# TABLE OF CONTENTS

Background...........................................................................................................................................3  
I. HIGHLIGHTS.........................................................................................................................................4  
II. SUB-IR 3.1: FISCAL & ADMINISTRATIVE AUTHORITIES EFFECTIVELY DECENTRALIZED ........4  
   A. Focus on Reforms That Expand Local Discretionary Authority.........................................................4  
   B. Institutionalizing an Open, Participatory and Objective Dialogue.....................................................6  
   C. Support for National Level Local Government Organizations..............................................................7  
II. SUB-IR 3.2: STRENGTHENED CAPACITY AND ACCOUNTABILITY OF TARGETED LOCAL  
   GOVERNMENTS ...........................................................................................................................................9  
   A. Management of Local Services.............................................................................................................10  
   B. Accountability of Local Governments ...............................................................................................21  
III. MONITORING AND EVALUATION......................................................................................................22  
IV. OTHER ACTIVITIES AND SIGNIFICANT MEETINGS..........................................................................26  
V. ADMINISTRATION..............................................................................................................................27  
VI. DELIVERABLES AND REPORTS........................................................................................................27  
VII. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE..................................28  
VIII. WORK PLANNED FOR THE NEXT REPORTING PERIOD.............................................................29  
IX. SPECIFIC ACTION REQUESTED .......................................................................................................29  
COST REPORT............................................................................................................................................30
ANNUAL TASK ORDER PROGRESS AND COST REPORT

JANUARY TO MARCH 2007

LOCAL GOVERNMENT AND DECENTRALIZATION IN ALBANIA PROGRAM (LGDA)

BACKGROUND

In July 2004, United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a three-year local government project in Albania. This project will assist the Government of Albania in implementation of its decentralization strategy and in building capacity of local government units to fulfill there newly mandated responsibilities. It will also support association development and focus on increasing citizen participation in targeted units of local government. The project builds on UI's two previous projects in Albania that fostered the environment for ongoing reforms.

Task Order No.: EEU-I-00-99-00015-00, TO No. 813

Date of Issuance: July 26, 2004

Amount Obligated Under Task Order: $3,999,995

Total Potential Task Order Amount: $3,999,995

Dollars Expended To-date: $3,695,559

Key Personnel: Afrodita Popa, Chief of Party, 069.208-4957 apopa@lgda-al.org
I. HIGHLIGHTS

- Completed the consultation with ministries and donors on the draft policy document on urban planning - the preliminary draft law will be ready for discussion in late April
- Continued active cooperation with the GOA, AAM and other Donors on decentralization issues
- Meeting maintenance standards continues to drive school budget in Berat
- LGDA Household Survey results presented to different target groups and incorporated in local budgets / Launched the 2007 National Local Government Survey – results expected in early April
- Assisted the Target Cities through finalizing SIAPs and incorporating their data in the budget
- Current situation in Non-Target Cities after mentors' contract termination
- Watchdog role of local CSO in Pogradec: A public budget hearing

II. SUB-IR 3.1: FISCAL & ADMINISTRATIVE AUTHORITIES EFFECTIVELY DECENTRALIZED

In January, work under this component focused on key activities like: the continuation and sustainable improvement in the school maintenance project, where Berat is the first reporting City; the draft policy document on urban planning finalized with integration of remarks from stakeholders; LGDA continues to participate in government initiatives on decentralization issues, like the preparation of the fiscal manual and the strategy on decentralization revision.

In February the work under this component focused on key activities: the draft policy document on urban planning and preparation for stakeholder and donor consultation meetings; the borrowing law, especially plans by the MoI to move this forward; and modest assistance to the MoF on the organic budget law.

In March, the first month after the local elections key decentralization activities continued, including:

- Review of the draft policy document and WG meetings on urban planning, with the involvement of all donors and stakeholders in consultations;
- Commitment by the MoI to move forward with the draft local borrowing law next month;
- Support for implementation of the SBT transfer.

A. Focus on Reforms That Expand Local Discretionary Authority

Activity 3. Pilot project to Test Draft Health and Safety Standards for Secondary School Maintenance

Berat, one of the three Cities implementing the 8 draft minimum standards for maintenance of Education facilities, continued this year with the needs assessment. The Economic Center of Education, the responsible body for maintenance, in collaboration with the schools staff, assessed each school and requested budget allocations accordingly. They will announce the new targets soon. This year they increased maintenance funding by another 15% (following a 20% increase in 2006) and increased the number of maintenance personnel. Education has become a very crucial sector in the City of Berat, since now the maintenance of Education, Sports and Culture facilities, merged into one Maintenance Unit.
Activity 5. Expanded Local Fiscal Authority

The monitoring of the transfer of the Small Business Tax administration continued in March, not only with the Regional Offices field trips, but also with the AAM – General Tax Directorate workshops in 5 Albanian Regions, addressing the cooperation of Cities and District Tax Offices as well as the enforcement of the SBT law. More information on SBT administration is included in the section “Strengthening the Role of AAM”.

Activity 8. Working Group on Urban Planning Law

LGDA continued work on the new planning policy, in close cooperation with the Ministry of Public Works. LGDA finalized the draft policy paper, incorporating remarks and suggestions received during the national conference and the three regional conferences organized during the month of December 2006. The final draft policy paper was sent to line ministries, local governments, other government agencies and civil society (including donors) for further comments.

During the month of February the Ministry of Public Works, Transports and Telecommunication distributed the final draft of the planning policy paper to line ministries, government agencies, donors and other stakeholders for review and feedback on the proposed policy. Throughout the month, LGDA worked closely with MPWTT by reviewing, analyzing and collecting the comments.

LGDA’s work on the Urban Planning legal framework continued intensively during the month of March. During this month, LGDA continued its contacts with the Ministry and donors. LGDA met with M. Antoninis and F. Nuri from the Department of Strategy and Donor Coordination to discuss the planning policy and the possible role of the Department as a strategy/policy coordinating agency. This department, in charge of the preparation of the national strategy and cross-sectoral strategy integration is very enthusiastic about the new planning policy and the draft law on local borrowing. LGDA also met with OSCE (Darcie Nielsen) for an in-depth discussion on their stance towards the policy and future engagement.

The Ministry and LGDA organized a Working Group meeting at the Ministry on March 13 to jointly review the feedback received and to formulate a common position on the comments. Following the working group meeting, the Ministry organized a donor meeting on March 15 to present them with the position of the working group as well as to solicit their support for the next stages of the process, including during the adoption of the law and the implementation stage.

Comments received on the planning policy paper have generally been very positive. Most line ministries have endorsed the main policy choices formulated in this document and have provided insight on aspects of the transitory phase and practical implementation of the framework. In addition, donors’ comments have been also extremely supportive and constructive. The World Bank, the EC project on the regional plan for the Tirana-Durres axis, OSCE, Co-Plan and others have all commended the flexibility of the proposed system, the market-oriented approach, the reduction of administrative barriers, the pragmatic approach in addressing specific planning issues by recommending a two-tier planning system with ad-hoc sectoral or comprehensive subnational and supralocal structures, the clear division of authorities and responsibilities, and beyond.

The donor meeting served as an excellent opportunity to present the next steps in the process, starting with the preparation of the full legal package (planning law, amendments to existing laws and secondary legislation), the need for awareness activities and capacity building at all levels, as well as for the concrete preparation and implementation of plans. The Minister of Public Works Transports and Telecommunications asked the donor representatives to commit their technical and financial resources to the extent possible to
these directions and coordinate joint efforts. Representatives of World Bank, OSCE, VNG, CoE, Soros (NOSA), GTZ and others expressed their full support for this reform. Moreover, they agreed to establish a donor coordination committee to discuss the technical issues of the reform implementation.

The LGDA team has been in close contact and cooperation with all donors regarding the spatial planning policy framework in Albania, in particular with the World Bank, which has a major project on planning and urban land management. The WB legal expert Richard Winnie was on mission in Tirana during the working group and donor meeting. Mr. Winnie worked closely with the Ministry and LGDA on the preliminary draft of the law. He also organized a series of individual meetings with various stakeholders, such as planners and developers, the Municipality of Tirana, etc. The preliminary draft law should be ready for discussions towards the end of April.

B. Institutionalizing an Open, Participatory and Objective Dialogue

LGDA has been approached to provide technical assistance to central government institutions on decentralization issues. They include:

- Fiscal Decentralization
  LGDA assisted the Ministry of Finance and Ministry of Interior in drafting the Instruction on Local Taxes, with special focus on the small business tax, recently transformed into a local tax to be administered by local governments. LGDA submitted written comments and suggestions to the line ministries for the improvement of the instruction and possible issues to be addressed in more detail on tax procedures, etc.

- Revised Strategy of Decentralization
  LGDA prepared comments on the revised strategy of decentralization that has been presented by the Ministry of Interior and the Group of Experts on Decentralization. The revised document builds on the existing strategy of decentralization and attempts to deepen the reform in a number of sectors. However, LGDA believes that some of the issues that have been presented therein need more careful consideration and a process of continuing dialogue and participatory decision-making process before a final decision is made (such as the territorial reform, the role of the regional council, etc.). LGDA submitted its comments to USAID for their review before submission to the Ministry of Interior.

Other decentralization activities include:

- Work for the preparation of the organic budget law, which will address the local budget process and intergovernmental relations, continues. However, according to MoF officials and the World Bank, MoF will need to use more intensive foreign assistance in order to improve the current draft. WB, the main counterpart of the government in public finance reform, suggests intensified efforts on a qualitative law prior to moving forward with a draft to respect deadlines.

- MoI officials confirmed in a meeting that the draft law on local borrowing will move forward in April. LGDA is working intensively on improving the Albanian version of the draft law, in cooperation with AAM and MoI. A Local Borrowing working group meeting has been scheduled for the second week of April, after which the draft law will be disseminated for comments to line ministries. LGDA also met with other donors, such as SIPU (SIDA) and SNV to discuss the progress of decentralization and of the borrowing law in particular.
C. Support for National Level Local Government Organizations

Activity 1  Strengthening the Role of the AAM

LGDA continued to work closely with AAM during this period, following up on previous activities, as well as preparing for the post-elections period.

- Fiscal Decentralization

AAM held a Tax Forum on February, with the participation of tax experts from several Cities and representatives of MoF, general Tax Directorate and MoI. The purpose of the meeting was to discuss the progress with the transfer of SBT administration, as well as the technicalities related to the process of business registration. Discussions focused especially on several aspects of the MoF instruction on SBT administration, where City representatives presented their views on the needs for more clarity and improvement in the instructions. Indeed, MoF took these comments into consideration, following the forum and meetings of AAM with MoF and MoI high executive officials.

AAM continued to work on the SBT reform, by organizing during March a series of five regional meetings with local officials and General Tax Directorate representatives (General Deputy Director and other officials) on technical and procedural aspects of the administration of the small business tax. These meetings were supported by the Hans Seidel Foundation. The main issues identified during these meetings are related to the lack of information and awareness of Cities (e.g.: delays in the transferring process in some Cities, insufficient personnel to administer SBT, etc.), although legal and administrative solutions are in place. These findings support the AAM initiative for intensive trainings on the administration of this tax.

The bulk of logistical work for the transfer of the administration of the tax has already occurred; however, there is need for training activities for local officials. AAM has lobbied with the Ministry of Finance and GTD to provide technical assistance for the Cities. In addition, AAM officially requested from the Minister of Finance technical support for the administration, the clarification of some practical procedural aspects of the process, as well as financial compensation of LGs for the increased costs of administration. As a result, Prime Minister Berisha as well as Deputy Minister of Finance Mima stated publicly that such support will be provided to local governments.

LGDA had a meeting with MCA-Chemonics tax administration component experts Lew Baurer and Edlira Kembara, to explore the possibility of cooperation for the technical and financial support of SBT trainings to be delivered primarily by AAM. However, it seems that local taxes and local tax administration is outside of the scope of this project. LGDA and Chemonics will discuss this issue more in detail again during April.

- AAM Strategic Plan

LGDA and AAM continued to work for the development of a strategic plan for the support of Cities in the next four years. The strategic plan looks at strengthening the institutional capacities within the AAM, consolidating its financial resources, having a more proactive role in advocating local government needs as well as developing a training program (following a needs assessment of LGs).

The first draft has been completed and AAM will undertake consultations with different stakeholders (Mayors, Councilors, and Staff) in a series of visits in Cities during April and May. The visits will serve for the presentation of the draft plan, as well as for lobbying with municipalities on the main directions of work, organization and strengthening of AAM itself, prior to the General Assembly in early June.
World Learning is going to hire an international expert to provide further assistance to AAM for the strategic plan, especially with regard to the financial self-sustainability, business plan and activities, as well as for the organization of the General Assembly. This would be a follow up to the study tour last year by members of AAM to the U.S.

- **National Registration Center**

  AAM continued to provide comments on the draft law on the creation of the National Registration Center, which has implications for local governments by establishing a new delegated function for municipalities and communes. AAM disseminated the draft law to its members, met several times with the team working on the draft law and provided some very useful comments that were later incorporated in the revised draft law.

- **Staff turnover study**

  AAM concluded in January the first phase of the staff turnover project. The AAM team of experts visited 18 municipalities in the country and conducted a survey on staff turnover due to elections. The research was also complemented by in-depth interviews and focus groups with City staff and councilors. AAM complemented the study with visits and surveys in two more cities during February, Vlora and Durres, in order to have a better representation of bigger cities in the sample. The study on Staff turnover will be presented and disseminated in regional workshops in April and May.

- **Best Essay Competition on Local Government**

  AAM organized in January an essay competition with university students, aiming at increasing knowledge on local governance among the young generation. The Essay Competition, "If I were Mayor", was widely approached by university students in Albania and beyond. The assessment team short-listed over 40 essays for the final evaluation round. The jury, composed of fourteen personalities of central and local political realm (two MPs, Mayors), and some civil society organizations, including LGDA, evaluated the essays based on some predefined criteria, including the vision of the author for city governance, ways to deliver public services, citizen participation, etc. The essays were highly qualitative and competitive; thus making the jury award two first prizes and a second prize. The award ceremony was organized on February 7, at the Polis University. AAM, supported with NDI funds, will publish soon a book with the best essays.
II. SUB-IR 3.2: STRENGTHENED CAPACITY AND ACCOUNTABILITY OF TARGETED LOCAL GOVERNMENTS

The electoral campaign in Albania, which started in January, definitely impacted the progress of LGDA target and non-target Cities, especially regarding the adoption of the budget that usually occurs during this period. Three target Cities (Fier, Berat, Erseke) and one non-target City (Polican) adopted 2007 budgets during January. During February, only Bushat adopted both the budget and a SIAP on water supply service.

Two Cities, Peshkopi and Elbasan presented the LGDA city survey results to their councils, staff and citizens.

Almost all the Cities report SIAP completion. WGs are awaiting the investiture of the Mayors and Councils to present SIAPs to Council Meetings as well as to approve them as part of the 2007 budget. The Cities with new Mayors require an additional briefing to the Mayor on LGDA assistance and SIAP methodology.

The table below highlights the situation of Mayors in LGDA Target Cities following the local elections. The table evidences that the majority of Mayors are re-elected (12 Mayors are re-elected). This means that LGDA will continue the normal routine with these Cities. Once the official election results are confirmed, Regional Office staff will visit each City to brief the newly elected Mayors on LGDA project, as well as assist with the SIAP incorporation in the City budgets.

<table>
<thead>
<tr>
<th>No.</th>
<th>City</th>
<th>Elected Mayor</th>
<th>Political Party</th>
<th>Existing</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vore</td>
<td>Fiqiri Ismajli</td>
<td>DP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Kavaje</td>
<td>Refik Rugija</td>
<td>DP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Kucove</td>
<td>Artur Kurti</td>
<td>SP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Berat</td>
<td>Fadil Nasufi</td>
<td>SP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Fier</td>
<td>Baftjar Zeqo</td>
<td>SP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Vlore</td>
<td>Viktor Gjika</td>
<td>SP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Patos</td>
<td>Bardhi Meli/Perparim Gropa</td>
<td>LSI/PAA</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Shkoder</td>
<td>Lorenc Luka</td>
<td>DP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Lezhe</td>
<td>Viktor Tusha</td>
<td>LSI</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Rreshen</td>
<td>Gjon Dedaj</td>
<td>DP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Puka</td>
<td>Rustem Strugaj</td>
<td>SP</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Kukes</td>
<td>Hasan Halilaj</td>
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</tr>
<tr>
<td>13</td>
<td>Bajram Curri</td>
<td>Nuredin Ahmetaj</td>
<td>DP</td>
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<td></td>
</tr>
<tr>
<td>14</td>
<td>Bushat</td>
<td>Zef Hila/Ardian Palushi</td>
<td>PDK/Indipendent</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
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<td>Pogradec</td>
<td>Artan Shkembí</td>
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</tr>
<tr>
<td>16</td>
<td>Elbasan</td>
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<td></td>
<td>✓</td>
<td></td>
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<td>17</td>
<td>Peshkopi</td>
<td>Ilir Krosi</td>
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<tr>
<td>18</td>
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<td>Edi Topi</td>
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</tr>
<tr>
<td>19</td>
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<td>Adriatik Brace</td>
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</tr>
<tr>
<td>20</td>
<td>Sarande</td>
<td>Edmond Gjoka</td>
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<td>21</td>
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<td>Flamur Bime</td>
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<tr>
<td>22</td>
<td>Permet</td>
<td>Edmond Komino</td>
<td>DP</td>
<td>✓</td>
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</tr>
</tbody>
</table>
The table below highlights the situation of City Councils in LGDA Target Cities following the local elections. The table shows that most of the Councils have been constituted in March (18 Councils). The rest are either scheduled for April or still pending. The delays in the investiture of local councils might lead to changes in the schedule of City Council trainings.

<table>
<thead>
<tr>
<th>No.</th>
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<th>Council Investiture</th>
<th>Date</th>
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</tr>
<tr>
<td>2</td>
<td>Kavaje</td>
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<td>March 20</td>
</tr>
<tr>
<td>3</td>
<td>Kucove</td>
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<td>March 23</td>
</tr>
<tr>
<td>4</td>
<td>Berat</td>
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</tr>
<tr>
<td>5</td>
<td>Fier</td>
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<td>March 16</td>
</tr>
<tr>
<td>6</td>
<td>Vlore</td>
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<td>March 15</td>
</tr>
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<td>7</td>
<td>Patos</td>
<td>✓</td>
<td>pending</td>
</tr>
<tr>
<td>8</td>
<td>Shkoder</td>
<td>✓</td>
<td>pending</td>
</tr>
<tr>
<td>9</td>
<td>Lezhe</td>
<td>✓</td>
<td>March 26</td>
</tr>
<tr>
<td>10</td>
<td>Rreshen</td>
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<td>March 27</td>
</tr>
<tr>
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<td>Puka</td>
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<td>March 19</td>
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<td>12</td>
<td>Kukes</td>
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<td>March 15</td>
</tr>
<tr>
<td>13</td>
<td>Bajram Curri</td>
<td>✓</td>
<td>March 23</td>
</tr>
<tr>
<td>14</td>
<td>Bushat</td>
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<td>pending</td>
</tr>
<tr>
<td>15</td>
<td>Pogradec</td>
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<td>March 18</td>
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<td>17</td>
<td>Peshkopi</td>
<td>✓</td>
<td>March 16</td>
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<td>18</td>
<td>Prrenjas</td>
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<td>March 20</td>
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<tr>
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<td>Erseke</td>
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<td>March 21</td>
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<tr>
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<td>Sarande</td>
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<td>April 2 (tentative)</td>
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<td>Gjirokaster</td>
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<td>April 7 (tentative)</td>
</tr>
<tr>
<td>22</td>
<td>Permet</td>
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<td>March 21</td>
</tr>
</tbody>
</table>

A. Management of Local Services

Activity 1. Service Improvement for target and non-target cities

Target cities

Berat  Budget Approved in January 24, 2007

After several discussions on when to approve their budget, the City finally decided to approve it within the mandate of the existing Council. The budget approval meeting had participation from citizens and local media broadcasted the complete meeting live. Discussions focused on the new structure and reorganization of the Maintenance Unit for Education, Culture and Sports Facilities which are now affiliated to the City. The organizational change will increase the level of maintenance of facilities and the efficiency
of laborers, since they will be involved with the maintenance of more facilities. The Council approved the 2007 budget and the new structure with the consensus of all the parties (majority and opposition).

Three services budgeted with SIAP this year:
- Public Lighting service (monitoring and update);
- Greenery service (new SIAP);
- Cleaning Service (prepared by one of LGDA mentors in 2004)

For Greenery and Public Lighting services they increased the maintenance funds and planned investments from their own revenues. The Cleaning service SIAP continues to be managed by the private company. For 2007, the City allocated funds as agreed in the contract; however, the company in collaboration with the City supervisor will work to improve the outcome indicators as evidenced from the 2006 survey. As indicated above, they also increased funding for education maintenance (to meet the minimum standards) by 15% after a 20% increase in 2006.

The city started implementing the budget in February. LGDA Fier worked with the SIAP WGs for the preparation of the detailed expenditure plans according to the approved budget.

**Fier**  
**Budget Approved in January 26, 2007**

Fier made strides in preparing and presenting a unique performance-based budget, marking for the first time the integration of different contemporary methodologies from assisting projects and the start of sustainability and consistency. LGDA worked closely with the staff to reflect the one-year work in the final budget document. They gave special attention to the form and content of the material, making it easy to understand (tables, graphs, plain language and consistent logic) and informative (participatory budgeting process, LG functions, accomplishments, obstacles, new areas of priorities, and objectives) for councillors and the public.

As the Mayor stated in his Annual Budget Message, the innovation of this year's budget relies on:
- The linkage of the budget with the strategic objectives of the City Development Strategy, thus allowing the City to draft long-term budgets;
- Participatory budgeting, a process dating back to April 2006;
- Performance measurement of the public services (survey, ToR, consultations) as a way to budget through consumer-oriented improvement action planning.

The City planned a public hearing prior to the budget approval session, as a way of sharing all the actions for 2007 with the local community. The election campaign, however, was not a favorable situation to finalize the process with a public hearing. The meeting, however, was attended by local CSOs and citizen. Local media broadcasted most of the meeting and the complete budget presentation. The opposition (DP) in the council boycotted the budget discussion arguing that the existing Council had no mandate and consequently no authority to approve the budget, a statement which the Council Chair interpreted as a strong reason not to hold the public hearing. However, councilors discussed the budget in commissions and presented it in the full City Council meeting the following day. Opposition Councilors attended only the first part of the meeting and again declared that Council had no authority to approve a budget. Finally, they approved the budget with 19 votes (out of 35). The voting councilors commended the new way of budgeting.

The city started implementing the budget in February. LGDA Fier worked with the SIAP WGs for the preparation of the detailed expenditure plans according to the approved budget.
Following 2007 budget approval in December, the City of Vore made a detailed presentation of the SIAPs and survey results for the Council and citizens in an open meeting. On January 31st over 100 people gathered for the open meeting, including councilors, City staff, citizen commissions, teachers and directors of local public schools, students and civil society, etc. The Public Services Department and Communications Office presented the SIAPs (Cleaning Service and Information and Communication) and survey results. At the end of the presentation, they showed a short documentary movie with the achievements of the last 3 years with respect to service delivery and citizen communication and involvement in the local decision making. Participants welcomed the City initiatives to improve the quality of these services as well as expand the service area to include the entire community in the scheme of service delivery. The City is now in the process of revising the indicators of the existing SIAP on Water Supply Service, and draft a new action plan for 2007.

The city of Vore started the implementation of the new SIAPs (Information and Communication; Cleaning Service) and continued monitoring the Water Supply Service SIAP. The City initiated a new project, creation of a comprehensive database for local policy making (e.g. permanent and temporary residents, occupation, education, social assistance beneficiaries, property, access to services, tax base, etc.). The City asked for LGDA assistance on the design of the data collection process and.

Upon receiving the survey results, the working groups in Patos incorporated the data in their SIAPs, thus finalizing the update of the Cleaning Service as well as the new SIAP on Roads and Sidewalks Maintenance. The WGs in Patos finalized the update of the Cleaning service SIAP as well as the new SIAP on Roads and Sidewalks Maintenance. Both documents are presented to the Finance Office as a request for the new budget. SIAP and budget presentation are pending on the official mandate of the new Mayor. LGDA will use this opportunity to introduce to the Mayor the collaboration with the City and up-to-date improvements.

Vlora, which resumed the communication with LGDA upon inclusion in the City Household Survey scheme, not only shows commitment to collaboration but also progresses with the use of survey data in 2007, thus focusing more on those services that didn’t meet citizen satisfaction. Additionally, the WG used the survey data to update the outcomes of the cleaning service. When the new Council will be officially constituted the WG will present the SIAP and survey results.

Kavaje requested LGDA assistance in the Water Supply and Sewerage sector, for calculating the sewage cost. Meanwhile the Public Services department has initiated updating the existing SIAPs which city has prepared during the years of LGDA assistance, and will continue monitoring in order to ensure service improvement, as well as increase of citizen’s satisfaction for the public services which city is providing.

Kucove is preparing the dissemination of the survey on information boards and other public areas. The Public services department has initiated the analysis of performance indicators for the existing SIAPs which the city has prepared during the past year. This has become a core activity of the Public services department in order to monitor the improvement of public services, to address the issues of concern and to identify actions for further improvement. The results of the analysis and the proposed actions will be presented to City Council and Citizen’s Commission.

Erseke Budget Approved in January 23, 2007

Erseke continued to take the challenge of performance based budgeting very seriously. For the past three years, City staff and Council showed a willingness and commitment to prepare the budget based on performance indicators. The 2007 budget document integrates information received from citizens through LGDA surveys (3 SIAPs) and trained observer ratings, as well as technical information from City
departments and agencies. A quick glance at the 2007 budget reveals a list of investments for 2007. The City now has a tradition of using SIAPs, a clear inventory of outputs (mainly through ToR) and the use of outcomes (surveys). Erseke has successfully used their budget to apply and receive donor funds and competitive grants from the Central Government. This year’s budget involves investments funds on the greenery service from AGRINAS and REC, and on the landfill and solid waste recycling from SIDA. The City will improve both of these services using SIAP.

The Council meeting had the participation of over 30 people: councilors, staff, citizens, and students (who helped rate the greenery service through the ToR technique). The meeting had two parts: first, the Mayor presented the 2004-2006 budget analysis and second, he presented the 2007 budget. The discussions of the councilors also channeled into these two directions. On the 2006 budget analysis, the opposition councilors questioned the increasing tendency of expenditures on the public lighting service. One of the alternatives for the future is the purchase of bulbs of better quality and lower energy consumption. On the deficit on revenue collection level for 2006, they blamed the City for not good planning system (City plans in maximum capacity which makes it impossible to have a maximum level of collection for the households). The policies for cost coverage should be in proportion with the ability of citizens to pay the fees (there are businesses which pay off in installments). Budget approval had only 1 abstention.

Peshkopi begun preparing in January a Library SIAP, an initiative also undertaken by the City of Fier. The City aims to improve the reading hall and create better conditions in the library. In fact, the City allocates minimal funding currently, mainly designated to purchase new books. Therefore, the city definitely believes a SIAP will help improve library services. This month, the WG drafted a survey instrument to attract the opinion of library users (and non-users). They survey was conducted in February.

Elbasan organized in February a presentation to citizen committees and council members. The meeting addressed the following issues:

- Identification of the role of the community and donors in the course of accomplishing some of the most important objectives of the mandate;
- Presentation of major outcomes of LGDA/USAID survey conducted in September 2006, juxtaposing them with some of the significant improvements of public services (detailed information below).
- Discussion and listing of 2007 budget priorities with the central committee consisting of representatives from all the administrative districts of the city.

The meeting lasted for over three hours and was facilitated by the Mayor, who presented an overview of accomplishments in his mandate, and the Deputy Mayor who presented the survey results vis-à-vis accomplishments in particular areas as well as the budget priorities.

Here are some excerpts from the accomplishments in the services:

**Cleaning Service**

First SIAP on Cleaning Service dates to year 2004; each year WG sets new targets and updates the SIAP.

Fund allocation for the Cleaning Service reaches 63,408,780 leke, used to:

- expand the service to cover the entire city;
- increase frequency of sweeping roads and squares;
- increase frequency and surface of wetting roads and squares;
- street and squares washing – twice a month; and
- introduce technological cleaning vehicles.

<table>
<thead>
<tr>
<th>Clean/Very Clean</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>41%</td>
<td>53%</td>
<td>66%</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>28%</td>
<td>46%</td>
<td>65%</td>
</tr>
</tbody>
</table>
Cleaning service is subcontracted to a private company. In 2007, the budget allocation for this service increased by 38.7% as a consequence of SIAP.

The outcome targets for 2007:
- Increase by 1% (95% - 96%) the households receiving the cleaning service
- Increase by 3% (75% - 78%) the number of sub-urban households receiving the service
- Increase by 13% (75% - 82%) the service cost recovery
- Increase by 2% (66% - 68%) the number of citizens rating the city as “very clean”

Meeting the above targets required the allocation of an investment fund of 6.5 million leke for the purchase of 160 new dumpsters to be placed in the city center and on the main streets since the existing ones are already damaged/broken. The distribution of dumpsters is unequal in sub-urban areas depending on districts' size and need.

Greenery Service:
- 8520 m² grass planting
- 315 ea decorative trees
- 665 ea decorative shrub
- 109 ea decorative benches in parks
- 350 ml green strip
- irrigation system in the city center parks
- decorative trees in all reconstructed roads and in special areas new parks (Kozma Naska Street, November 28th Street, etc).

The greenery service budgetary allocation was increased by 53.9% for expanding the green areas across the city and increase service quality. The TOR conducted by a group of local citizens helped with the preparation of the bidding documentation for this year.

The outcome targets for 2007:
- Increase by 0.3% (1.72% - 1.75%) green surfaces in neighborhoods
- Increase by 0.8% (10.7% - 11.8%) streets with trees
- Increase by 50% (24% - 74%) irrigated green surfaces
- Increase by 21% (59% - 80%) citizens satisfied with parks and flower sites.

Public lighting service budgetary allocation was increased by 35.9% as result of the increased service coverage due to 2006 investments and the proposed ones for 2007.

The outcome targets for 2007:
- Increase by 3% (69% - 72%) the number of citizens rating the service as “very good"
- Increase by 1% (64% - 65%) the % neighborhood streets covered with light
- Increase by 11% (64% - 75%) the service cost recovery

The SIAP WG also included a table with the priorities in all areas/neighborhoods to meet the above targets.

Elbasan local budget integrated all three SIAPs and consequently received the approval from the Council

Roads Reconstruction:
- Complete reconstruction of entry and exit city roads
- Intervention in 21 roads with complete works in pavement, sidewalks, public lighting, decorative trees, underground infrastructure systems, etc.
- Sidewalks in three roads: I.Dinci, Lef Nosi, 28 Nentori
- Public lighting in neighborhoods: V.Xhuvani, Vullnetari, Southern Ring-Road, L. Nosi, I. Dinci
Elbasan now has a tradition of setting priorities through participatory budgeting processes. The WG had to select among a list of 30 priorities defined by the administrative districts committees (10 priorities each). After the discussion on every investment project, the citizens recommended that:

- The City must complete, at least, one of the selected projects to enhance citizens' trust on the process.
- The remaining funds after the procurement of material addressing one priority in a city administrative district should be transferable to another service in the same city administrative district.

LGDA RO is assisting the city with the analysis of revenue and expenditure trends in 2006 and 2007. This data is also important for LGDA project-end financial indicators. LGDA RO is also revising SIAP data and funding in accordance with the council decisions on budget.

The two SIAPs developed in Shkoder, Greenery Service and Civil Registry SIAP were completed in March. A briefing on LGDA assistance and SIAP methodology will take place upon the investiture of the new Council and Mayor.

In December 2006, LGDA received strong confirmation from the councilors and city staff that the Information Office SIAP in Lezhe would be supported and properly addressed in the 2007 budget. And while the electoral campaign has stalled the normal functioning of both the City and Council, LGDA organized another meeting with the Mayor and working group members, to include SIAP in the budget and discuss SIAP in a council meeting before the Council dissolves. Meanwhile, they had the chance to see how the Information Office works. The staff working at this office report good work and impact of the office to citizens.

Shkoder RO set the first contacts with the new Mayor of Lezhe and briefed him on LGDA assistance, on actual improvements and on the new SIAP on the Information Office. This SIAP has already been approved in the previous Council. The Mayor confirmed he would personally deal with the incorporation of the SIAP in the budget and would likewise offer a strong advocacy in its approval with the new council. They also visited the operational Information Office.

The working group in Rreshen presented the SIAP on Cleaning to the Public Services commission. The SIAP helped them fully analyze this issue. A private contractor provides the service and the City pays for transportation costs. Therefore, the Commission recommended leasing the vehicles to the private company and that the Finance Office should review the financial terms and reflect the depreciation cost of the vehicle. Compared to 2006, the draft budget in 2007 increases by 903,260 Leke.

City of Bajram Curri reports the completion of the Road and Sidewalk Maintenance SIAP. The WG presented the SIAP to the City Council, which subsequently approved it. This marks the second case in the Shkodra Region (first in Lezha and now in Bajram Curri), where the WGs take the initiative to carry on the SIAP process without the assistance from LGDA RO – and this is a clear measure of sustainability.

City of Puka required supplementary assistance from LGDA on budget preparation and tender documentation for the cleaning and greenery services. The City already prepared a SIAP on the cleaning service and approved it with the 2006 budget. The cost of service was calculated in 2006 based on collection points. They updated the SIAP this year and re-calculated the cost based on the LGDA methodology using as unit kg/capita.
WG in Kukes are currently finalizing the Cleaning and Greenery SIAPs. Future meetings will focus on setting the targets and identifying funding sources.

Commune of Bushat conducted in February the last Council Meeting of the mandate in which it discussed and approved the 2007 budget. Budget discussions also included the SIAP on Water Supply Service, which the Council approved unanimously.

SIAP completion in the City of Permet is pending till the official mandate of the new Mayor. LGDA already set contacts with the Mayor. A tentative meeting with the WG for finalizing the SIAP was scheduled. The meeting will also be a briefing on the SIAP methodology for the new Mayor.

Work in Saranda was suspended after the local elections. The WG updated the Cleaning service SIAP and is close to completing its new Greenery SIAP.

During February, LGDA regional office staff also monitored the process of the transfer of the Small Business Tax administration to local governments. Cities face different problems related to their capacity to administer the SBT and to the lack of clear rules and procedures from the central government in the process of transferring the respective files and records. In fact, at the onset of the process, the General Tax Directorate issued internal rules of procedures (contrary to the MoF Instructions) not allowing the transfer of files and records of some businesses (Freelance Professionals: carpentry, notary public, etc). (Only in the City of Fier, the number of non-transferable business files was 285 ea). Cities addressed their concerns to LGDA, which in turn facilitated the process by reporting the issue to the MoF. Today the transfers are progressing normally.
Non Target Cities

Many activities under Sub-IR 3.2. “Strengthened Capacity and Accountability of Targeted Local Governments” have been expanded in Year #3 to non-target cities, so that lessons learned and best practices are rolling out to most of local governments.

The LGDA assistance to non-target municipalities was provided by the mentors, and was sequenced similarly with the assistance provided to target cities, in two phases, around the local budget cycle:

- In Phase One, non-target cities begin by improving a priority service
- In Phase Two, non-target cities build on progress with the first service and applied the concepts to more than one service

Out of the 43 initial non-target cities, 31 cities are currently working on improving the local services using the concepts and approach introduced by LGDA.

The current status of activities in non-target cities that are still committed to use and apply the LGDA concepts in improving the local services is as follows:

- 16.13% of non-target cities are in the process of data collections and target settings for the improvement of one service in 2007
- 51.61% of non-target cities have completed the first stage in the SIAP process, in 2007, for one service; out of these, 25.81% are in the second stage of the SIAP process – budget approval
- 32.26% of non-target cities have completed the first stage in the SIAP process, in 2007, for more than one service; out of these, 16.13% completed also the second stage of the SIAP process – budget approval

Aware that the mentors’ assistance contracts ended, the following non-target cities asked LGDA for further assistance:

- Koplik - the new deputy chair of the council requested assistance from LGDA RO Shkoder on councilors’ capacity building. LGDA Shkoder briefed the deputy chair on LGDA activities in the region.
- Shijak – the new chair of Shijak requested further assistance with SIAPs from the assigned mentor; LGDA will analyze if supplementary assistance can be provided by RO to Shijak and other non-target cities that might have similar requests, on a case by case basis.

Highlights from the non-target Cities:

Polican approved the budget with two SIAPs: the Cleaning service (existing) and Public Lighting (new). The Finance Commission approved the Public lighting SIAP in November. The mentor assisting this city worked diligently and persistently with the working group. They presented to the public and Council two times: in July on the partial results with the cleaning service (source of information – City Departments) and in December with the final results on the level of accomplishment as well as citizen satisfaction with the service (survey). As the mentor reported, “The City shows very good results in the preparation and presentation of SIAPs and new concepts of the management of the City services”.

City of Polican marks yet another success, - that of preparing a budget with performance indicators for the above 2 services. The budget reflects not only the indicators but also the respective analysis for each. Councilors welcomed the SIAPs and budgeting through consumer oriented improvements.
The Cleaning service, Greenery, Graveyard maintenance and City Décor, is provided by a contractor. The City allocated 5,200 thousand leke based on the winning bid for this service. The WG set the following objectives for 2006:

- Expand coverage area up to 80% (65% in 2005)
- Increase green areas
- Increase the collection rate of the cleaning service fee to 60% (50% in 2005)

The achievement of these objectives required the following:

<table>
<thead>
<tr>
<th>Output Description</th>
<th>Planned 2006</th>
<th>Actual 2006</th>
<th>Explanatory Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garbage bins</td>
<td>10</td>
<td>None</td>
<td>No vehicle for solid waste removal.</td>
</tr>
<tr>
<td>Small receptacles</td>
<td>30</td>
<td>None</td>
<td>Priority for 2007</td>
</tr>
<tr>
<td>Benches</td>
<td>40</td>
<td>20</td>
<td>City allocated more funds for the purchase of trees</td>
</tr>
<tr>
<td>Decorative trees</td>
<td>20</td>
<td>27</td>
<td>City used the fund allocated for bins (300,000 L) to expand the surface of green areas and build concrete collection points.</td>
</tr>
<tr>
<td>M2 of green areas</td>
<td>1000m²</td>
<td>1300m² AND 5 concrete collection points</td>
<td>City used the fund allocated for bins (300,000 L) to expand the surface of green areas and build concrete collection points.</td>
</tr>
</tbody>
</table>

The December survey resulted in improvements with the quality of the service in the city and neighborhood, as well as expanding the coverage area by 18%, exceeding their target of 80% (+3%). The collection rate increased to 57% (-3%), below their target. The reasons are economic - people leave the city for a better life. The City used survey results to budget for 2007: including purchasing 120 mid size movable bins and expansion of green areas.

Public Lighting SIAP is the second service selected for improvement. Although 70% consider public lighting in the city ‘good’, there is another 25% citing a ‘lack of lighting’, mainly in suburban areas. Indeed, a further question revealed that 60% see a lack of lighting in the neighborhoods. The survey also helped the WG to classify neighborhoods into: zones with poor public lighting and zones with no service coverage. Therefore, 2007 objectives are the improvement of the existing network and the expansion of the service coverage.

Activity 2. Local Government Capacity Building for Target and Non-Target Cities

During March, LGDA Team collaborated closely to develop all the necessary guiding documents and/or material related to the last quarter of the project. Therefore, the status of all remaining trainings, publications and reports, is as follows:

Trainings

- Citizen Surveys and Data Collection Training module
  - Draft under revision
  - Training delivery dates scheduled for late April / early May
- AAM Staff Turnover module
  - Draft under revision
Training delivery dates scheduled – will begin in mid April

- New Councilor Training module
  - Draft under revision
  - Tentative dates for training delivery scheduled; Final dates to be established after the constitution of City Councils

- Cash Management Training
  - Draft under Revision
  - Tentative dates for training delivery scheduled for early May

Publications

- Successful City Model Budget Guidebook and Training Guide
  - Outline completed
  - Individual task assignments completed in early April
  - First draft – due mid May

- Handbook on Local Government
  - First draft of the handbook completed
  - Final draft - due mid May

- SIAP Manual
  - Outline – due late April
  - First draft – due mid May

- National Survey 2007
  - Due late May

Reports

- Report on Decentralization
  - Data collection is under way
  - First draft – due mid May

- Information Dissemination Report
  - Outline completed in early April
  - Individual task assignments completed
  - First draft – due Mid May

- Report on LG Fiscal policies and Financial Management
  - Methodology completed
  - Regional Offices tasks assigned
  - First draft – due end May

- National Survey 2007
  - Due late May
Activity 5. Expanding Involvement of Civil Society in Local Government Decision-Making

Upon receiving LGDA training on “Constructive Engagement of Civil Society on Local Governance”, “City Council” and “Civil Society on Local Governance”, the organization “I, the Woman”, is constantly requesting LGDA Pogradec assistance in all its projects, thus becoming the most actively involved civil society organization on local governance in this city.

Prior to local elections they prepared a survey to help political parties and constituents make the best choice on City Council representation based on recommendations from citizens as well as a monitoring process of Council Meetings (detailed information provided in earlier monthly reports).

The following table summarizes the awareness level of citizens with local governance:

- citizens do not know the council members;
- the number of citizens attending council meetings is minimal;
- there is very little knowledge about the council activity; the council is considered as ineffective of little effective;
- solicitation of citizen feedback is not properly implemented; therefore, newly elected council members should become familiar with the law and frequently schedule meetings with the community, progress reporting activities, etc.; and
- there was no disclosure of council candidates prior to going to the ballot box.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you know all council members?</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>How often do you attend council meetings?</td>
<td>Regularly – 1%</td>
<td>One-three times – 22%</td>
</tr>
<tr>
<td>How do you assess the meetings and the activity of your city council?</td>
<td>Effective – 16%</td>
<td>Fairly effective – 44%</td>
</tr>
<tr>
<td>Does the council solicit citizen feedback?</td>
<td>Yes – 16%</td>
<td>No – 84%</td>
</tr>
<tr>
<td>How often do council members report to you?</td>
<td>Sometimes – 21%</td>
<td>None – 79%</td>
</tr>
<tr>
<td>Who is responsible for elected council members?</td>
<td>Political parties – 72%</td>
<td>Constituencies – 18%</td>
</tr>
</tbody>
</table>

In February “I, the Woman” organized a meeting with all local CSOs and stakeholders in Pogradec to:

- Present the outcomes of the organization’s projects completed over one year;
- Thank all those who contributed to meeting the projects’ goals; and
- Actively involve other stakeholders in the recent USAID-funded program “Where does our money go?”, and in making the best selection possible for qualitative candidates running for council members (SNV-funded).

LGDA Pogradec constantly assisted the organization with ideas, surveys, project proposals and other activities in the local government context. In the meeting, stakeholders expressed considerable interest in LGDA, by requesting more detailed information on its activities, ongoing assistance and consultancy regarding applications to other donors.

The role of the local CSO “I, the Woman”, in Pogradec, takes new dimensions each month as they expand to cover new issues. During March they requested that the City comply with the requirement that they make a presentation of the budget for all stakeholders. They indicated a special interest in the revenue and
expenditure analysis. They are interested in preparing a participatory budget for the City of Pogradec and have even set up a WG with representatives from business, education and finance in the community.

B. Accountability of Local Governments

Local Administrative Procedures Reforms to Reduce Corruption

In addition to City efforts to improve administrative procedures through the SIAP methodology - Information and Communication SIAP in Vore and Public Information Office in Lezhe – City of Gjirokaster constantly takes measures to increase citizen awareness by providing information on different activities, and indirectly building their capacity. Last year, Gjirokaster used large size posters to announce the City Council meetings and agenda. At the onset of this year, Gjirokaster continues to be on the front line producing and posting large size notices. They also prepared leaflets with excerpts from the law on the right to information.

Sarande continue to be on the front line producing and posting large size notices, thus contributing to transparency, information provision to the community and consequently building on their accountability. The city printed large size, high quality posters announcing Council meetings and providing the relevant agenda.

Local media also plays an important role in disseminating information to communities. In January, the budget presentations in Berat, Fier and Erseke received media attention. Additionally, the Mayor of Vlore is willing to make the survey results transparent to the local community through public debate broadcasted by the local TV.
III. MONITORING AND EVALUATION

**Improvements in local services, in Target cities** as revealed by customer surveys:

As reported in Q4 of 2006, the City of Fier and Berat presented and discussed the survey results with different groups, including City staff, regional coordinators, City service enterprises and contractors. Additionally, both Cities incorporated the survey results in the 2007 budget, thus providing this information to councilors.

In January LGDA provided the survey results to the City of Vlore. The Mayor organized a meeting with the deputy Mayors and Directors of all Departments in the City to share the results. He expressed his appreciation for the survey and emphasized that the results coincided with the preliminary estimates of his staff. For the first time, the City has data deriving from both his staff and citizens and the Mayor promised to take citizen opinion into consideration when preparing the 2007 budget. The Mayor also planned to organize an open public debate on the local TV featuring the survey results and relevant analysis.

The Public Services Department in Kucove introduced their survey results in January, during the last meeting of the City Council. Results show general improvement of public services, transparency and information/communication with the public. Councilors welcomed the work of the City staff for the past 3 years and thanked them for keeping up a high quality of service delivery. Furthermore, they suggested the staff should prepare a larger-scale presentation of the surveys conducted in the past years, as well as a summary of the accomplishments and changes during this mandate, and present it to the newly elected council. This would help motivate the new council to set new targets for their mandate and guide the City toward new goals and objectives.

In addition to budget approval, Patos will leave presentation of survey results to the New Council. Upon acquaintance with this decision, the Programming and Development Directory in the City took the initiative to analyze LGDA/USAID survey results between 2004 and 2006. They presented the analysis to the Mayor and the Finance Directory for a fair allocation of investments according to citizen priorities.

Kavaje has a very good record of data deriving from LGDA household surveys. The 2006 survey demonstrated changes in citizen perception on service quality, which the Mayor and his staff found as a very important tool to measure progress. Based on these results, the City is making every effort to update the previous SIAPs.

<table>
<thead>
<tr>
<th>Services improved with SIAP</th>
<th>Citizen Satisfaction 2004</th>
<th>Citizen Satisfaction 2005</th>
<th>Citizen Satisfaction 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road and Sidewalk Maintenance</td>
<td>97.5% (city) 41% (neighborhood)</td>
<td>98% (city) 77.5% (neighborhood)</td>
<td>99.5% (city) 78.5% (neighborhood)</td>
</tr>
<tr>
<td>Public Lighting</td>
<td>n/a</td>
<td>95%</td>
<td>93.5%</td>
</tr>
<tr>
<td>Water Supply Service</td>
<td>87%</td>
<td>67%</td>
<td>67.4%</td>
</tr>
</tbody>
</table>

The budget presentation in Erseke was associated with the presentation of the LGDA household survey. The Mayor was very careful in analyzing the change of the indicators 2004 – 2006. While the
citizen satisfaction level with the Roads and Sidewalk Maintenance improves from year to year, citizens of Erseke express lower satisfaction with the public lighting service and water supply service. Public lighting requires expansion of the service into neighborhoods and parks, and better overall maintenance through improvements with the bulbs. The lower citizen satisfaction with water relates to the fact that although the city purchased 900 water meters, they have not yet installed them.

The City of **Elbasan** has a very good inventory of survey data which are easily translated as indicators measuring the performance of services, as is the case with the cleaning and greenery service:

<table>
<thead>
<tr>
<th>Cleaning Service</th>
<th>Clean/Very Clean</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
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<tbody>
<tr>
<td>City</td>
<td></td>
<td>41%</td>
<td>53%</td>
<td>66%</td>
</tr>
<tr>
<td>Neighborhood</td>
<td></td>
<td>28%</td>
<td>46%</td>
<td>65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Greenery Service</th>
<th>Park Quality</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction level</td>
<td></td>
<td>57%</td>
<td>50%</td>
<td>59.1%</td>
</tr>
</tbody>
</table>

The following table provides the status of Household Survey Presentations in LGDA Target Cities during Q1 2007.

<table>
<thead>
<tr>
<th>Cities</th>
<th>Survey Presentation</th>
<th>Audience</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vlore</td>
<td>January 16, 2007</td>
<td>Mayor, Deputy Mayors, Directors of Departments</td>
<td>Use the data to prepare the 2007 local budget</td>
</tr>
<tr>
<td>Erseke</td>
<td>January 23, 2007</td>
<td>Over 30 people including councilors, staff, local community, donors, students</td>
<td>City has developed a practice of using survey data (below)</td>
</tr>
<tr>
<td>Kucove</td>
<td>January 29, 2007</td>
<td>City Council Meeting (councilors, city staff)</td>
<td>Disseminate the results to the public at large by posting the results in the Information Board</td>
</tr>
<tr>
<td>Vore</td>
<td>January 31, 2007</td>
<td>Over 100 people including city staff, councilors, local community, CSOs, students, people with disabilities, etc</td>
<td>Incorporated survey results in the 2007 local budget</td>
</tr>
<tr>
<td>Patos</td>
<td>January 18, 2007</td>
<td>Mayor, Finance Directory</td>
<td>City analyzed survey results 2004 – 2006; and presented it to the Mayor and Finance Directory for a fair allocation of investments according to citizen priorities</td>
</tr>
<tr>
<td>Elbasan</td>
<td>February 6, 2007</td>
<td>Citizen Committees City Council City Staff</td>
<td>City has developed a practice of using survey data (below)</td>
</tr>
</tbody>
</table>
Improvements in local services, in Non-Target Cities, as revealed by customer surveys:

**Kelcyra:** Monitoring and Update of the Water Supply Service (2005 – 2006)
- Increased citizen satisfaction with the service (less odor and bad taste to water) by 9.7% (from 58.2% to 48.5%)
- Increased citizen satisfaction with water frequency by 2.1% (from 86.9% to 89.0%)
- Increased % of fee collection from households by 4.4% (from 57.6% to 62.0%)
- Increased % of cost recovery by 11% (from 20% to 31%)

**Memaliaj** Monitoring and Update of the Cleaning Service (2005 – 2006)
- Increased citizen satisfaction with the service by 4.6% (from 47.4% to 52.0%) – level of satisfaction increased with the increase by 4% of the service coverage area
- Increased % of fee collection from households by 5% (from 60% to 65%)
- Increased % of cost recovery from households and businesses by 6% (from 42% to 48%)

**Divjaka** Monitoring and Update of the Cleaning Service (2005 – 2006)
- Increased citizen satisfaction with the service by 5% (from 55% to 60%) – level of satisfaction increased with the increase by 5% of the service coverage area
- Increased % of fee collection from households by 13% (from 40% to 53%)

**Roskovec** Monitoring and Update of the Cleaning Service (2005 – 2006)
- Increased citizen satisfaction with the service by 7% (from 47% to 52%) – level of satisfaction increased with the increase by 3% of the service coverage area
- Increased % of fee collection from households by 2% (from 65% to 67%)
- Increased % of cost recovery from households and businesses by 9% (from 55% to 64%)

**Corovode** Monitoring and Update of the Cleaning Service (2005 – 2006)
- Increased citizen satisfaction with the service by 33% (from 40% to 73%) – level of satisfaction increased with the increase by 15% of the service coverage area (65% to 80%)
- Increased % of fee collection from households by 25% (from 50% to 75%)

**Ura Vajgurore** Monitoring and Update of the Cleaning Service (2005 – 2006)
- Increased citizen satisfaction with the service in the city by 33% (from 50% to 79%)
- Increased citizen satisfaction with the service in the neighborhood by 52% (from 30% to 82%) as a result of expanding the service area to neighborhood roads for the first time (53%)
- Increased citizen responsiveness to pay the cleaning fee by 1% (from 68 to 69%)
31% agree to contribute personally to the cleaning of the neighborhoods and areas between blocks as a result of the City campaign to raise the awareness of citizens to keep the surroundings clean, through posters.

**Polican Monitoring and Update of the Cleaning Service (2005 – 2006)**
- Increased service coverage area in the city by 18% (from 65% to 83%), marking an exceed of targets with 3%
- Increased citizen satisfaction with the service in the neighborhood by 33% (from 50% to 79%) –as a result of expanding the coverage area by 18%, exceeding the set target by 3%.

**National Household Survey**

During Q1 subcontractor IDRA prepared and started the conduct (randomized sampling, training of interviewers and field work) during March the National Household Survey on citizen attitudes toward local governance and performance across a number of dimensions.

The first National Survey on this topic, conducted in July-August 2005, set the baseline indicators against which the citizen attitudes toward local governance, as revealed by this National Survey, will be assessed. The questionnaire is almost the same (with very few changes) for comparison purposes. LGDA commissioned the same subcontractor to conduct the survey - The Institute for Development Research and Alternatives (IDRA). LGDA expects to have the first results in late April.

This year, 13 Cities were subject to the City Household Survey conducted by IDRA. The 4 new Cities are Bajram Curri, Vore, Vlore and Peshkopi.
IV. OTHER ACTIVITIES AND SIGNIFICANT MEETINGS

a) In the frame of local elections, the US Embassy approached LGDA for assistance with contacts and overall situation in several local government units. During January, the Political Officer of the US Embassy contacted Shkoder Regional Office regarding the pre-election situation in Lezhe, general local governance issues, challenges for the future as well as the straightforward LGDA assistance in Lezhe.

b) On January 30th, LGDA attended the CoPlan – NOSA workshop on the Public Transportation Service in Tirana Region. The study presented the most problematic issues of public transportation in the context of decentralization and the strengthening of local autonomy. The activity provided the actual situation of the service from the perspective of the local authorities of the Region, different studies prepared on the decentralization of the service to-date and the perspective of different categories of service users.

c) Throughout January, LGDA Gjirokaster Decentralization Specialist and the Head of Gjirokaster OSCE Office, Mr. Christian Geostis met with Mayors (Gjirokastra, Libohova) and Commune Chairs (Antigone, Odrie, Cepo, Dropulli i Poshtem, Dropulli i Siperm, Koder Qender) to further explore their interest on a regional landfill construction, after a series of meetings between interested parties. All consulted Cities and Communes expressed interest and willingness to cooperate. Meetings will start immediately after the constitution of the new councils.

d) UI Senior Consultant Francis Conway arrived in Tirana on February 15th. Mr. Conway was acting Chief of Party following the departure of Chief of Party Barry Reed on February 27 until the arrival of Afrodita Popa on March 12.

e) On February 18th, CoP Barry Reed and Program Officer Nevila Koka monitored the Local Elections in Kukes Region, covering the voting and counting centers in the communes of Kolsh, Surroj and Bicaj.

f) CoP Barry Reed and Decentralization Specialist Sabina Ymeri met Mr. Ted Priftis in his mission to gather feedback on local governance and decentralization progress up-to-date for a potential follow up project on local governance. CoP Barry Reed, Program Officer Nevila Koka and respective Regional Office specialists accompanied Mr. Ted Priftis in a two-day tour in four LGDA target cities, respectively Vore, Kavaje (February 21) and Berat, Kucove (February 22). LGDA Team conducted focus groups with Mayors and Staff as well as Council Members. They served two purposes: the up-to-date decentralization process and discussion on practical LGDA assistance in this context; and consultation session to brainstorm some of the main issues to be included in a follow up project on local governance. The meetings evidenced appreciations for LGDA and technical assistance in all undertakings affecting the Cities directly or indirectly. Some brainstorming ideas on new areas of concentration are: deep reform on education, technical assistance with urban planning and local borrowing upon parliament approval, continuation of capacity building programs to facilitate the management of the new powers invested to the Cities and Councils with the adoption of the new laws, the prospects of regional landfills and integration of all EU requirements, more trainings to City Council to narrow the knowledge gap between the local staff and the newly elected councils, trust building between local councilors and their local community, strengthening the role of the AAM in advocacy and lobbying process, etc.
g) Institute for Democracy and Mediation hosted a workshop to present the community participation in public services showcasing their work in three Shkodra neighborhoods. They invited LGDA Shkoder to moderate one of the discussion panels as well as to deliver a speech on “The cooperation between the City and the Community”.

h) LGDA Shkoder specialist, Fatlum Nurja, is one of the assessment board members in the University of Shkoder, leading a research on decentralization and governance in Northern Albania. The board is in the process of assessing the research papers from University Professors; three of these papers will be assessed and commented from LGDA Shkoder. Topics include: 1. The gap between the law and its practical implementation from the lenses of the collection of agricultural land tax; 2. Fiscal decentralization in Shkoder Region; and 3. Local Governance transparency: A case study

i) UI Senior Consultant Francis Conway met Ms. Cheryl Schoenberg, CoP of National Albanian American Council, currently involved with a new capacity building and leadership program of women in Shkodra and Lezha Region. She approached LGDA for assistance with contact persons in the Local Government Units of these regions as well as local civil society organizations focusing on protecting the interests of women.

j) On March 23, CoP Afrodita Popa and Decentralization Specialist Sabina Ymeri met with representatives of the National Academy of Science (Dan Posner) and USAID (David Black). At the request of USAID, NAS is involved in a research on the methods available for a randomized evaluation of the local government programs. On this research work, NAS is meeting with contractors such as the Urban Institute that have been involved in the past efforts to strengthen the performance of local governments in Albania. Due to time constraints, they selected only two LGDA target cities, namely Fier and Vlore.

k) On March 27, NAS representative Dan Posner, accompanied by LGDA Fier experts met with the finance and public services deputy mayors in Fier. The discussion focused on assistance the City requires in the framework of new powers invested to the Cities with the adoption of the new laws – urban planning and local borrowing. In Vlore, they met with the public services deputy mayor and mainly discussed the surveys as a method of data collection for performance management purposes as well as a means to draw citizen input. Interesting discussion followed later on the specific use of survey data in the City of Vlore.

V. ADMINISTRATION

Chief of Party Barry Reed left Albania in late February for another assignment, and was replaced on March 12th by Afrodita Popa, as acting Chief of Party for the duration of the contract.

Sharon Cooley and Francis Conway, both senior UI professional staff with extensive prior experience in Albania will support Ms Popa and provide technical oversight to the remaining LGDA activities as defined in the Workplan.

VI. DELIVERABLES AND REPORTS

None, during the period, beside the Monthly Reports.
VII. PROBLEMS OR DELAYS AFFECTING THE TASK ORDER PERFORMANCE

Overall, LGDA has moved along with some progress in Q1 of 2007, even though the local government elections slowed-down of the pace of legislative efforts (urban planning law, local borrowing law and organic budget law) and practically no field work could be conducted from late January till end March.

LGDA was fully prepared to move forward immediately after the elections and the investiture of the new local elected officials.

The delays registered in Q4 2006, due to a careful and detailed planning, are to be recovered in Q2 2007.

As such, the dialogue on Local Borrowing Law was resumed and the process will be further accelerated. The Working group on Urban Planning concluded its work and the draft policy paper was agreed upon among stakeholders. The draft law is under preparation and is due in late April. The activities of the Working group on local budget are still pending – no major steps have been taken by GOA with regard to the Organic Budget law.

The Cash Management training course, postponed till after election at the request of the Ministry of Finance, is designed and planned to be delivered as of early May.

LG Handbook, planned to be available for new officials after the elections, had it's first draft ready at the end of Q1, and will be finalized and ready for publication in May.
VIII. WORK PLANNED FOR THE NEXT REPORTING PERIOD

During March, LGDA Team collaborated closely to develop all the necessary guiding documents and/or material related to the last quarter of the project.

Trainings:
- Conduct a training course on citizen survey and data collection
- Design, test and conduct a training course on Cash Management
- Conduct a training course on the new Elected Officials
- AAM convenes regional workshops on the Staff Turnover Project

Working Group Meetings
- WG on borrowing
- WG on urban planning
- WG on local budget

Events
- National Survey on citizen attitudes toward local governance – Roll out
- National Conference

Publications:
- Successful City Model Budget Guidebook and Training Guide
- Handbook on Local Government
- SIAP Manual
- National Survey 2007

Reports
- Report on Decentralization
- Information Dissemination Report
- Report on LG Fiscal policies and Financial Management
- National Survey 2007

Success Stories

Continuation of ongoing activities
- Continuation of assistance to LGs with the administration of the SBT
- Continuation of assistance to LGs with service improvement – 2007 SIAPs completion / updating; presentation to Council and incorporation in local budgets; local budget presentations

IX. SPECIFIC ACTION REQUESTED

None at this time.