the Municipality of Mat and the surroundings.

4. Expected results and Project indicators

- Increase in service effectiveness of urban waste collection and processing for the citizens of the Municipality of Mat and the surroundings (total population over 27000 inhabitants, the percentage of coverage with over 75% at the end of the project);
- Development of quality dump-sites for all the territories under the authority of the Municipality of Mat (8 dump-sites);
- Development of cost calculation system for the integrated system (cost per inhabitant and as a consequence the same tariff for all the inhabitants covered with service);
- Memorandum of cooperation with other regional units for the development of a regional dump-site for waste processing.

5. Project activities

- The study on integrated urban waste collection and deposit in the Municipality of Mat and components composting.

- Approval at the Municipality Council and opening of procurements for investments and service. Approval of the service tariff, as part of the fiscal package applied by the Municipality and inclusion of revenues/expenses in planning/implementation of the municipality budget.
- Project-memorandum developed and discussed on building regional dump-sites for waste processing.
- Selection of the winner for investment, contracting and organization of the service by the Municipality, or the sub-contractor.
- Development of promotion materials on promotion and service modalities (leaflets)

6. Project maturity

There existed such a practice in the Municipality of Burrel and Ulëz in the provision of this service. This practice should be extended to other municipalities that will merge into the new unit of Mat.
There exists a pilot project developed by dldp for the local government units in Shkodra and Lezha, which can be developed and implemented in these areas.
There is a project developed by EU at regional level on development of dump-sites (Qark of Dibra), which can facilitate the preparation process and the signing of the cooperation memorandum with other LGU's to minimize costs.

7. Funding resources and implementation partners

Funding resources:

- Regional Development Fund
- Unconditional Transfers
- Revenues from the tariffs
- Donors
- Decentralization Support Fund

Partners:

- Municipality of Mat Central Government and Council of Qark
- NAA
- Donors: UNDP, OSBE, EU, BERZH

8. Project Cost

Study on integrated urban waste collection and deposit in the municipality of Mat and components costing	800,000
Development of promotion materials (2000 pieces)	100,000
Investment in dump-sites and equipment for service provision	Depending on the study
Total:	900,000 (plus the investment specified by the Study)

PROJECT 6

1. General Data

Project Title	Integrated service of urban waste collection, deposit and management (Municipality of Klos)
Project Type	Public Services
Project Location	Klos, Suç, Xibër, Gurrë
Total pre-estimated budget	900,000 lekë + Part of investments specified by the study

2. Background and Problem Analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are the tendencies that should go in parallel.

The urban waste collection is currently organized only in Klos (30 % of the population) and Suç (80 % of the population). The other ex-communes do not provide this service, which is necessary to improve the quality of citizens' life and improve the perspectives of economic development, for as long as they are related to a cleaner environment quality.

The project has a specific importance, even for the reason that Burrel has a regional hospital, the waste of which is not yet treated separately. The development of an integrated system of waste collection and urban waste management could have a better quality and it could be more effective under the new conditions for the Municipality of Klos, having to supervise a greater area. The service costs could be lower and as a consequence the service tariffs would be lowered.

3. Specific Objective of the Project

The development of an integrated system for the urban waste collection, deposit and management for the citizens and the inhabitants of the Municipality of Klos and the surroundings.

4. Expected results and Project indicators

- Increase in service effectiveness of urban waste collection and processing for the citizens of the Municipality of Klos and the surroundings (total of population of over 16000 inhabitants, the percentage of coverage with over 75% at the end of the project);
- Development of quality dump-sites for all the territories under the authority of the Municipality of Klos (4 dump-sites);
- Development of cost calculation system for the integrated system (cost per inhabitant and as a consequence the same tariff for all the inhabitants covered with service);
- Memorandum of cooperation with other regional units for the development of a regional dump-site for waste processing.

5. Project activities

- The study on integrated urban waste collection and deposit in the Municipality of Mat and components composting.
- Approval at the Municipality Council and opening of procurements for investments and service. Approval of the service tariff, as part of the fiscal package applied by the Municipality and inclusion of revenues/expenses in planning/implementation of the municipality budget.
- Project-memorandum developed and discussed on building regional dump-sites for waste processing.
- Selection of the winner for investment, contracting and service organization by the Municipality, or the sub-contractor.
- Development of promotion materials on promotion and service modalities (leaflets)

6. Project maturity

There existed such a practice in the Municipality of Klos and Suç in the provision of this service. This practice should be extended to other municipalities that will merge into the new unit of Klos.

There exists a pilot project developed by dldp for the local government units in Shkodra and Lezha, which can be developed and implemented in these areas.

There is a project developed by EU at regional level on development of dump-sites (Qark of Dibra), which can facilitate the preparation process and the signing of the cooperation memorandum with other LGU's to minimize costs.

7. Funding resources and implementation partners

Funding resources:

- Regional Development Fund
- Unconditional Transfers
- Own revenues from the tariff
- Donors
- Decentralization Support Fund

Partners:

- Municipality of Mat
- Central Government and Council of Qark
- Donors: UNDP, OSBE, EU, BERZH

8. Project Cost

Study on integrated urban waste collection and deposit in the municipality of Klos and component costing	800,000
Development of promotion materials (2000 pieces)	100,000
Investment in dump-sites and equipment for service provision	Depending on the study
Total:	900,000 (plus the investment specified by the Study)

PROJECT 7

1. General Data

Project Title	Reorganization and expansion of Water network and sanitation (Municipality of Mat)
Project Type	Public Services
Project Location	Burrel, Komsi, Lis, Macukull, Baz, Ulëz, Rukaj, Derjan,
Total pre-estimated budget	900,000

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are tendencies that should go in parallel.

The water supply in the Municipality of Burrel is provided for 100% of the population, whereas the sewage for at least for 60 % of it. In other communes, the inhabitants access to service provision schemes is even lower. In the city of Burrel, the service is organized as a shareholding company, whereas in the rest of the territory, both services are managed by the communes themselves. The tariff collection is at the level of 50 %. The creation of an extended entity, such as Municipality of Burrel, makes it necessary to re-organise the services and to add investments to increase the service level and access level to these two basic services, making it comparable to national levels.

3. Specific Objective of the Project

The reorganization of the water-sanitation service and adding up investments to increase the inhabitants access to this service at comparable levels (not less than) with national average norms published by the Ministry of Public Works and Transport.

4. Expected results and Project indicators

- The reorganization of the water supply and sewage, to include all the amalgamated units into one single service entity for all the inhabitants (a service entity organized as a public corporate; the total number of population to be provided service is more than 27000 inhabitants; the access percentage in the water supply network is more than 85 % and for sanitation more than 50 %);
- Setting one single tariff for water supply service and sanitation services in all the territories of the new Municipality of Mat (published tariff and included in the fiscal package approved by the Municipality of Mat and in the green tax).

- Development of cost calculation system for the integrated system for water supply and sanitation service (cost per inhabitant and as a consequence the same tariff for all the inhabitants covered with service);
- Increased revenues from the service unit (the balance of the activity from the service unit is not negative).
- New investments to improve inhabitants' access in these services carried out by the Municipality of Mat (plans and implementation of investment project by the Municipality of Mat).
- Investments for increased effectiveness in service and service bills and lower losses (investments in meters, passing from the tariff to a fix sum in tariff for m^3).

5. Project activities

- Study on integrated system of water supply and sanitation and the way of organizing the service entity (shareholding company or the municipality).
- Review of plans and projects for ex-units for investments and development of an integrated plan for these investments in coordination with the responsible structure at central level (Ministry of Public Works and Transport)
- Harmonization of regulation and statute of the unit that provides the service according to the law on decentralization and local finances.
- Approval in the Municipality Council of the project-plans for investments and requests for funding from donors or ADF or the Regional Development Fund.
- Approval of the service tariff as part of the fiscal package applied by the Municipality and inclusion of the revenues/expenses in the plan/implementation of the municipality budget.
- Development of promotion materials for the promotion and service modalities (leaflets)

6. Project maturity

Currently, the water supply service in the units that will be merged in the Municipality of Mat, are provided by the communes. This service form is different from the existing Municipality of Burrel, where the service is provided by a shareholding company. The study is expected to give recommendations on service provision in the future.
There exist a lot of investment plans in the area, carried out by the ex-communes or the Municipality of Burrel. But these plans should be redeveloped to adapt to the new reality of the functioning of the Municipality of Mat.
The new law on Local Government functioning is expected to specify the powers and the way of organization of the water supply and sanitation services by the local government units.

7. Funding resources and implementation partners

Funding resources:

- Regional Development Fund

- Albanian Development Fund
- Unconditional Transfers
- Own revenues from the tariff
- Donors
- Decentralization Support Fund

Partners:

- Municipality of Mat
- Central Government and Council of Qark
- Donors: EU, BERZH, KWF

8. Project cost (in lekë)

Study on integrated service system of water supply and sanitation and the way of service entity organisation	800,000
Development of promotion materials (2000 pieces)	100,000
Total:	900,000

PROJECT 8

1. General data

Project Title	Improvement of public service planning of transport (Municipality of Mat)
Project Type	Public Services
Project Location	Burrel, Komsi, Lis, Macukull, Baz, Ulëz, Rukaj, Derjan
Total pre-estimated budget	0 lekë

2. Background and Problem Analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. The public transport service and road maintenance is related to the responsible local unit for the local roads maintenance and issue of public transport permissions. Improved quality of public transport service depends on regulating the public transport activity through an effective permission system, as well as capacity of local government units to generate sufficient revenues to improve the road infrastructure.

3. Project specific objective

Improvement of capacities in public transport planning and investments in infrastructure, as a pre-condition to improve the public transport quality in the Municipality of Mat.

4. Expected results and Project indicators

- Inventarisation of local streets of the Municipality of Mat and recognition of their technical conditions (categories, severity and technical conditions, traffic volume and kinds of autos, inhabitants that have access);
- Model installation of street planning in Excel according to the simplified World Bank model, to define the transport cost and investment planning (setting the model parameters and cost calculation of different types of public transport according to the road conditions, planning of investments and street maintenance as part of short-term and long-term budgets);
- Establishment of unique and combined licenses for the public transport in the Municipality of Mat (license published and included in the fiscal package approved by the Municipality of Mat).
- Increased revenues from the service units and decreased informality in the sector (revenues from selling licenses and volume of autos that exercise activity in an informal way).
- New investments to improve the local infrastructure of the Municipality of Mat (plans and implementation of investment by the Municipality of Mat).

5. Project activities

- Inventory of streets, traffic and autos.
- Installation of Software and Planning Module according to the simplified and free version of WB.
- Translation of the Module and training of users of the module.
- Calculation of new licenses for the Municipality of Mat and their selling.
- New investment plans and road infrastructure maintenance in short-term and mid-term budgets of the Municipality of Mat.

6. Project maturity

There is no module and no programme installed at municipality level for the moment. On the other side, the module is free. Its translation and installation could be directly done by the employees of the municipality.

7. Funding resources and implementation partners

Funding resources:

- Unconditional Transfers
- Own revenues from the tariff

Partners:

- Municipality of Mat

8. Project Cost

Inventory of streets, traffic and autos	0
Installation of Software and Planning Module according to the simplified and free version of WB	0
Translation of the Module and training of users of the module	0
Calculation of new licenses for the Municipality of Mat and their selling.	0
New investment plans and road infrastructure maintenance in short-term and mid-term budgets of the Municipality of Mat.	0
Total:	0

PROJECT 9

1. General data

Project Title	Improvement of public service planning of transport (Municipality of Klos)
Project Type	Public Services
Project Location	Klos, Suç, Xibër, Gurrë
Total pre-estimated budget	0 lekë

1. Background and Problem Analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. The public transport service and road maintenance is related to the responsible local unit for the local roads maintenance and issue of public transport permissions. Improved quality of public transport service depends on regulating the public transport activity through an effective permission system, as well as capacity of local government units to generate sufficient revenues to improve the road infrastructure.

2. Project specific objective

Improvement of capacities in public transport planning and investments in infrastructure, as a pre-condition to improve the public transport quality in the Municipality of Klos.

3. Expected results and Project indicators

- Inventory of local streets of the Municipality of Klos and recognition of their technical conditions (categories, severity and technical conditions, traffic volume and kinds of autos, inhabitants that have access);
- Installation of model of street planning in Excel according to the simplified World Bank model, to define the transport cost and investment planning (setting the model parameters and cost calculation of different types of public transport according to the road condition, planning of investments and street maintenance as part of short-term and long-term budgets);
- Establishment of unique and combined licenses for the public transport in the Municipality of Klos (license published and included in the fiscal package approved by the Municipality of Klos).
- Increased revenues from the service units and decreased informality in the sector (revenues from selling licenses and volume of autos that exercise activity in an informal way).
- New investments to improve the local infrastructure of the Municipality of Klos (plans and implementation of investment by the Municipality of Klos).

4. Project activities

- Inventory of streets, traffic and autos.
- Installation of Software and Planning Module according to the simplified and free version of WB.
- Translation of the Module and training of users of the module.
- Calculation of new licenses for the Municipality of Klos and their selling.
- New investment plans and road infrastructure maintenance in short-term and mid-term budgets of the Municipality of Klos.

5. Project maturity

There is no module and no programme installed at municipality level for the moment. On the other side, the module is free. Its translation and installation could be directly done by the employees of the municipality.

6. Funding resources and implementation partners

Funding resources:

- Unconditional Transfers
- Own revenues from the transport licenses

Partners:

- Municipality of Klos

7. Project Cost

Inventory of streets, traffic and autos	0
Installation of Software and Planning Module according to the simplified and free version of WB.	0
Translation of the Module and training of users of the module	0
Calculation of new licenses for the Municipality of Klos and their selling	0
New investment plans and road infrastructure maintenance in short-term and mid-term budgets of the Municipality of Klos	0
Total:	0

PROJECT 10

1. General Data

Project Title	Reorganization and expansion of Water network and sanitation (Municipality of Mat)
Project Type	Public Services
Project Location	Klos, Suç, Xibër, Gurrë
Total pre-estimated budget	900,000

2. Background and problem analysis

Because of the merge and amalgamation of the local government units into bigger ones, a new situation will emerge and the effective public service provision is expected to be one of the main aimed consequences. Keeping the same standard in providing the current services and further improvement are tendencies that should go in parallel.

The water supply in the Municipality of Klos covers only part of the population, whereas access to sewage is even lower. In other communes, the inhabitants' access to service provision schemes is even lower. Both services are managed by the communes themselves. The tariff collection is under the level of 50 %. The creation of a new entity, such as Municipality of Klos, makes it necessary to re-organize the services and to add investments to increase the service level and access level to these two basic services, making it comparable to national levels.

3. Specific Objective of the Project

The reorganization of the water-sanitation service and adding up investments to increase the inhabitants' access to this service at comparable levels (not less than) with national average norms published by the Ministry of Public Works and Transport.

4. Expected results and Project indicators

- The reorganization of the water supply and sewage, to include all the amalgamated units into one single service entity for all the inhabitants (a service entity organized as a public corporate; the total number of population to be provided service is more than 1600 inhabitants; the access percentage in the water supply network is more than 85 % and for sanitation more than 50 %);
- Setting one single tariff for water supply service and sanitation services in all the territories of the new Municipality of Klos (published tariff and included in the fiscal package approved by the Municipality of Mat and in the green tax).
- Development of cost calculation system for the integrated system for water supply and sanitation service (cost per inhabitant and as a consequence the same tariff for all the inhabitants covered with service);

- Increased revenues from the service unit (the balance of the activity from the service unit is not negative).
- New investments to improve inhabitants' access in these services carried out by the Municipality of Klos
- (plans and implementation of investment project by the Municipality of Klos).
- Investments for increased effectiveness in service and service bills and lower losses (investments in meters, passing from the tariff to a fix sum in tariff for m^3).

5. Project activities

- Study on integrated system of water supply and sanitation and the way of organizing the service entity (shareholding company or the municipality).
- Review of plans and projects for ex-units for investments and development of an integrated plan for these investments in coordination with the responsible structure at central level (Ministry of Public Works and Transport)
- Harmonization of regulation and statute of the unit that provides the service according to the law on decentralization and local finances.
- Approval in the Municipality Council of the project-plans for investments and requests for funding from donors or ADF or the Regional Development Fund.
- Approval of the service tariff as part of the fiscal package applied by the Municipality and inclusion of the revenues/expenses in the plan/implementation of the municipality budget.
- Development of promotion materials for the promotion and service modalities (leaflets)

6. Project maturity

Currently, the water supply service in the units that will be merged in the Municipality of Klos, is provided by the municipality or communes. The study is expected to give recommendations on service provision in the future.
There exist a lot of investment plans in the area, carried out by the ex-communes or the Municipality of Burrel. But these plans should be redeveloped to adapt to the new reality of the functioning of the Municipality of Mat.
The new law on Local Government functioning is expected to specify the powers and the way of organization of the water supply and sanitation services by the local government units.

7. Funding resources and implementation partners

Funding resources:

- Regional Development Fund
- Albanian Development Fund
- Unconditional Transfers
- Own revenues from the tariff
- Donors

- Decentralization Support Fund

Partners:

- Municipality of Klos
- Central Government and Council of Qark
- Donors: EU, BERZH, KWF

8. Project cost (in lekë)

Study on integrated service system of water supply and sanitation and the way of service entity organization	800,000
Development of promotion materials (2000 pieces)	100,000
Total:	900,000

PROJECT 11

1. General data

Project Title	Creation of associations of fruit products: grapes, chestnuts, apples, pears, etc. (Municipality of Klos and Mat)
Project type	Economic development through revenue increase from local products
Project location	All the communes along Mat valley
Total pre-estimated budget	1,030,000,000 Lekë

2. Background and problem analysis

Mat Valley has favorable conditions for the cultivation of many fruit trees and especially grapes. Some local varieties are popular in Mat and even beyond (Tajga e Bardhë, e Kuqe, Cërruja etc.). However, the benefits from the production and marketing of these products remain limited. The reason for this is the low ability to invest in production and processing technologies, directly related to the limited size of agricultural farms and livestock. Promoting forms of cooperation through the creation of associations of producers or processors with a legal status, would increase credit capacity and benefits from economies of scale.

3. Project specific objective

Sustainable economic development, using local comparative and competitive advantages.

4. Expected Results and project indicators

- Creation of associations of producers and processors of fruit trees with a legal status (at least 5 member associations created with contributions in assets, or membership quotes, with boards and bank accounts and ability to enter into financial transactions with third parties at the benefit of its members).
- Increased sales volumes and income for local farmers from marketing of local domestic products in the local, regional and national market, (sales volumes and revenues at local level higher than in the last three years, before the creation of these associations).
- Investment in collection points and refrigerating equipment (each association at the end of the three year period of the activity should own at least one warehouse and fridge storage for the products concerned).
- Development of local registered brands for the domestic products (each association to have its own brand of the product concerned).
- Connection with regional and national institutes of agriculture on support with coaching programs in technology and modern methods in processing, in accordance with the climatic conditions of the area (links and cooperation

memoranda signed with the Institute of Agriculture BIO, grapes and seedlings, University of Kamëz, etc.).

5. Project activities

- Create associations and act with a legal status (board, statute, administration, headquarters and bank accounts under Albanian law).
- Start and expand the intermediary activity of sale contracts, or agricultural product processing with third parties in local, regional, national or international markets. Create online portals or call trading of these products.
- Expand the associations' assets through contributions in parts, quotas from members towards participation in profit, or through credit financing on favorable terms, to be paid from activity profit.
- Create local brands for local products and have a certification system of these brands by the respective associations.
- Train farmers with modern methods of growing and processing agricultural products, always respecting the environment and local traditions.
- Promotional and informational activities to increase the participation level and membership in these associations.

6. Project maturity

There are no initial concepts and no preliminary phase of this project.

7. Funding sources and implementation partners

Funding sources:
- Regional Development Fund;
- Albanian Development Fund;
- Own revenues from membership quota or members assets in the association;
- Donors;
- Banks and financial institutions.

Partners:
- Municipality of Mat and Klos;
- Ministry of Agriculture, regional directorates of agriculture, dependant institutions;
- Donors: EU, WB, USAID, GIZ;
- Banks: BERZH, ProCredit, Microfinance institutes.

8. Project Cost (in lekë) (for 5 such associations):

Create associations and make them active	20,000,000
Start and expand the intermediary activity of sale contracts, or agricultural product processing with third parties in local, regional, national or international markets. Create online/call portals for these products trade.	0

Expand the associations' assets through contributions in parts, quotas from members towards participation in profit, or through credit financing on favorable terms, to be paid from activity profit.	1,000,000,000
Create local brands for local products and have a certification system of these brands by the respective associations	10,000,000
Train farmers with modern methods of growing and processing agricultural products, always respecting the environment and local traditions. Promotional and informational activities to increase the participation level and membership in these associations.	0 (included in the expenses of the associations activity)
Total:	**1,030,000,000**

PROJECT 12

1. General data

Project Title	Creation of entities on livestock product processing (Municipality of Klos and Mat)
Project type	Economic development through revenue increase from local products
Project location	All the communes of FA Mat -Klos
Total pre-estimated budget	31,800,000 Lekë

2. Background and problem analysis

Klos and Mat area is distinguished for special quality of livestock products, because of the climate, vegetation and abundant waters. However, this area has no processing plants for these products, which leads to byproducts remaining in the local market. They do not meet quality standards to pass the national and international markets. Investments in these plants will increase the quality of products for export opportunities and family income in the functional area.

3. Project specific objective

Sustainable economic development, using local comparative and competitive advantages in dairy products.

4. Expected Results and project indicators

- Investment in a processing unit of dairy products in the territory of the municipalities of Mat and Klos, with a capacity up to 1 ton per day for milk processing units and 800 kg per day for the meat (2 dairies and 1 sausage factory constructed in the territory of the Area Functional);
- Increased sales volumes and income for local farmers from the marketing of domestic products in the local, regional and national markets (sales volumes and revenues at local level higher than in the last three years, before the establishment of these units).
- Development of registered local brands for domestic products (each association to have its own brand of the product concerned);
- Connection to regional and national institutes of agriculture/livestock farming on support with couching programs in technology and modern processing methods, in accordance with the climatic conditions of the area (links and cooperation memoranda signed with the Ministry of Agriculture and dependant institutes).

5. Project Activities

- Feasibility study of investments and request for loans;

- Negotiation on loans with facilitating conditions, with a financial institution (donor, bank or microfinance institution);
- Allocation of loans and initiation of investments. Operationalization of the respective units and marketing of processed goods;
- Creation of local brands for local products and certification system of these brands by institutes of quality assurance.

6. Project Maturity

There are no initial concepts and no preliminary phase of this project.

7. Funding sources and implementation partners

Funding sources:
- Donors;
- Banks and financial institutions.

Partners:
- Ministry of Agriculture, regional directorates of agriculture, dependant institutions;
- Donors: EU, WB, USAID, GIZ;
- Banks: BERZH, ProCredit, Microfinance institutes.

8. Project cost (in lekë) (for 5 associations)

Feasibility study of investments and request for loans	800,000
Negotiation of loans with facilitating conditions with a financial institution (donor, bank or microfinance institution)	0
Allocation of loans and initiation of investments. Operationalization of the respective units and marketing of processed goods.	30,000,000
Creation of local brands for local products and certification system of these brands by institutes of quality assurance.	1,000,000
Total:	**31,800,000**

PROJECT 13

1. General data

Project Title	Creation of crediting schemes for family touristic operators (Municipality of Klos and Mat)
Project type	Economic development through revenue increase from service activities
Project location	Municipality of Klos and Mat
Total budget (Preliminary estimation)	100,000,000 lekë + a part to be estimated

2. Background and problem analysis

The territory of the two municipalities of Mat and Klos is rich in tourism resources, but the touristic infrastructure in these areas is underdeveloped or inexistent. However, family tourism can be a competitive and attractive alternative with immediate impact on household income. To achieve this result, it is necessary to invest in improvement of domestic premises of private houses, so that they can serve as the host units for individual tourists in the mountain units. Availability of an open credit fund related to loans for this kind of service, would improve the quality and increase the service standard in this regard.

3. Project specific objective

Sustainable economic development, using local touristic resources and increasing the service quality.

4. Expected Results and project indicators

- Creation of a fund and investment financing scheme, targeting family tourism, with loans on favorable terms (a fund of 100 million Lekë), open for application from family operators;
- At least one third of the identified tour operators are provided service, or are annually reimbursed from the loan fund (one third of the identified family units provided with service).
- Increased family tourism and increased domestic income (the number of family tourists and income from tourism at local level, higher than in the last three years, before the creation of the association).

5. Project activities

- Creation of a fund and finance scheme, in cooperation with donors or crediting institutions.
- Application and allocation of loans, or reimbursement on investments in family economies, with the final goal, the family tourism.

- Family investment at the function of increased service quality.
- Promotional and information activities on service possibilities from hotel and restaurant operators association.

6. Project Maturity

There are no initial concepts and no preliminary phase of this project.

7. Funding sources and implementation partners

Funding sources:
- Ministry of Agriculture, of Tourism, Economy, Entrepreneurship and Economic Development
- Donors;
- Banks and micro-financial institutions.

Partners:
- Municipality of Mat and Klos
- Ministry of Agriculture, Ministry of Tourism
- Donors: EU, WB, USAID, GIZ;
- Banks: BERZH, ProCredit, Microfinance institutes.

8. Project cost (in lekë)

Creation of a fund and finance scheme, in cooperation with donors or crediting institutions.	100,000,000
Application and allocation of loans, or reimbursement on investments in family economies, with the final goal, the family tourism.	0
Family investment at the function of increased service quality.	Participation of family operators to be estimated.
Promotional and information activities on service possibilities from hotel and restaurant operators association.	To be estimated at the function and medium of distribution
Total:	**100,000,000** + the part to be estimated

6. ANNEX

Calculations of Revenues from MILK Processing Units

Milk Processing Line 1 t/Day , Investment cost 100000 $

Option 1:	**Simple Packaging**
1000	Liter of Milk
	Sold in the Market as
100,000	**processed Milk**
96,348	**Total Cost**
50,000	*Milk bought from Farmers*
5,000	*Employees (3)*
2,000	*Chimist/ Engineer*
2,000	*Economist*
2,500	Car
25,000	Cost of Energy and Plastic Material
9,848	Cost of Credit
3,652	**Margin/day**

Option 2:	**Production of Butter and Cheese**
400	Milk for Sale as packed milk with high fat (l)
300	Milk for Butter (l)
300	Milk for Cheese (l)
109,000	**Total Revenue**
40,000	Whole Fat Milk Sold in the market
33,000	Half Fat Milk
15,000	Butter
21,000	Cheese
96,348	**Total Cost**
12,652	**Margin/Day**
21,652	**Revenue/Day**
17,148,000	**Revenue/Year**
6%	**Revenue growth potential of processed products**

At the level of revenues of rural communities

Assuming that 3 processing lines like these are build

Interest Rates	Credit	Principal	Interest	Total	Year
10%	10,000,000	2,000,000	1,000,000	3,000,000	1
10%	8,000,000	2,000,000	800,000	2,800,000	2
10%	6,000,000	2,000,000	600,000	2,600,000	3
10%	4,000,000	2,000,000	400,000	2,400,000	4
10%	2,000,000	2,000,000	200,000	2,200,000	5
				13,000,000	**Total**
				2,600,000	**Average**

Calculations of Revenues from MEAT Processes Units/ Sausages

Sausage Processing Lines	800 kg/day, Investment for line and packaging 20000$
520,000	Revenue from Sale
420,170	Cost
315,000	*Meat*
52,500	*Fat*
20,000	*Spices and Conservants*
23,500	*In- Fillings and accessories*
3,200	*Employees*
2,000	*Economist*
2,000	*Car*
1,970	*Cost of Credit*
99,830	Margin/Day
105,030	At the level of rural communities
27,727,920	Revenue/Year
8.96%	Revenue growth potential of processed products

Interest Rates	Credit	Principal	Interest	Total	Year
10%	2,000,000	400,000	200,000	600,000	1
10%	1,600,000	400,000	160,000	560,000	2
10%	1,200,000	400,000	120,000	520,000	3
10%	800,000	400,000	80,000	480,000	4
10%	400,000	400,000	40,000	440,000	5
				2,600,000	Total
				520,000	Average

Calculations of Minimal and Normal Investments on Roads based on Benchmarks from Ministry of Public Works and Transport

	Paving Roads Investment annualised over 10 years (interest rate 0)	Maintenance of Asphalt	Normal Maintenance of Gravel	Minimal Maintenance	Investment and Normal Maintenance	Investment and Minimum Maintenance	Actual Available Budget (2014)
Regional	4.8	27.45	14.34786	4.07524	46.60	36.32524	5
Local	3.48	10.44	15.5955	4.42	29.52	18.34	38

Calcuations of Cost of Waste Collection and Management (Dldp Model)

Cost of waste management per inhabitant per year	Burrel	Klos	Xibër	Gurrë	Suç	Lis	Komsi	Baz	Ulëz	Derjan	Macukull	Rukaj
Collection	217	48	72	59	70	51	46	77	125	181	124	70
Transport	45	12	12	10	11	8	7	12	20	29	20	11
Maintenance	67	104	313	257	301	222	199	333	542	783	536	301
Personnel	229	193	582	479	561	414	370	620	1009	1457	997	561
Amortization	129	126	272	233	264	209	193	286	432	600	427	264
Total including net income and administrative fee	**688**	**482**	**1250**	**1038**	**1207**	**904**	**815**	**1329**	**2128**	**3050**	**2104**	**1207**

Cost of waste management per ton per year												
Collection	793	656	990	814	954	704	630	1055	1717	2479	1696	954
Transport	166	159	160	132	154	114	102	171	277	401	274	154
Maintenance	245	1419	4282	3524	4128	3045	2726	4566	7426	10725	7338	4127
Personnel	838	2641	7968	6556	7681	5666	5071	8495	13818	19955	13654	7679
Amortization	472	1727	3724	3195	3616	2861	2638	3921	5917	8217	5855	3616
Total including net income and administrative fee	**2514**	**6603**	**17124**	**14221**	**16534**	**12390**	**11166**	**18207**	**29155**	**41777**	**28817**	**16529**

7. BIBLIOGRAPHY

A new Classification of Rural/Urban 2015

Automated Albanian Treasury System Data Cash and Accrua 2011-2015

Benchmarks for Waters and Sewage Networks, Ministry of Transport and Public Works 2013

Census, Instat 2011, All Statistics and Maps 2014

Draft i Programit te Zhvillimit Rural IPA 2011-2013

Environment Assessment, Municipality of Burrel, 2012

Functional Area Studies and Statistics, Ministry of Local Issues 2014 and 2015

Instat GIS 2013

Open Data Albania 2011-2014

Parimet bazë te bujqesisë, Albina Buci, Evan Rroço, Marita Zissi, 2013

Plan i Manaxhimit të Basenit te Lumit Mat, 2010

Raportet e Prodhimit Bujqesor, Ministria e Bujqesise 2012

Raporti i Zonave Funksionale, UNDP 2013

Regional Growth Accounts 2012, Instat 2014

Reports from Ministry of Energy and Mines on Extracting Industries in the framework of Initiative for Transparency 2013

Statistics on Employement, Agriculture, Trade, Industry , Instat 2014

Strategic Development Plan Burrel, Xibër, Lis, Macukull, Ulëz, Klos, Rukal, Koms, Derjan, Baz, Gurrë, 2009-2014

Strategic Development Plan, Region of Dibra, 2009-2014

Strategjia rajonale të menaxhimit të mbetjeve për rajonin e Dibrës, 2013

Waste Management Model , Dldp Programme 2013

Local Government Data on Budgets and Revenues 2001-2014, Ministry of Finance, 2014