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Meeting EU cohesion policy and IPA requirements in Albania: A Multi-level governance approach

by

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European Movement Albania is an independent non-profit policy research centre, founded in January 2007. EMA promotes ideas for improving the quality of debate and policy development process in the framework of European integration of Albania. It offers a forum for exchange of ideas and views about the political, economic, social, and legal challenges faced by the country in the process of EU integration. EMA concentrates on promotion of European values and European Integration process of Albania; democracy and good governance; economic and social dimensions of EU integration; and regional cooperation.

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Clarification: Regional policy is the synonym term used for structural or cohesion policy in EU's terminology. This policy area focus on the redistribution of resources to lagging areas to boost economic growth and sustainable development, In the case of the EU candidate country, regional policy, is financially covered by the so-called IPA (Instrument of Pre-accession) component III – Regional development, with three subcomponents Transport-IIIa, Environment-IIIb and Regional competitiveness-IIIc, a mimicry of structural funds aiming to prepare candidate countries for cohesion policy and more effective and proper use of post-accession funds.

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Executive Summary

Albania's regional disparities have been persistently evidenced by official data and other reports.¹ There is no proper cohesion policy in Albania and its preparation in the context of EU accession is at a very early stage. The regional development framework is under preparation and continuous consultations and reviewing are yet to be finalized. Administrative capacities for implementing IPA (Instrument of Pre-Accession) component III are at an early stage, and mechanisms to monitor and evaluate programs' impact are missing. So far, issues of regional development have been handled at a national level through the traditional practice of a hierarchical mode of governance. In the case of Albania, policy analysis and recommendations have also been framed within the hierarchical governance approach and do not consider the experience and the abundant literature on Cohesion Policy of Central European countries. The case of the Central European new member-states has shown that the success of structural and cohesion policy, to a large extent, depends on the functioning of a multi-level and multi-actor type of governance. Thus, utilizing the concept of multi-level governance to draw lessons for Albania is a good practice of facing challenges in alignment with EU cohesion policy, and in complying with IPA component III requirements.

The Albanian government must therefore show clear political support for converging its regional development policy with EU cohesion policy and its financial instruments, as well as for enhancing the implementation of the partnership principle in order to avoid delays in preparation and to secure absorption and efficient/effective use of EU financial resources under IPA. Regardless of whether they gain the status of candidate country or not, if the new proposed IPA 2014-2020 regulation is approved it will make access to all types of assistance no longer subject to candidacy status, but dependent on the readiness to plan, manage, implement and monitor suitable programs, the available human resources and capacities at all levels and the appropriate involvement of all stakeholders.

This policy paper draws on the multi-level governance literature of the EU cohesion policy. It analyzes regional development policy in Albania with regards to the (possible) formalization and diffusion of the partnership principle through providing recommendations of lessons learnt and best practices from previous candidate countries. Although there are many models of partnership process, the appropriate model to be chosen still depends on the countries specificities and needs. In the case of Albania, creating conditions for formal involvement of partners is vital and a good assumption for the introduction of the partnership principle, however it is not a guarantee for the accomplishment of the task. What is needed is regular interaction among public, non-governmental and private stakeholders that will generate trust and foster real partnership.

¹ For a recent evidence-based review of social, economic and spatial regional disparities in Albania see Girejko, R. (ed.) (2010) "Regional Disparities in Albania", Integrated Support for Decentralization Project "Working for Regional Development", United Nations Development Program, Tirana.

I. Introduction

Albania not only records the lowest levels of GDP per inhabitant among EU Member States and candidate countries,² but its regional disparities³ have been sharpened due to the inherited socio-economic structures and infrastructure, the recent developments' dynamics and massive migration flows as well as the lack of proper effective and efficient development policies to address regional cohesion. When reviewing the official data and other reports, the indicators reveal substantial social and economic disparities *among* and *within* the Albanian territorial units⁴. At NUTS II level, the central region account for 46.4% of Albania's overall GDP, the southern region 29.2% and the northern region only 24.3%; at NUTS III level, the capital Tirana accounts for the highest share (37.9%) of GDP while Kukes is the prefecture with the lowest share of only 2.3%.⁵ Similar results can be drawn from a more composite Regional Development Index (including not only GDP per capita data, but also other basic indicators, efficiency enhancers and innovation factors weighted for the efficiency-driven stage of Albania's development stage),⁶ where Kukes is one of the least developed regions (together with Berat and Diber) and Tirana is the most developed one. It can be acknowledged here that this trend of sharp regional disparities has been persistent when referring to the Human Development Index (HDI), a composite index measuring social and economic achievements, which reported in 2002 the highest HDI level in the prefecture of Tirana and the lowest HDI in the prefecture of Kukes.⁷

However, the preparation of regional development framework in Albania is at a very early stage, and is still being prepared and frequently being reviewed because of its incompatibility with EU cohesion policy and funding. The Crosscutting Strategy for Regional Development (CSR), Decision Nr.773 dt.14.11.2007 Council of Minister, is the first official draft framework aiming to address internal disparities among the regions ('qarks') of Albania and to introduce main principles of EU cohesion policy. Although, CSR and IPA III requirements do not conceptually meet in the kind of actions best pursued through regional development plans and supported out of IPA III component of regional development and in the kind of structures that are necessarily needed.⁸ An initial phase (2007-2009) of the Action Plan has been developed. What is still missing is further elaboration of its second phase and clear indicators of what actions have been implemented from the initial phase.⁹ Since 2007, little progress had been noticed towards achieving the goals, as the CSR is not yet put into practice. In the course of 2008 a new draft Law on Regional Development has been prepared, building on the CSR with some innovations, yet the draft is still being reviewed and has not been submitted to the

² Reference: Gasic, M. (2011) "Statistics in focus: Economy and finance", Eurostat 64/2011, Figure 1: Volume indices of GDP per capita 2010, EU27=100.

³ Reference: Girejko, R. (ed.) (2010), Table 48. Regional Development Index for Albania, p.129.

⁴ For statistical purposes according to the criteria of the EU's Nomenclature of Territorial Units for Statistics (la Nomenclature des Unités Territoriales Statistiques - NUTS), the Albanian government has adopted the division of Albania into **three** non-administrative territorial units at NUTS II level and **twelve** NUTS III regions corresponding to prefectures in Albania.

⁵ Reference: from the Albanian Institute of Statistics (INSTAT 2009).

⁶ For the detailed methodology of this Regional Development Index for Albania, methodologically similar to the Global Competitiveness Index (GCI), and its shortcomings see: Girejko, R. (ed.) (2010): 126.

⁷ See Çabin, Y. *et al.* (2002) Human Development Report Albania: Challenges of Local Governance and Regional Development, Human Development Promotion Center (HDPC), UNDP Tirana, p.9

⁸ See McClements, C. (2010) "Cross-cutting strategy for regional development Albania", Review. Unpublished

⁹ Action Plan for the Regional Development Cross-cutting Strategy. Phase 1: piloting the strategy (2008-2009)

Council of Minister. In 2010, the government started consulting with interests groups and other international strategic partners the 'Strategic Coherence Framework'. This document aims to set out the strategy that will underpin the Operational Programmes for regional and human resources development components, thus meeting EU requirements for programs that will be co-financed by the new IPA 2014-2020.¹⁰ Yet, experts have assessed that the draft of Strategic Coherence Framework had been seen more importantly than the Operational Programs.¹¹

As Albania is drafting and reviewing its regional development framework and given the aim of the country to join EU, it is rational to think in advance of converging domestic regional development framework with EU cohesion policy principles and requirements of instruments for structural funds. The first step to meeting with IPA III component requirements should be a priority. This is not because of the possibility of gaining the candidacy status, but more importantly because the new proposed IPA 2014-2020 will make access to various types of assistance no longer subject to status candidate/potential-candidate country but dependent on readiness to plan, manage, implement and monitor suitable programs.¹² To this end, Albania is not ready to profit from EU assistance. This is because:

- i) the drafted regional development documents do not fulfil IPA EU financial requirements;
- ii) there are no clear descriptions of the composition of the managing structure, despite the 2010 decision to set up institutional structures for managing IPA component III (Regional Development);
- iii) administrative capacities for implementing IPA component III are insufficient;
- iv) monitoring and evaluation mechanisms to measure the impact of the development programmes are missing.

Source: EU Commission (2011) "Albania 2011 Progress Report", Commission Staff Working Paper SEC (2011) 1205 final, Brussels, 12.10.2011, pp. 50-51

Thus, acknowledging the persistence of disparities among the most prosperous and the lagging areas in Albania, the unsettled debate on regional development framework as well as the future perspective of EU integration, and the opportunities of gaining from IPA 2014-2022, causes the regional policy issues to become one of the most important priorities of the Albania's public policy and EU integration target. The aim of this policy paper is to contribute to the debate of the Albanian regional development in the context of the EU integration process, through identifying the challenges that Albania needs to address with regards to the governance of the regional policy to conform with the EU principle of partnership, and through proposing recommendations resulting from best practices of previous candidate countries from the Central Europe.

¹⁰ Strategic Coherence Framework, Third Draft, Ministry of European Integration, Tirana 2011, p.54.

¹¹ McClements, C. (2012) "Meeting in European Commission", Memo, 14/06/2012

¹² See: COM 838 final (2011) "Proposal for a Regulation of the European Parliament and of the Council on the Instrument for Pre-accession Assistance (IPA II)", 2011/0404 (COD), Brussels, 7.12.2011, p.5

II. Methodological Approach

So far, the Albanian government has considered and addressed issues of regional development through the traditional practice of hierarchical mode of governance. Policy analysis and recommendations in the case of Albania are also within the traditional framework. There has been some research in the field of regional development policy in Albania focusing on aspects of decentralization or local government management, and some recent tentative attempts to address the issue of regional development in the context of EU accession.¹³ Yet the limited research on cohesion policy in Albania tackles the issue at different and separate levels and does not take into account the literature on Cohesion Policy of Central East European countries.

Today, there is an abundance of literature on Cohesion Policy, focusing on policy multi-level governance and especially on the implementation of the partnership principle. The experience of the new member-states from Central Europe has shown that the success of the structural and cohesion policy will depend on the functional multi-level and multi-actor type of governance. Thus, it remains crucial that these *new modes of governance* are to be particularly suitable for the study of any substantial analysis and appropriate policy recommendation in the area of regional development and structural funds.

Our study is closely associated with the concept of multi-level and multi-actor governance understood as a new approach to the 'old' governance mode characterized by hierarchy and management from the centre. In its narrow sense, the most typical element of the new multi-level and multi-actor mode of governance is represented by the **partnership principle**, pushing the (potential) member-states' public administrations to *regularly* engage in an interactive dialogue and cooperate with both the regional and local level represented by civil/private sphere, the non-governmental organizations (NGOs) and other stakeholders. The partnership principle, although initially focused on enhancing *consultation* among competent authorities at national, regional, local or other level, has evolved with time and has gone through major revisions.¹⁴ The latest framework regulations not only confirm the importance of the partnership principle but strengthen it further in accordance with the multi-level governance approach, which conceptualises partnership as '*close cooperation*' among *a) competent regional, local, urban and other public authorities; (b) economic and social partners; and (c) bodies representing civil society, including environmental partners, nongovernmental organisations, and bodies responsible for promoting equality and non-discrimination... in the preparation, implementation, monitoring and evaluation of programmes.*¹⁵ Today, partnership means not simply consultation but also close cooperation of all the key stakeholders of regional development (the national government along with regional, local self-government, social partners, civil society and special interest groups) in all of the

¹³ E.g. In 2011, the Institute for Democracy and Mediation, the Association of County Councils in Albania and Co-Plan University have organized a national conference and published research papers addressing the issue of regional governance/county as the second level of local government. Only recently, the United Nations Development Program, has been engaged in a more comprehensive approach through its Integrated Support for Decentralization Project see: <http://isd.undp.org.al/index.php>

¹⁴ For a review of the partnership principle evolution see: Bauer, M.W. (2001) "The EU 'Partnership Principle' Revisited: A Critical Appraisal of its Integrationist Potential as a Governance Device Interconnecting Multiple Administrative Arenas, in Preprints aus der Max-Planck-Projektgruppe Rechter der Gemeinschaftsgüter, Bonn, 2001/13. Also: Polverari, L. & Michie, R. (2009) "New Partnership Dynamics in a Changing Cohesion Policy Context", IQ-Net Thematic Paper 25(2), Glasgow, p.1-2

¹⁵ See Article 5, Partnership and multi-level governance. COM 615 final/2, 2011: 33-34.

stages of the policy cycle (programming, management, implementation, monitoring, control and evaluation).

To ensure a comprehensive and evidence-based analysis of the Albanian regional development framework in the context of EU accession, we combine desk and field research. Desk research is necessary to evaluate the national, legal and institutional framework and to have a comprehensive literature review of cohesion policies in the case of previous candidate countries from Central Europe. Field research, through interviews and consultations with public authorities, independent experts and other stakeholders in Albania and other countries from Europe, provided us with empirical data for analysis and good practices for recommendations. The comparative approach with other similar countries' experiences (e.g. the case of Slovakia) provides contextual and concrete lessons to be learned during and after pre-accession.

III. Literature Review

The idea behind partnership principle, expressed in EU regulations, is that of close cooperation among public authorities, private and not-for-profit stakeholders, with each party acting as partner in the preparation, implementation, monitoring and evaluation of the operational programmes. It reflects the notion of multi-level governance, referring to the complex vertical and horizontal relations between actors organized at various territorial levels from public, private and voluntary spheres. In the contexts of the candidate countries,¹⁶ partnership requires a) all parties affected in one way or another by the EU policy to be actively involved, and b) EU funds to be administered by actors from different organizations working together aiming at better and effective allocation and implementation of IPA EU funds.

Thus, the partnership principle is a prerequisite and should be applied at all stages of the development policy cycle. For many, the partnership principle connects several different actors and creates networks among different public and private entities in all the stages of public policy cycle.¹⁷ Partnership is expected to penetrate all stages of the funds' implementation cycle: planning and programming, operational management and evaluation, and monitoring (Demidov 2011: 6). For other scholars, partnership is not equally applied throughout all policy stages depending on domestic conditions. In the member-state countries, partnership will depend on the phase of the cohesion policy and if actors share responsibility for policy-making. For example in Sweden, local actors are actively involved in drafting development programs whereas in Germany and Belgium, Länders/Regions have a direct role in the national policy-making process and in the territorial planning, compared to the French traditional centralized system (Marks 1996: 417). In the candidate countries, there are no clear criteria or indication for obligatory involvement and active participation. There is confusion about the role of the stakeholders with regards to involvement in all stages of policy cycle. With regards to the programming and implementation of the Structural Funds, a number of Regional Development Councils or Agencies at sub-regional level (i.e. below NUTS level II) have

¹⁶ For an application of the multi-level governance notion into the cohesion policy of the countries of Southeast Europe See: Bache, I (2010) "Europeanization and multi-level governance: EU cohesion policy and pre-accession aid in Southeast Europe, Southeast European and Black Sea Studies, 10(1): 1-12.

¹⁷ Đulabić, V. & Manojlović, R. (2011) "Administrative Aspects of Regional and Cohesion Policy in Croatia: In Search of a Better Coordination of Parallel Processes", Croatian and Comparative Public Administration 11(4): 1060.

been set-up without establishing the capacity to effectively manage programmes at regional level¹⁸.

So the debate in the literature has emphasized that more than the degree of institutionalization of partnership principle in EU regulations, what is more important is its implementation by the member states or candidate countries.

The cases from the previous potential member-state countries have shown that most of the Central and Eastern European (CEE) countries did not really comply with the partnership principle. The ineffectiveness of candidate countries' internal conditions made the Commission relax their requirement/position on the partnership principle so as to ensure that funds were absorbed on time even if they were to be managed centrally by the national ministries, giving just an observing role to non state actors.¹⁹

In spite of the historically-related problems such as centralization heritage and lack of traditions in regionalism, or lack of time and experience in multi-level governance, the application of the partnership principle faced difficulties because of the weakness on both the state's side as well as the partners' side. The state failed to act as an entrepreneur, whereas non-state partners were unable to fulfil their roles and articulate their interests, provide expected input such as expertise, knowledge, advice etc. Furthermore, the central (and regional or local) public administrations were unwilling to engage in consultations with stakeholder partners when elaborating, implementing, monitoring and evaluating regional development programmes; while on the other side, the potential partners lack the necessary information, and therefore the capacity to play the role of a competent partner in the whole process of national/regional development.²⁰

Over time, especially after accession, gradual progress has been made. Public administration of the new member-states from CEE countries open up and involve the different partners into all phases of EU cohesion policy implementation. Yet, even though partners started to participate in partnerships, their role was limited in terms of influencing the policy process because the national governments acted as 'gatekeepers' and were firmly in control of sub-national actors.²¹

Countries like Latvia, Poland or Slovenia are often portrayed as successful in the use of the partnership instrument. One of the best examples for a genuine implementation of the partnership principle could be found in Slovenia where the central public administration gave appropriate attention to coordination and establishment of a very transparent structure for regular consultation with socio-economic and regional partners. However, in other countries like Slovakia and Hungary, the central government was unwilling to give strong responsibility or decision-making power to new and inexperienced regional institutions.²² Yet, accounts of partnership principle across the CEE countries at best was rather formalistic, and it was not effectively practised to conform either to EU's or Partners' expectations (Batory and Cartwright 2011).

¹⁸ Preparations for the Structural Funds in the Candidate Countries, Twinners Seminar, Brussels 15 and 16 March 2001, Synthesis Paper

¹⁹ See Marcou, G., ed. 2002. *Regionalization for development and accession to the European Union: A comparative perspective, local government and public service reform initiative*, Open Society Institute, Budapest

²⁰ Dezséri, K & Vida, K (2004) "New Modes of Governance in the EU Structural and Cohesion Policy and the Case of the New Member States", NEVTGOV - New Modes of Governance, WP 01/D48, p.16-18.

²¹ Bailey, D. & De Propriis, L. (2002) "EU structural funds, regional capabilities and enlargement: Towards multi-level governance?" *Journal of European Integration* 24: 303-24.

²² Dezséri, K. (2005) "New modes of governance and the EU structural and cohesion policy in Slovenia" Mimeo. And, Bassa. Z. (2005) "New modes of governance and the EU structural and cohesion policy in the Czech Republic and Slovakia". Mimeo.

Thus, the implementation of partnership needs to look at who is involved and how partners are involved, reflecting on the legal and institutional framework, their capacities and coordination as well as their role in the policy-making process.

IV. Legal and institutional framework related to partnership principle

The partnership principle is mentioned in several Albanian official documents.²³ Clearly, there has been little progress with regard to approximation of the regional policy and legal framework with EU standards and funding requirements., More importantly, the partnership principle of cooperation among participating public, private and NGO actors to achieve common objectives is described very briefly, vaguely and is not being implemented.

The principle of partnership is generally stated in the CSRD referring simply as *cooperation between stakeholders (public, private and NGO actors) to work together to achieve shared objectives*.²⁴ Without clearly stating in what level, - horizontal level of cooperation between line ministries or/and vertical level of cooperation among national, regional and local entities and actors; and in what phases, - preparation, implementation, monitoring and/or evaluation of operational programmes, - this cooperation is expected.

The infrastructure of this policy framework although had also been elaborated, including a *National Partnership Council for Regional Development* and a *National Agency for Regional Development at national level* and *Qark Development Councils* and *Qark Development Agencies at regional level*, bears its own concerns. First of all, although the above mention structures are stated in the CSRD, they are not justified as necessary.²⁵ The current partnership institutional structures are: i) very repetitive²⁶ or much more a hierarchical 'control' to sub-actors thus discouraging partners affected by the policy ; ii) a heavy load requiring a number of implementing or coordinating bodies as well as committee-based which are neither necessary for regional policy nor a pre-requisite for receiving and better implementing of EU IPA funding;²⁷ iii) only a *consultative* body thus not in line with CSRD conceptualization of partnership as *cooperation*.

The CSRD strategy recognizes that an effective development partnership between the central and regional levels was never established.²⁸ The SCF (Strategic Coherence Framework) evaluates key elements of the implementation of coordination and partnership arrangements points more on coordination across the public administration whereas cooperation between the public administration and wider society is simply a dialogue to make authorities inform and understand current local realities²⁹Regions (qarks) lack clear political mandate and legal/financial instruments in regional

²³ For the legal and policy framework see Introduction Paragraph 2.

²⁴ Crosscutting Strategy Regional Development, Final Draft. Ministry of Economy, Trade and Energy. September 2007, p.6

²⁵ McClements, C. (2010) "Cross-cutting strategy for regional development Albania", Review. Unpublished, p.11.

²⁶ There are two partnership councils (the National Partnership Council for Regional Development and the County Partnership Councils) aiming at bringing together the same range of actors, - government ministries, county and local government, the social partners and civil society. For more see appendix

²⁷ McClements, C. (2010) "Cross-cutting strategy for regional development Albania", Review. Unpublished, p.26.

²⁸ Regional Development Crosscutting Strategy, Final Draft. Ministry of Economy, Trade and Energy. September 2007, p.20.

²⁹ Strategic Coherence Framework, Third Draft, Ministry of European Integration, Tirana 2011. p.58.

development. Thus, partners' involvement and their role depend on the degree of decentralization by enabling national, regional and local actors to make collaborative well defined tasks and responsibilities in order to maximize partnership. No reference is made to the Strategy for Decentralization (July 2008)³⁰ which remains an important document on the administrative sub-division and system of local and regional governance.

In general, a number of initiatives (consultations with social partners, several analyses, policy papers) have been taken by international (UNDP), government and NGOs on the policy options for revising the regional development policy framework in Albania. The consensus among all international, national and local stakeholders call for a revised policy, legal and institutional framework that will approximate the domestic regional development framework to EU cohesion policy requirements and practices, allowing gradual convergence of the domestic regional policy (CSRD and Draft Law RD) and instruments (Regional Development Fund) with EU cohesion policy and instrument for pre-accession assistance - IPA Component III, instead of developing parallel institutions and programs for regional development, yet allowing co-financing regional projects by the government or other international donors.³¹ The convergence of domestic regional policy with EU cohesion policy does not exclude or replace national development priorities. Given that EU cohesion policy is based also on the "additionality principle" saying that the EU funds do not replace, but are an addition to, national regional policy funds (co-financing). Furthermore, convergence with EU cohesion policy and financial requirements does not requires additional separate structures in terms of ministerial units and competencies but rather call line ministries to direct their activities towards efficient use of EU funds³²

However, having legal and structural partnership is only an asset, not a guarantee for partnership principle to be applied. Drawing from the qualitative date of a recent study, partners' perception on cooperation among one another is still very low. As per our qualitative calculations (see appendix), based on the qualitative date of ISP-UNDP (2011), partnership on average is assessed at best at *medium* level of cooperation.

Table 1: Self-assessment of Partnership-Cooperation among Partners

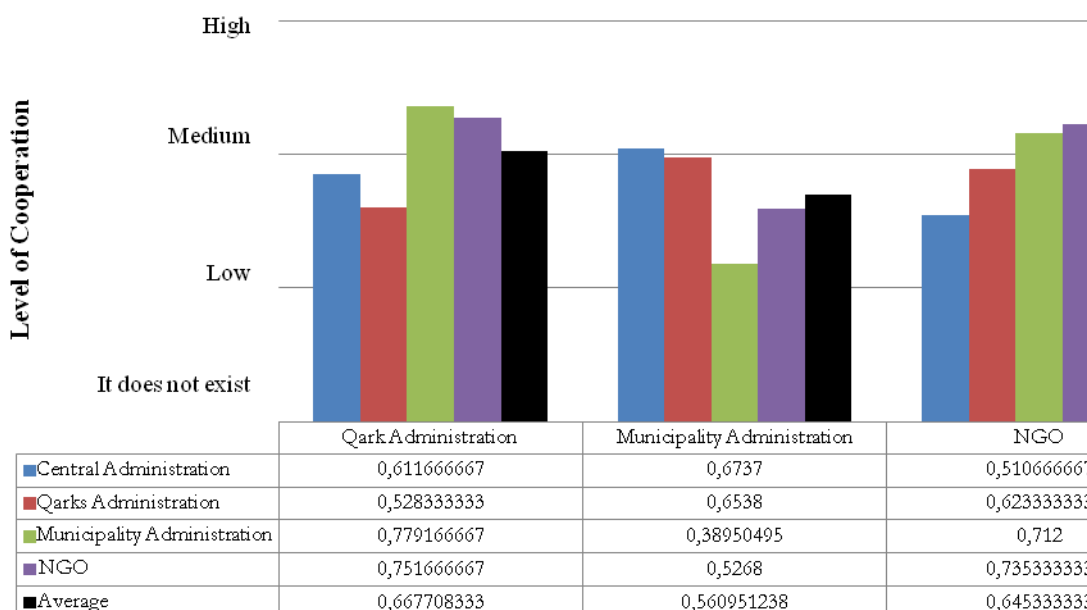
³⁰ The first regional development strategy adopted in November 2007 was part of the government longer-term decentralization reform. Thus, decentralization and regional development are both cross-cutting issues and need to go hand-in-hand.

³¹ See ISD-UNDP (2010) "Working for Regional Development", Newsletter 2, December, p.7; Strategic Coherence Framework, Third Draft, Ministry of European Integration, Tirana 2011. p.48.

On a detailed analysis of both convergence or parallel broad policy options see Gjipali 2010. On the specific phases and detailed measures to be taken for (full) convergence of domestic regional development framework with EU cohesion policy and IPA and structural funds (2010-2020) see Girejko & Boeckhout 2010.

³² Preparations for the Structural Funds in the Candidate Countries Twinners Seminar Brussels 15 and 16 March 2001, Synthesis Paper, p.3

Self-assessment of Partnership/Cooperation among Partners



Source: own calculation. Data from UNDP-ISD Project Institutional Assessment, 2011. See table 3 appendix

The literature on CEE countries had argued that implementation of the partnership principle *only partially* depends on structural and institutional macro-factors such as institutional arrangements around interest intermediation and cohesion policy implementation. Other important insights regard the policy content of the structural funds allocation and the missing properties of non-state partners (Demidov 2011: 8).

V. Actors' Capacity and their coordination related to partnership principle

The regional development framework, in general, addresses only the institutional and policy issues, yet other more substantial issues are important. The main expression of partnership to date has been manifested in the capacity of the partners involved and their coordination. At the state level, administrative capacities and inter-ministerial coordination is a pre-requisite. In addition to capacities and coordination at central state level, partners capacities and their coordination is also needed. Here, partners leading the process are country-contextual, as municipalities tend to dominate partnership in cases with strong municipal government (e.g. Scandinavia, Netherlands, France, Germany, Italy) whereas in cases of weaker municipal government (e.g. UK, Ireland, rural municipalities in many countries), other NGOs and private associations play a very important role.

It is important to achieve efficient coordination among and within different bodies at the central, regional and local level (horizontal coordination) as well as the coordination between different levels of authority (vertical coordination).

a. Public administrative capacities

The CSRD acknowledges that although plans for regional development had been prepared, an efficient partnership is missing among regional and central level, thus strengthening the capacities of the regions remains a priority.³³ In Albania, multi-level development coordination between the national, regional and local levels is *mostly absent* with limited qarks' participation in national planning processes and strategic planning (Girejko 2011: 69).

A prerequisite for the absorption of EU pre-accession funds is the administrative and human capacity in regional and local public administration of the accession countries. The main challenges, with regard to administrative capacity, are the availability of personnel in the most important institutions responsible for managing and implementing IPA component III and the adequacy of their knowledge, experience and background. Public administrative capacity was a problem observed in all the candidate CEE countries reflected to candidate countries' absorption capacities. Slovakia, for example, faced a serious lack of human resources dealing with Cohesion Policy. The Slovak government reacted by launching intensive recruitment programmes in all relevant ministries and setting aside additional financial resources to increase salaries of employees working with the EU agenda in order to prevent staff levels fluctuating, even though it was difficult to recruit staff with adequate knowledge, experience and background or to train them in a short period of time.³⁴

With regards to 'qark' public administration, the main challenges are: i) limited management competences resulting mainly from vague defined functional split of competences between central and local level; ii) limitation on financial resources to enhance qarks' role as project promoter or implementer; iii) absence of experience in strategic planning; iv) limited project management capacity; v) perception as coordinator and facilitator at ad-hoc projects rather than owners of the development agenda (Girejko 2011: 68-69).

Among other factors for achieving successful and functional partnership, the major factor regards i) time and support that Councils of Regional Partnership should be able to set common working norms and values; ii) further capacity building of the partners through trainings and technical assistance.³⁵

b. Partners' Capacity

In order for the implementation of the regional policy to be effective, civil society subjects need to take part, as well as representatives of various interest groups in the area. This is particularly important in cases where capacities at the local level are weak.

With regards to civic capacity building, the NGO sector is better prepared, in comparison with public administrative capacity development. Besides the better position of the NGOs capacities, there are still limited numbers of NGOs that are capable of participating in the process of strategy development, making consultations and

³³ Crosscutting Strategy Regional Development, Final Draft. Ministry of Economy, Trade and Energy. September 2007, Draft – Final, p.20

³⁴ Benc, V. (2003) "Readiness of the Slovak Republic for EU regional policy", Conference Almanac- Readiness of Candidate Countries for EU Regional Policy, Slovak Foreign Policy Association SFPA, p.191

³⁵ See: Crosscutting Strategy Regional Development, Final Draft. Ministry of Economy, Trade and Energy. September 2007, Draft – Final, p.26

cooperation between qarks and regional NGOs rather sporadic (Girejko 2011: 64). Ideas of wider participation, partnerships and coordination are mostly unexploited. This is not only due to limited ability of public administration to engage with third sector and build effective and wide partnerships, but also due to a low level of collaboration in the civic sector with public entities in joint programs.

Including the non-governmental actors is important for the regional development process because regional actors are more familiar with local issues, possess greater expertise in the field and directly monitor the actions implemented. Furthermore, including NGOs as partners ensures transparency of decision making and prevents corruption and misuse of EU funds. The case in Slovakia is a best practice where, in order to ensure transparent administration of the EU funds, the Slovak NGO sector established an independent team for monitoring EU funds.³⁶

The limited ability of public entities to involve NGOs and other non state actors, coupled with low NGO involvement in joint programs, constitutes an important missed opportunity of effective partnership. Thus what is needed is to further develop NGO as well as private sector capacities related to regional issues, and facilitate their effective partnerships with public entities.

c. Well-coordination

In addition to actors' capacities, what is essentially needed is the coordination of all aspects of the process among all stakeholders involved, starting from the simple exchange of information to the sharing of responsibilities and tasks. Lack of coordination and shared strategy among stakeholders makes partnership principle and synergies impossible resulting in a different and unwanted policy outcome. For example, lack of coordination and isolated vertical and horizontal communications lead to many missed opportunities with respect to strategic planning and waste of resources both in financial and capacity use terms.³⁷ Factors influencing coordination are the lack of reciprocal confidence and interest, political competition among regions, and national tendencies of control over regional administrative units. UNDP-ISD survey show that the rate of cooperation of qarks with the main group of stakeholders was *moderate*, where the highest rates of cooperation is with donors and international partners because this type of partnership is seen as a relief to some qarks' administrative burden through assistance to outsource necessary capacities in writing projects and prepare strategies (Girejko 2011: 60-61). It is important to notice, that the usefulness and functioning of such forums depends on the active investment that each of the actors makes in seeking to understand each other, work together and learn from and with each other.³⁸

Regional policy and the EU financial cohesion component are not adequately connected, which had led to, or is a result of, institutional fragmentation and weak administrative coordination between central administrative bodies formally in charge of these policy areas. In order to enhance coordination, the strategic coordinator should be placed at a high level of the central government (state secretary, ministry or

³⁶ Reference to Knezevic, I. (2011) "Absorption Capacity of Serbia for Use of EU Funds: Practical Lessons from Slovakia", in Cox, A. & Holt, E. (eds.) *Slovak - Serbian EU Enlargement Fund*. Pontis Foundation, p.13

³⁷ Girejko, R. (ed.) (2011) "Albania – Regional Development Capacities on The Ground: An institutional assessment study", Integrated Support for Decentralization Project, United Nations Development Program (UNDP), December, Tirana, p.14

³⁸ McClements, C. (nodate) "Understanding Regional Development", p.3.

directorate); with political power to effectively coordinate at least four key line ministries and administrative capacity of coordinating sectoral strategies and budgetary resources but with no direct involvement in implementation of IPA.³⁹ In practical terms, this could be the ministry of finance (not Ministry of Economy, Trade and Energy as it is actually in the strategy), as in the case of small CEE states where the overall responsibility for the Structural Funds/co-ordination of programming and implementation has been under the Ministry of Finance (Estonia, Lithuania) or Ministry of Economy (Slovenia), whereas the overall responsibility for the Pre-accession Instruments/co-ordination has been again Ministry of Finance (Czech Republic, Estonia) or rather Government office (Slovenia, Slovakia).⁴⁰ During the programming period, line ministries must improve inter-sector cooperation with each other while retaining close cooperation with relevant stakeholders at regional and local level.

VI. Programming and Implementation related to partnership principle

Partnership can be either strongly centralized (limited partnership) within government (line ministries and governments agencies) or diffused within all stakeholders depending on their resources and capacities.⁴¹ “The partnership principle is linked to the principle of *subsidiarity* which implies that decisions should be made at the level most competent to carry them out, within the context of a broader cooperative network which pools resources and experiences”.⁴² An accurate assessment of the partnership principle needs to look carefully at the stages of the policy-making process and identify where partners are or is best to be involved. Although the partnership practice among and within vertical-administrative and/or horizontal-societal is inter-related at each policy stage (programming, decision, implementation and evaluation) and difficult to be disentangle⁴³, we still need to clearly identify the main strengths and responsibilities each partner has to have in the overall process. With regards to Regional Development approach experts suggests that all major development efforts on a regional territory should be planned on national or NUTS II basis, or at least be coordinated by the central level of state public authorities while working actively with actors and institutions from the region to undertake and implement them at regional level.⁴⁴ Such division of responsibilities distinguishes entities that develop, manage and monitor the programs (at national level), with consultation and ideas from regional and local actors from those that actually implement and benefit from specific development programs (regional and local level).

Planning and programming of large projects at local level as experienced by previous

³⁹ McClements, C., Boeckhout, S. & Girejko, R. (2010) “Policy Assessment Report on IPA 3 Structures for Albania”, 28 January 2010 (draft).

⁴⁰ For more see “Preparations for the Structural Funds in the Candidate Countries” Twinners Seminar Brussels 15 and 16 March 2001 Synthesis Paper, p.11.

⁴¹ Brunazzo, M. (2007) “The partnership principle in European Cohesion Policy: Toward a new research agenda?”, CINEFOGO-Conference *Partnership – Keystone of New Governance*, January 29/30, Münster, Academy Franz-Hitze-Haus, p.10.

⁴² European Commission (no date) *Partnership in Cohesion Policy: European Social Fund support to social partners in the 2007-2013 period*, p.6.

⁴³ Bauer, M. W. (2001) “The EU ‘Partnership Principle’ Revisited: A Critical Appraisal of its Integrationist Potential as a Governance Device Interconnecting Multiple Administrative Arenas”, Preprints aus der Max-Planck-Projektgruppe Recht der Gemeinschaftsgüter, Bonn, 2001/13, p.4

⁴⁴ McClements, C. (nodate) “Understanding Regional Development”, p.1

candidate countries showed to be incomplete and very technical, not suitable for EU IPA and structural funds. Thus it is best to keep them coordinated at national level with active involvement of regional, local and NGO actors. This will relieve Albania's overloaded administrative staff required for tackling all stages of the development policy process, provide alternative experience and qualified partners to effectively implement programs, and on the other hand makes local actors actively involved into the policy making process and implementation of programs tailored to their local needs. Thus, facilitating and strengthening national government role on negotiation process with EU commission, proposing programs (setting goals, selecting target areas, and allocating funds to different areas) that are well designed and conform EU requirements.

The public administration is increasingly inviting NGO's representatives to express their opinions upon programming and planning although this has remained only a formality without much influence on shaping policy outcomes. The most preferred type of NGO's involvement into regional development is participation in the course of project implementation,⁴⁵ e.g. partnership initiatives with citizens and NGOs, especially in the implementation of the Elbasan social development plan, were important.

The EU financial aid regulations allow for several options, ranging from a highly centralised to a very much decentralised model, thus the choice should be to adopt the most country appropriate model that would substantially shorten the programming period and secure coherence as well as efficient and effective implementation.⁴⁶

VII. Recommendations

Regional policy is a very complex issue and could not be pinned down to a few simple suggestions. However, at the stage where Albania is, both in terms of setting the regional framework and in preparation for EU accession, it is clear that two particular dimensions of the 'partnership principle' are to be taken into account: the institutionalization of participation as well as the enhancement of the partners' capacities and coordination.

1. When reviewing the policy and institutional framework we notice that despite continuous efforts of drafting a regional policy framework, a common consensus on the conception and direction of the regional policy is yet to come. Still, the regional development framework requires substantial policy reformulation as well as institutional modifications to gradually converge domestic regional policy/institutions with EU cohesion policy and IPA requirements at least over the medium term. Policy and institutional reforms should lead to approximation of existing financial instruments (RDF) and future ones (IPA3). The proposed IPA 2014-2020 resembles the already implemented Instrument for Pre-accession Assistance (2007-2013), but

⁴⁵ In the questioners ask to NGOs, the ISD-UNDP 2011 assessment besides the findings that participation through project implementation is the NGOs' preferred type of involvement, they find also that the majority of organizations consider it very important to directly participate in programs monitoring and evaluation (see Girejko 2011: 116). In our judgments, their wish to participate in the monitoring and evaluation process may be due to the lack of trust to government institutions and agencies of evaluation/monitoring.

⁴⁶ See Preparations for the Structural Funds in the Candidate Countries, Twinners Seminar, Brussels 15 and 16 March 2001, Synthesis Paper

there are still substantial changes that are to be seen if they will be fundamental or secondary.⁴⁷ Preparing some kind of regional development concept requires the establishment of the necessary legislative basis and complete institutional infrastructure for designing and implementing regional policy measures. Moreover, EU's structural financial aid carried out through IPA components are themselves quite a complex and complicated mechanism, which requires an extensive knowledge of their structure and functioning which usually has been misunderstood.

2. Practical implementation of the institutionalized partnership principle will require partners' capacities and well-coordination. Weak administrative capacities and lack of inter-stakeholders coordination will result in non-suitable projects and less absorption of EU funds. Thus, further capacity building of the partners through training and technical assistance is needed for setting up a good basis for successful and functional partnership in the future. The Slovak example of intensive recruitment programmes in all relevant ministries and the increasing salaries of employees working with EU agenda is a good practice to recruit and maintain qualified and adequate staff. Yet, in Albania there is still a potential risk of staff fluctuation turnover mainly for political reasons. Therefore it is crucial to empower the nongovernmental actors. The best model, where civil society can contribute most, is to be involved in the entire process from planning, through monitoring, up to evaluation of assistance, thus ensuring a transparent administration of EU funds. Limited organization skill or expertise of the actors involved will be overcome only if partnership principles will start to be put in practice, creating an occasion and practical example of learning by doing, where actors and partners involved in the process learn from each other.
3. Regional development is a very complex and multi-level policy, therefore its success will depend not only on enhancing partnership between governmental and non-governmental partners, but also on clear division of responsibilities. The central government should be responsible for making concrete actions related to design and negotiation of operational programmes and securing financing from EU, while municipalities, NGOs and other regional and local partners should be consulted during the planning phase and actively involved in the implementation of planned actions. The clear division of duties and responsibilities should be stated in the legal and policy framework, and also enhanced through practical partnership practices. The legal framework is necessary, in particular in CEE countries, to secure partnership, but will not derive sufficient active involvement in partnership.

⁴⁷ See ISD-UNDP (2012) "IPA 2014-2020: A view in the future", Newsletter 7, March, p.1

Some pre-involvement through enhanced dialogue and consultations are needed, in order to reinforce the culture of partnership through 'learning by doing'. Although the capacities of regional authorities and NGOs are better compared to state authorities, the conditions for participation are rather unfavourable. There are no clear criteria or indication for involvement and active participation of regional and non-governmental actors, although the need for clear division of responsibilities and authority among levels has been mentioned in the draft strategy of decentralization.⁴⁸

VIII. Conclusion

The models of partnership process, with reference to the *degree of formalization*, can vary from the *rule-based* form of maximum formality (partnership principle is strongly and clearly ruled decision-making process) to the *trust-based* form of maximum informality (partnership principle means consultation and informal agreements based on sharing values, aims and understandings).⁴⁹ The model to be adopted will depend on the countries' specificities and needs. It is rational for public actors, given the limited capacity of Albania, to seek and encourage cooperation with non-governmental actors and to share or shift the burden by pooling resources and delegating implementation tasks. In turn, NGOs and other private actors could exchange their resources and expertise for influence on policies and projects which would significantly affect them as well as make the process more transparent, efficient, participatory and legitimate. Yet, having formalized partnership is only an asset, not a guarantee for the partnership principle to be applied. For example, with regard to partnership principle, although qarks have made *considerable progress* in making use of consultation mechanisms in preparation of strategies and projects, they still remain more formal than participatory consultations (Girejko 2011: 62). What is needed is regular interaction among public, non-governmental and private stakeholder that will generate trust and foster real partnership.

⁴⁸ See Decentralization Strategy, July 2008, p. 45.

⁴⁹ Brunazzo, M. (2007) "The partnership principle in European Cohesion Policy: Toward a new research agenda?", CINEFOGO-Conference *Partnership – Keystone of New Governance*, January 29/30, Münster, Academy Franz-Hitze-Haus, p.10

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Annexes

1. Policy and Institutional Framework related to Partnership Principle

Partnership Principle: Cooperation between stakeholders (public, private and NGO actors) to work together to achieve shared objectives.

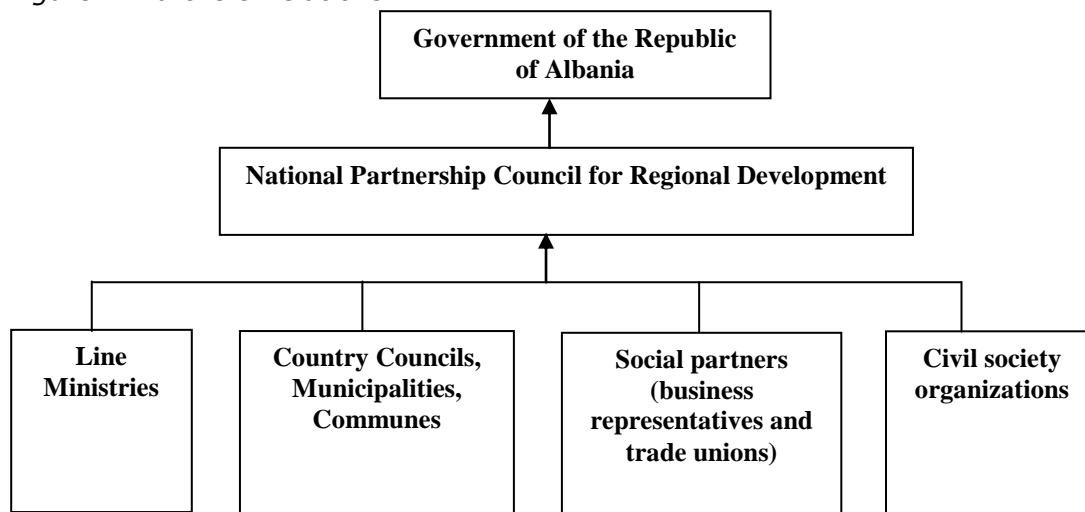
Partnership Structures, consultative functions:

- At National level: **National Partnership Council for Regional Development:** a national level advisory body composed of the representatives of the public (central state administration, counties, municipalities and communes), private and civil sectors and will be established in accordance with the Law on Regional Development. It is established for the purpose of providing advice related to the preparation, implementation and monitoring of the Regional Development Cross-Cutting Strategy, coordinating various subjects and participating in regional development planning. The secretariat function for the NPCRD is provided by the METE.

The NPCRD is a national-level advisory body composed of the representatives of the public (central state administration, county councils, municipalities and communes), private and civil sectors and will be established in accordance with the Law on Regional Development.

- At Regional/sub-national level: **County Partnership Council:** An advisory and consultative committee at county level whose membership will be drawn from: All relevant state bodies working at county level: County, municipality and commune government; Social partners and business and trade unions at county level; Civil society organisations (i.e. NGOs); representatives of central government. The County Partnership Council (CPC) is a county level advisory body composed of the representatives of the public (county councils, municipalities and communes from the territory of the county, and central state administration bodies dealing with development-related issues in the territory of the county), private and civil sectors and established for the purpose of providing advice with respect to the preparation and implementation of regional development policy at the county level (including documents prepared at county-level for the programming of Albania's use of EU support programmes for regional development), achieving consensus amongst the various interested parties and participating in the development planning of the county.

Figure 1: Partners Relations



Source: Regional Development Crosscutting Strategy, Final Draft, September 2007, METE Ministry of Economy, Trade and Energy, p.4-6.

The Albanian partnership structures and institutional set-up for implementing development projects are *consultative* in both the national and regional level. The institutional framework for regional development include i) the National Council of partnership for Regional Development (Keshilli Kombetar i Partneritetit per Zhvillimin Rajonal), who include central, regional and local government as well as a social partners and civil society with the aim to provide advice related to the preparation, implementation and monitoring of the Crosscutting strategy of regional development through coordination of different actors and planning; ii) Council of Regional Partnership (Keshillat e Partneritetit te Qarqeve) including a number of partners from public, civil and private sector but only at regional level.⁵⁰ The aim of the council of regional partnership is to provide advice⁵¹ and consensus among different interesting actors in regional development planning.

⁵⁰ For more see: Crosscutting Strategy Regional Development, Final Draft. Ministry of Economy, Trade and Energy. September 2007, Draft – Final, p.39

⁵¹ Especially advice with regards to EU supported programs for regional development.

The Slovak Balkan Public Policy Fund administered by the **Pontis Foundation** provides support to non-governmental organisations and individuals in the Western Balkans seeking engagement with public policy-making, focusing on the country-specific reforms needed for EU accession. Through the Slovak transition experience transfer it increases capacities and expertise of civil society organisations in the Western Balkans and their readiness to lead a dialogue with the government in the light of European integration.

Balkan Civil Society Development Network is a network of civil society organizations from countries and territories in South East Europe aiming to empower civil society and influence European and national policies towards a more enabling environment for civil society development in order to ensure sustainable and functioning democracies in the Balkans. Balkan Civil Society Development Network is a partner organisation of the 1st phase of the Slovak Balkan Public Policy Fund.



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