

Evaluation
of Austrian Cooperation
with Albania
1991/1992 - 2004

Final Version

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ABBREVIATIONS

ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
CEEC	Central and Eastern European Countries
CIVET	Centre for Information, Vocational Training and Training
COOF	Co-ordination Office
DAC	Development Assistance Committee
DC	Development Cooperation
DRCRP	Drin River Cascade Rehabilitation Project
EBRD	European Bank for reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EU	European Union
FC	Federal Chancellery (<i>deutsch: BKA - Bundeskanzleramt</i>)
GTZ	(<i>deutsche</i>) Gesellschaft für technische Zusammenarbeit
IDA	International Development Association
IFAD	International Fund for Agriculture Development
IMF	International Monetary Fund
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs (<i>deutsch: BMAA - Bundesministerium für Auswärtige Angelegenheiten</i>)
NGO	Non-Governmental Organisation
NIS	newly independent states
NSSSED	National Strategy for Socio-Economic Development
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OZA	Ostzusammenarbeit
COOF	Austrian Office for Technical cooperation
PCM	Project Cycle Management
PRSP	Poverty Reduction Strategy Paper
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SEE	South East Europe
SEVAL	Swiss Evaluation Society (<i>deutsch: Schweizerische Evaluationsgesellschaft</i>)
SDC	Swiss Development Cooperation
SECO	(Swiss) State Secretariat for Economic Affairs
SIDA	Swedish Agency for International Development
ToR	Terms of Reference
WB	World Bank

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0 EXECUTIVE SUMMARY

0.1. Main Findings

The evaluation of the Austrian country Programme with Albania is the first of its kind for the Austrian Cooperation with Eastern Europe. The main findings of the evaluation are:

- (1) The overall performance of the Austrian Cooperation with Albania was rated relatively high. The evolution of the Austrian country programme corresponds largely with the transformation process of Albania. Further, it benefited to a large extent from competent and highly committed staff. The bilateral technical assistance was based on a good network rather than on an institutional back up due to limited governmental structures in Albania which were too weak to permit a partnership – model. The contractual basis was therefore designed in a deliberative Austrian interest.
- (2) The chosen sectors reflect not only the need of the country at that time, but demonstrate also the focus of the Austrian Cooperation towards Eastern Europe. The initial activities had to focus pragmatically on basic level; there was only little scope for the elaboration of any development strategy. As soon as possible the Austrian Cooperation carried out the shift towards a more middle - term perspective while phasing out of Humanitarian relief and take on infrastructural measurements and – to a later stage – Vocational education activities. Until nowadays, these sectors are focal points of the Austrian Cooperation.
- (3) Due to the enormous tasks in a country of transition, the Austrian contribution to the transformation process could only be very limited. However, most of the stated results have been reached. The activities correspond to the legal and policy framework of Austria of the particular time.
- (4) The year 2000 marks a major change within the Austrian Cooperation. As regards to domestic affairs, the responsibility for the Cooperation with Eastern Europe (OZA) was shifted from the Federal Chancellery to the Ministry of Foreign Affairs. With this, the Austrian Government carried out an institutional reform which was already in place in many other western European donor countries. Simultaneously (but not interlinked), new perspectives opened up for Albania while being awarded with the categorisation of being “a potential candidate for EU membership”. With this, cooperation with Albania was no longer a matter of bilateral support but became a joined effort in the interest of the EU.
- (5) In spite of this major development the financial, regional and sectoral related portfolio of the Austrian Cooperation remains comparatively steady and balanced through out the whole evaluation period from 1991/92 to 2004. Recent developments show that an important change takes place now while focusing more on the political aspects of international interventions in Albania.

The exemplary project evaluations reveal the high competence of the Austrian Cooperation and its implementing agencies in needs based interventions. On the other hand, they demonstrate some weaknesses within the Austrian Cooperation:

- (6) Despite of the good steering at project level, the Austrian Cooperation’s steering at programme level is relatively weak. There is little to no evidence that a systematic and effective steering has taken place along PCM. Nowadays, the close involvement

of local partners in the PCM is regarded as being essential for the development within the country. Therefore, the project implementation has to seek linkages to the policy level and institutional development.

- (7) The institutional knowledge of Austrian Government remains limited as the project intervention and the monitoring is outsourced at a very early stage. This bears the risk of having ADA (especially at field level) reduced to a pure administrative unit with limited capacities and technical expertise or to a trouble shooter called in when operational problems arise. This makes it difficult to take strategic decisions on programme level.
- (8) The project evaluations show that the (systemic) impact is rather limited due to the fragmentary design of the Austrian Cooperation on programme level. Basically, the focus of a country programme is missing, reducing the Austrian engagement to arbitrary series of several projects.

0.2. Main Recommendations

KEK CDC Consultants recommends that ADA re-designs the Austrian Cooperation with Albania on the basis of the Paris Declaration on Aid Effectiveness (March 2005) while implementing a programme approach in the results framework. The future Austrian cooperation programme with Albania should respond explicitly to the policies and strategies of the Albanian Partner and should show the Austrian contribution to specified development results in the partner country.

To ensure the implementation of a partner-oriented programme approach, ADA should take the following steps:

- i. *Thematic concentration* is needed as the programme-approach involves basically more coordination efforts within a sector and with local and international partners. Starting point for the thematic orientation are the actual strategies of the partner country Albania. Hence, a consultation process is needed at partner level. The existing project portfolio should be reviewed per sector in order to reach a concentration of max. 3 sector activity.
- ii. The *programme approach* should be fundamentally changed while aligning the Austrian Cooperation towards local structures, policies and strategies. ADA should understand its cooperation with Albania as a contribution towards the existing development process of the partner country. This will be assured if ADA manages its portfolio in the context of the results framework.
- iii. The derived *organizational requirements* should focus on more clarity between ADA Headquarter and Coordination Offices. It involves firstly the adjustment of the capacities and competences of the COOF while enlarging on the level of human resources. Secondly, the information of the monitoring consultants has to be institutionalized in a better way for the benefit of COOF and local partners. Thirdly, the PCM instruments do benefit from some more formalized procedures – especially at planning and monitoring level.
- iv. The sector review should focus on the potentials and effectiveness of the projects. With the sectors energy, infrastructure (Water & Sanitation) and vocational training ADA has a good basis for concentration of its cooperation. The civil society aspects are strongly immanent in the evaluated projects implemented by local NGOs. ADA should decide whether they can afford to continue this engagement on a more intensive basis or to reduce its involvement on a minimum to set capacities free for the

concentration within the other sectors. A support of local NGOs can be made with one-off-payments.

1 INTRODUCTION

1.1 Purpose and Objective of Evaluation

Within the International Cooperation, activities and projects are increasingly subsumed into programmes which are strategically oriented and focus more on structural impact contributing to transformation and development processes. A central concern of the international community is how to increase the efficiency of International Cooperation and how to align donor policies with the national objectives of recipient countries expressed in the respective "poverty reduction strategies". From this point of view, programme evaluations are of significant importance.¹

The evaluation of the Austrian Country Programme with Albania is the first of its kind for the Austrian Cooperation with Eastern Europe. The purpose of the evaluation is to identify lessons learnt from more than ten years of assistance and cooperation and to derive at specific recommendations that will contribute and feed into Austria's future development strategy and Programme with Albania.

According to the Terms of Reference the evaluation has to generate the following specific results:

- The evaluations findings and recommendations constitute a building block for the upcoming development of an Austrian Cooperation strategy and Programme with Albania.
- The Austrian Development Cooperation has an increased understanding of the differential challenges related to its work with an Eastern European Country versa its cooperation with Countries in the South.
- The evaluation process has strengthened the partnership between Austrian and Albanian cooperation stakeholders and increased their mutual understanding of the strengths, weaknesses and opportunities of their common work.
- The Austrian Cooperation with Albania and her Albanian Counterparts are able to improve their future work and to increase its relevance, effectiveness and sustainability.

The focus of the evaluation has been laid on the overall Austrian intervention approach rather than on the evaluation of single Projects. However, ADA has selected the following projects for exemplary evaluation:

- *Water sector:* Water and Sanitation within four villages in Northern Albania
- *Education:* Vocational Schools for Agriculture and Tourism
- *Democratization and Civil Society:* Promotion of Women in Politics
- *Town development:* Urban Rehabilitation and Integration of the Communities of the informally developed Settlement of Keneta, Durres
- *Reconstruction:* School Reconstruction
- *Energy:* Drin River Cascade Rehabilitation Project

¹ Specific characteristics of a programme evaluation are listed in Annex 4

The Drin River Cascade Rehabilitation Project (DRCRP) is not only the biggest project in terms of financial volume but also a joint project of the Austrian, Swiss Development Cooperation (seco) and other stakeholders. The significance of the project in terms of financial commitment, the undoubtedly high relevance (while covering 85 % of the country wide energy demands) and in terms of donor coordination aspects, justified a more detailed evaluation of the project.

Since its beginning in the early 90ies, the Cooperation with Eastern Europe had always a large meaning for Austria. ADA – being a relatively young actor – has to find its place in the Austrian Development Scene. The objectives set for this evaluation are more of a strategic character given the fact that ADA and MFA share the responsibility for this evaluation. Hence, the focus is laid more on a joint learning process for the Austrian Development Cooperation as a whole than to give evidence to the specific accountability of the Austrian Cooperation within Albania.

The evaluation of the country programme Albania has pilot character for ADA. It is supervised by the Evaluation Unit of ADA which is responsible for further elaboration and dissemination of the findings and recommendations.

The terms used in the evaluation report are usually the terms commonly used within the context of International Cooperation. However, to facilitate a correct comprehension the terms listed below refer to the attached specification:

Austrian Cooperation	The Austrian International Cooperation including the Development Work in countries of the South (<i>in German: Entwicklungszusammenarbeit</i>) and the Cooperation with countries of Eastern Europe (<i>in German: Ostzusammenarbeit</i>)
OZA	The bilateral Cooperation with Eastern Europe and Southeast Europe (<i>in German: Ostzusammenarbeit</i>)
Development Cooperation	The bilateral cooperation with countries of the south (<i>in German: Entwicklungszusammenarbeit</i>)

The detailed *Terms of Reference* (ToR) of the evaluation are attached in Annex 2.

1.2 Composition of Expert group and period of Evaluation

ADA has mandated KEK CDC Consultants with the evaluation. The team consisted of local and international experts:

- Claudia Conrad, Master in Politics Science and Evaluator of the International Cooperation, Team leader, Coordinator and Editor of the overall report
- Markus Engler, M.Sc. Civil Engineering, Postgraduate in Development Issues Infrastructure projects/ Drin River Cascade Rehabilitation Project
- Paul Hardegger, M.Sc. Civil Engineering, Technical University of Rapperswil, Drin River Cascade Rehabilitation Project

- Edlira Muedini, Consultant Vocational Education
- Marika Shtembari, B.A., Consultant Infrastructure/Water
- Eriola Shingjergji, PhD, Gender/Civil Society

The team leader clarified the ToR and the mandate in the ADA headquarters in Vienna on the 4th and 5th of July, 2005. This period were used also to hold the first interviews with mainly representatives of ADA, the MFA and former ADA staff. The field study took place in two phase's corresponding to the availability of the local counterparts: Within the first period (6. – 22.07) selected projects within the sector infrastructure / water / education / town development were evaluated. The Drin River Cascade Rehabilitation Project has been evaluated from 29.08 to 5.09. In both phases representatives of international donor agencies, national ministries, local communes and – where relevant – non-governmental organizations have been interviewed at all the project sides.²

A feedback workshop was held on the 5th of September, 2005, in Tirana. All stakeholders within the partner country involved in the evaluation were invited to comment on the findings and recommendations of the evaluation.

As far as possible, the evaluation tasks were jointly elaborated within the team. However, due to the given limitations of the elections followed by the summer holidays the principle of "Four-Eyes" could not be applied systematically all the time. Therefore, some interviews were conducted by one consultant only.

1.3. Methodology of Evaluation

The following methods have been used for data collection and analysis of relevant information:

- Electronic Survey
- analysis of relevant secondary literature and project documentation
- Interviews with key persons (semi-structured with guiding notes)
- Semi-structured focus group interviews
- Telephone Interviews
- Technical Assessments
- Transects
- Direct Observation
- SWOT – Analysis

The first phases within the evaluation consisted of a systematization of the available project documentation. Based on the first insight views, an electronic survey has been conducted to obtain further information on the perception of the Austrian Cooperation's Activities programme level. The questionnaires were analysed and interpreted before the field study. This

² Sarranda (Hotel school), Durres (Town development), Region Shkodra (4 Villages), Fier (Agricultural School) and Fierza (Drin Water Plants)

enabled the evaluators to elaborate first working theses which were used in the subsequent interviews.

The return flow of the questionnaires amount to over 50% (compared to an average of 30% in general). The experience shows that this quota can be regarded as quite well – also because of no available time for reminding.

Exemplary projects have been evaluated in order to obtain a picture of current “typical” activities of the Austrian Coordination. The data collection in the field has been done by local sector experts. Based on the findings, the local experts elaborated a first draft report which has been revised afterwards by KEK CDC Consultants. To simplify the reading process, a legible short version of the report has been edited by KEK CDC Consultants and added as Annex (Annex 3) to the overall report. The original reports can be requested at full length by KEK CDC Consultants.

A detailed list of interview partners is attached in Annex 1.

Available Principles and Criteria for evaluation (DAC 1998, SEval 2002) were considered to a large extent.

1.4. Involvement of Coordination Office and Stakeholders

In October, 2004 a preparation seminar in Tirana took place. Nearly all relevant stakeholders could participate and contributed in one way or another to the shaping of the evaluation Terms of Reference. The interest in the evaluation was large – even though the local counterparts focused on their particular project. The interest in the evaluation has been once again confirmed with a good and continuous participation in the feedback workshop (September 2005). All relevant stakeholders were present: the local partner from governmental side, representatives of donor agencies, and the implementing agencies. Their feedback on the findings and the validation of the results was most useful for the evaluators.

After the submission of the evaluation report to ADA Headquarter, another presentation took place in October 2005 in Vienna. Representatives of ADA, the Ministry of Foreign Affairs, Partner Agencies and further interview partners had the opportunity to discuss on the findings and recommendations. Special points of interests were the further development of a regional approach, the better anchoring of cross-cutting issues, the challenges of decentralisation and privatisation policies in Albania and economic cooperation models to contribute towards Albania’s EU-accession strategies.

1.5. Limiting Factors during the Evaluation

The evaluation took place in a period not ideal. The national parliamentary elections were scheduled for the 3rd of July, 2005. Although the national and international media declared Mr. Sali Berisha and his Democratic Party as winner of the elections, it took more than three weeks to confirm the final results. It required another two months to form and establish the new government. Subsequently, the official Representatives of the “old” governmental administration were in a “wait and see”-attitude, long time not knowing whether they will be replaced or not. This hampered to a certain degree the interviews held on governmental level as the interest were sometimes focused in another direction.

The decision to undertake the evaluation within the summer months led to some logistical headaches. Not all interview partners in Albania were available; some were available but

already in holidays. The schools in Sarranda and Tirana were closed. The directors and a few teachers were met individually according their availability. Not only in Albania but also in Austria the holidays have just started. In those cases a telephone interview was held instead of the planned meeting.

The documentation of the projects and the country programme as a whole was not up to the usual standard. Also, a lot of the material is available in German only and created a problem for the documentation of the local consultants. The few English or Albanian documents were partially not sufficient for an adequate insight view.

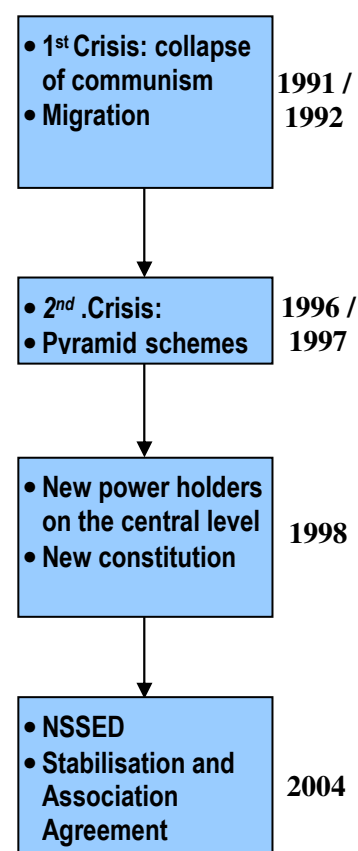
The international evaluators had to prioritize a bulk of documents by themselves. Important documents from the beginning of the country programme (e.g. the *Lukesch-Papier* of 1994) are not available anymore. There are no planning documents of the previous engagement in Albania. Also the on-going projects to be evaluated have no consistent documentation. The evaluators were in the situation to re-construct the programme-history on the basis of the interviews, financial flows and the electronic survey. It seems that the shift within the responsibility from the Federal Chancellery to the Ministry of Foreign Affairs led to a subsequent loss of documents. This did not only impede the evaluation but weakens the institutional knowledge.

2 COUNTRY-RELATED FRAMEWORK CONDITIONS

2.1 Political, Economic, Social and Cultural Framework

A brief look on Albania's transition processes since 1991

Albania started its transition process under very specific and very unfavourable conditions. Its separation from the West after World War II and successively from all socialist states (Yugoslavia: 1948; Soviet Union: 1961; China: 1978) had resulted in isolation and an attempt to achieve autarchy of the small country – then Europe's poorest. For its transition, Albania thus could not build on many assets and valuable experiences accumulated in the previous decades. When, in 1991, the communist system collapsed, the country faced a major crisis; it was thrust into a period of unrest and turmoil. Poverty and sheer hunger drove thousands of Albanians to try to leave the country, sometimes in quite desperate ways, destroying local public infrastructure to express their wish not to return, and their dissatisfaction with their current condition. But often, migrants were painfully confronted with the fact that they were not welcome abroad. Many Albanians – whether ready for migration or willing to remain in the country – had unrealistic expectations concerning quick overall economic recovery and improved individual livelihood. This resulted in widespread disappointment, in the pursuit of individual strategies (rather than participation in collective efforts), and in continued attempts to migrate. A second major crisis was to be faced in 1996/97, when the pyramid savings schemes collapsed and many Albanians lost money and a perspective for their near and medium term future. The crisis resulted in sometimes violent confrontations and also involved the state, ultimately resulting in a change of Government and the establishment of a new constitution. As a consequence of increased instability, bilateral donor agencies interrupted or diminished their co-operation with Albania, and only took it up again or brought it back to the previous level in 1998. Since the late 1990ies, Albania's economic situation – both on macro- and on micro-economic levels is improving, transition processes have taken up speed, they appear to be more clearly oriented – thanks to the National Strategy for Social and Economic Development and the European Stabilisation and Accession perspective amongst other.



State

The main actors of Albania's first fifteen years in transition – unlike mainly in Central European countries – represented the State; they had emerged from the previous structures. No opposition had been able to form under communist rule, no civil society organisations had been allowed to emerge. This resulted in difficulties for the transition process. Debates and political struggles were rather about persons and power than about ways to organise transition and about contents. Also, no pre-communist tradition of statehood could guide political processes and decision-making, no historic models of a local democracy could be referred to when designing a new Albania. Politics were mainly understood – and they continue to be understood in this way by many Albanians – in a pre-modern tradition: One party controls the state and, possibly, also the economy. Meanwhile, the number and the quality of actors have increased. Although the generation of politicians that had been trained under the previous

system still control the major parties and thus, the country's political life, younger actors – some of them trained abroad – have turned up and are to play an increasingly important role in the country's transition process.

In 1998, a new constitution was approved, which guarantees rights and defines duties according to modern standards. Nevertheless, social practice often is at quite a distance of those regulations. For instance, women do often not enjoy the same status as men, women do not equally participate in political decision-making, and they are paid lower wages than their male colleagues. Also, women appear to increasingly suffer from violence. Despite important legislative processes, to adapt important reforms have not been fully realised. Most important is the lack of implementation of existing plans and the securing of rule of law. Public administration has not yet fully understood its role as a public service provider, decentralisation of competencies to local levels has been very minor, and corruption continues to be a problem, creating inequality in the access to resources (Albania ranks 108th in Transparency International's Corruption Perceptions Index 2004).

Economy

After 1993, Albania's economy – on a very low level and with an inflation of 230% in 1992 – started to recover and showed positive trends. Only the exception of 1997, when the breakdown of pyramid systems led to a major financial, social, and political crisis, slowed down economic development. Respective progress was supported by rather quick privatisation of land and houses right from the early 1990ies. But it also faced major problems: the agricultural heritage – primary production still is the country most important economic sector, contributing with over 45% to the GDP – that was slow in adapting to new modes of production, and still needs to be adapted. Reliably functioning financial institutions were lacking in the first transition years, access to credits was and continues to be difficult for entrepreneurs. The shadow economy continues to provide for an important part of the GDP, and remittances are still a means for households to cope with everyday financial problems. Although labour force – compared with European standards – is cheap, foreign investments are small – due in large parts to the lack of rule of law and to the country's reputation as a transitory place for trafficking (drugs, humans, etc.). The technological deficits have been and still are an important challenge for Albania's economy and businesses internally do not necessarily function according to market principles, but rather according to a family logic. The labour market is poorly developed, and not all people looking for jobs have had the possibility to access skills training. The limited size of the interior market is an additional limiting factor for the national economy, and exports are limited to a few specific branches, such as textiles and some agricultural products.

Development of the Albanian			
Gross Domestic- Product		Per-Capita Income*	
1989	100	1989	1127
1990	90	1990	1014
1991	65	1991	730
1992	60	1992	678
1993	66	1993	743
1994	71	1994	804
1995	81	1995	911
1996	88	1996	994
1997	82	1997	925
1998	89	1998	998
1999	85	1999	1071
2000	103	2000	1155
2001	109	2001	1230
2002	116	2002	1304
2003		2003	
2004		2004	
* in US\$			
Source: EBRD			
GDP per capita annual growth rates (%)			
1975 – 2002		0.3	
1990 – 2002		6.0	
Official development assistance (OD) received (net disbursements)			
Total 2002 (US\$ millions)		317.0	
Per capita 2002 (US\$)		100.9	
% of GDP 2002		6.6	
Source: Human Development Report 2004			

Society

Albanian society only very slowly has become a positive actor of transition. Focusing on the difficult task of assuring their livelihood, and with the complete lack of experience in participating in decision-making, people could hardly participate in the transition process, except for using the new economic liberties proposed to them. Meanwhile, services offered to them by public providers fell behind levels attained under communist rule; this applies both regarding quantity and quality. Respective deteriorations were especially felt in the fields of education and of health. The Human Development Index recovered between 1990 and 2000 from 0,702 to 0,733, and in 2002, it rose to 0.781 (value 0>1,000). At the same time, Albania, unlike many of its neighbouring Yugoslav republics, did not go through a civil war. The linguistic homogeneity of the population (the Greek minority represents 3% of the total number of inhabitants and has no aspirations for autonomy or special relations with Greece, other minorities (Vlach, Roma, etc.) only add up to 2% of the population) was an important factor in the country's integration throughout the transition period, and it could not be challenged by religious differences (70% Muslims, 20% Orthodox, 10% Roman Catholics) or by dialectal (Tosk and Geg) and social differences between the North and the South. The Kosovo conflict (1999) did not endanger Albania's stability; rather, it led to influx of additional resources. If the country's integration and stability was challenged in the 1990ies, this was due to the states inability to guarantee rule of law – judicial power did and does not always cover the whole country, criminal groups at times controlled parts of the population and of the land – , to the absence of trustful relations between the population and Government authorities, and to the increasing social cleavages regarding income and wealth: A few winners of transition have quickly become rich, while for the largest part of the population transition was first of all an experience of impoverishment.

Albania's Human Development

Albania is a medium human development country (rank 65)

Total population:	1975	2.7 Mio.
	2002	3.1 Mio.
	2015	3.4 Mio.

Life expectancy at birth (years, 2002)	73.6
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Urban population (% of total)		
	1975	32.7
	2002	43.2
	2015	51.2

Population under age 15 (% of total)		
	2002	28.5
	2015	22.9

Population age 65 and above (% of total)		
	2002	6.2
	2015	8.1

Adult literacy rate (&, 2002)	98.7
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Combined gross enrolment for primary, secondary and tertiary schools (% , 2001/02)	69
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Source: Human Development Report 2004

Summarizing Analysis of transition - related Development of Interventions

Due to the threat of a massive social crisis, initial projects had to focus pragmatically on basic level. There was only very little scope for the elaboration of any development strategy. Humanitarian Assistance was required and – in most cases – delivered. This phase should be assessed under the prevailing conditions as an attempt to stabilize the country and to prevent a mass exodus. Basically in such situation any sector was adequate – as long as the intervention ensured the rehabilitation of essential infrastructure to secure minimal basic services.

After the break down of the pyramid saving schemes, sheer chaos pulls on the country and led to the evacuation of nearly all country offices of International Agencies. The technical Assistance was interrupted for several months before former work could be continued. Another mayor set back has been experienced with the Kosovo-Crisis in 1999, bringing ten thousands of displaced persons into the country. In this context, Humanitarian Activities had priority; international funds were correspondingly allocated. Donor Agencies as the Austrians were confronted with the fact to catch up with the set backs in rehabilitating essential infra-

structure and of basic public services. In the context of having the world focus on Kosovo, the Albanian Government tried to re-establish what has been deeply destroyed in 1996/97. Constitutional reforms and the re-establishment of the rule of law were of utmost importance.

The efforts have been rewarded with achieving minimal economic performance and generating some employment. Those agencies which dealt with development issues were encouraged to continue their activities. Institutional reforms were introduced and presented first opportunities for programme planning on middle- to long term basis. From now on, a principle prospective for governmental integration in the aid process actual existed. However, the missing accountability of governmental bodies and structures led to a continuation of a relatively autonomous process of development activities within the country.

The elaboration of the first draft PRSP – followed by the NSSD - should set an end to the 2-Paths-Development within Albania while identifying the priority sector for economic growth, poverty reduction, improved basic public services and framework conditions. But the decisive thrust has been the acknowledgement of Albania being a SAP country – identified for being a potential candidate for the EU-membership.

This development in 1999/2000 had far reaching consequences - bringing either main donor programmes into the country (e.g. the EU-CARDS Programme) or leading to an increase of ODA earmarked for Albania. Accordingly, institution building and sector policies and approaches became recently more and more important.

2.2 Brief Analysis of Relevant Sectors

2.2.1 Humanitarian Aid

During the 90ies, aid actors became increasingly interested in the ways in which relief and development could be better linked. Part of the rationale behind this debate was that good development aid would help to reduce communities' vulnerability. Providing investments would enable populations to build up assets on which they could draw in the event of crisis. Likewise relief aid could protect assets and provide the basis for future development work. Implicit in this idea of 'continuum' was that relief aid should not be seen as a palliative but also as a springboard for recovery.

In most of the DAC – Member states Humanitarian Relief is an integral part of the Development Aid. Further, Development Aid is in donor countries mainly part of the particular Foreign Policy of the country. This is somehow favourable as this link offers a specific formulation of goals and targets not only within the development work but also within the humanitarian assistance. Consequently, Humanitarian Relief has been linked to concepts of the Human Development (Democratisation, Education, Gender, Human Rights, Environmental Protection, civil Society, etc.). Particular in crisis-related Emergency Situations, many donors apply the concept of "developmental humanitarian assistance". This coherent approach offers the perspective of an accelerated social, political and physical rehabilitation within the affected country.

Another feature of the Humanitarian Relief of the 90ies is the fact that obviously the geographical closeness or a historical affinity towards the region of crisis influences the decision making at donor level. Examples are the strong involvement of ECHO and the western European Countries during the Balkan crisis, but also the humanitarian activities of Australia, New Zealand or Japan in South East Asia or the engagement of USA, Canada and Spain during Hurricane Mitch.

In Albania, Austrian Humanitarian Relief Activities in the early 90ies have to be firstly assessed in the frame of immediate response before broader political response could take place. They were firstly directed to pretend the extension of the existing crisis and to stabilize the region. As soon as possible, rehabilitation measures were taken on in order to strengthen the efforts of stabilizing the country. With that, the Austrian Cooperation's activities corresponded to the international demand of leading Humanitarian Relief activities as soon as possible into longer term, structural effective support mechanisms.

2.2.2 Energy

The main sources for energy are oil and hydro-electric power. There are also some small deposits of natural gas and coal. Back in 1990, charcoal was still an important source of energy for domestic heating. At that time, the per capita consumption of energy was about 20 % of that in Western Europe.

Before 1990, Albania has been a net-exporter of electric energy to Greece, Macedonia, Kosovo and Montenegro. The export of oil products and electric power was a significant source of income for the country. After 1990 export of energy dropped substantially, slashing the income from 50 Mio. \$ in 1986 to one third in 1992, whereby the export of oil products ceased.

This underlines the importance of the hydro-power sector for the economy of the country. In 1992, Albania had an installed capacity of 1445 MW which equaled 88 % of the total capacity of power production, with the remaining 12 % coming from thermo power plants. The technically exploitable hydro-power potential is estimated to be around 3200 MW. Apart from some 9 big hydro power plants about 80 small-scale hydro power plants exist, although few of them are operational. To balance the source of electric power, currently a new thermo power plant is under construction in Vloré with a capacity of about 200 MW.

Whereas earlier the industry accounted for about 80 % of the domestic consumption, the pattern changed drastically after 1990 with a fast growth in consumer consumption resulting in changed consumption patterns. Technically the power generation and distribution is no longer adequate for this new situation (e.g. no private meters, insufficient capacity and compatibility of grids, unreliable power supply).

Most hydro power plants (except Komani on Drin River, 1986) as well as the medium-voltage transmission grid were built with old technology dated 1950 to 1970. Therefore, the rehabilitation of existing plants and up-grading of the transmission and distribution system are the priority in the electricity sector. New interconnection lines with neighboring countries are also part of meeting the obligations under the Athens Memorandum in the context of the establishment of the Energy Community in South East Europe.

With the collapse of the old system and the sharp decline of revenue it appears that maintenance stalled and investments to rehabilitate the system were also not available. The financial situation deteriorated rapidly after 1995, when prices except those for electricity were liberalized. The low price and the absence of an effective revenue collection resulted in an artificial demand the rose from 2.3 TWh in 1993 to 5.6 TWh in 1999 and to huge non-technical losses.

To establish an adequate institutional framework for the power sector, the Government, with the support from donors (banks), in the mid 90'ties embarked on a sector reform which resulted in a Power Sector Policy Statement adopted by the Government in April 2002 and produced an energy strategy and a strategic investment plan for the period 2003 to 2015. The sector reform is also the basis for a transitional market mechanism that gradually leads to the privatization of the power utilities.

2.2.2 Water Supply Sector

Supplying water to rural areas is not a simple issue. It is important to note that water services are not limited to rural water supply and sanitation. There are actual numerous competing interests for water – drinking, sanitation, irrigation, energy, and navigation. Communities have a significant role to play in managing and even the delivery of water services, but the complexity and cost of the issue requires new roles for government, civil society, the private sector, and donors as well.

Albania's water supply infrastructure and services had been deteriorating since the late 1970s. Water supply institutions were weak and unsustainable because of a combination of politically driven low water tariffs, widespread waste by costumers, lack of maintenance of equipment and facilities, and poor incentives for performance. These trends were exacerbated by Albania's political isolation. It is not over exaggerated to stress that over the past decade, most of the water and sanitation infrastructure reached the end of its life, with some being well beyond cost-effective repairs.

At independence in 1990 the country's water distribution network in urban and rural areas was utterly dilapidated. Poor management and lack of planning meant "...that the urban water network had been poorly maintained and its coverage had not kept pace with rapid urbanization. In rural areas the irrigation system had deteriorated for lack of maintenance and become a bottleneck for agriculture. Sanitation was very poor, were it existed at all."³

A recent review of the World Bank⁴ water supply projects shows that local community involvement in decision-making about services and implementing and managing those services is linked to a greater beneficiary satisfaction with services, and thus a greater willingness to pay. Significant involvement by local stakeholders correlates with better replicability and sustainability in outcomes and impacts. A lower degree of participation – e.g. only providing materials and labour – is associated with a lower likelihood of sustainability.

2.2.3 Education and Vocational Training

In most former communist and state socialist countries, education was funded from state budgets and free to private households. In the 80ies, Albania has reached some essentially progress, for example a significant decrease in illiteracy and correspondingly an increase in the enrolment rate at primary school. Primary and secondary education was of good quality. However, prior to transition political interference was pervasive, curricula rigid and fact-based, adult education was poorly developed. The whole system suffered from inefficiency and lack of incentives for students and staffs.⁵

The beginning transformation process led to an end of this positive development. Many schools – especially in rural areas – were closed due to lack of financial means. Since 1996/97, the number of pupils decreased significantly. Reasons are general high expenditures, the catastrophic infrastructure and the fact that children were needed to work in the fields. Also, there was a clearly scepticism among rural people that additional school qualifications will lead to more opportunities on the labour market and would increased existing chances. It is assessed that about 60 % of the rural population enter labour market without vocational training.

³ Albania: Urban and Rural Water and Sanitation Reforms. Shanghai 2004

⁴ World Bank, Water Supply and Sanitation. Fpsi Strategies for Africa. 2002.

⁵ UNICEF 1995

Today, the school buildings are still in a wretched condition, teaching material is often missing. There is a lack of qualified teacher; a monthly salary of 150 – 200 Euro per month in average is too low to be attractive. Those who have the possibility change into the private sector. In transition countries more than 60% of teachers are women, and for family, housing and other reasons, they are not very mobile.⁶

The concern in most transition countries at present is with the general reform of the education system and its adaptation to plural and market-based society. Introducing the 'dual-track' approach to the Albanian system – in which theory and practice is combined and teaching takes place in school and companies – means also a change in the believe that vocational training is primarily a preparation for University. Beside the establishment of the infrastructure in the schools and the adaptation of the teaching material are contacts to businesses and companies of great importance. They have to be considered as partners within the change process.

The scale of vocational training is reduced in some transitional countries due to lack of funding from a contracting industrial basis.

2.2.5. Social Development

The transition phase introduced not only 'new freedom' and a wide range of consumer products but also a real deterioration and impoverishment of large parts of the Albanian population. Today, many people have to live in precarious situation. The social costs of the transition have reached enormous high. Particular elderly, school-leavers with no possibility to find a job, women and marginalized groups suffer increasing impoverishment. In contrast, governmental services are not strong enough to ensure the social safety net. Social services are provided – if anyway – with low quality. Qualified human resources is missing. Due to the lack of financial means, the implementation of institutional reforms suffers from required human and institutional capacities and resources.

In Albania, 25% of the population lives under the national poverty line. The deterioration of the social development shows evidence in the migration movements. The elaboration and implementation of a national strategy for poverty reduction (NSSD) seeks to tackle the problems.

Albania is one of the rare examples of localizing the MDGs. Taking the multidimensional character of poverty into account, the Albanian government sets clear priorities on poverty reduction:

Priority field	Focus of interventions
Increase of opportunities for the poor	Stimulation of economic growth; increasing access to health, education, urban and rural infrastructure
Increase of participation of the poor in society	Institutional reforms by adopting ways and methods for the inclusion of the poor in the decision making process
Enhancement of security for the poor	Programmes of economic assistance, social care, support for the poor, employment promotion, strengthening of the social capital

based on: UNDP Albania 2004, Development Projects System

⁶ OECD 1996

2.3 Brief Analysis of Institutional Framework

2.3.1. National Partners

Although Albanian leaders set their focus on rapid change at the beginning of the transition process while introducing an ambitious and radical reform programme, the governmental institutions remained very weak and widespread disrespect of the rule of law was the order of the day. The pyramid-society scandal of 1997 set off a severe socio-economic and political crisis, collapse of the state-system and the undoing of many achievements of the early reform years. Since this crisis, Albania has made significant progress towards consolidation of the state system and restoring political stability. With the new Albanian Constitution coming into effect in 1998, the political climate has evolved significantly.

During the period 1997-2001, numerous laws concerning subjects such as taxation, privatisation, budgeting, decentralisation, civil administration, universities, etc. were enacted and/or revised. In effect, the pressure of newly formed interest groups made it necessary to re-negotiate many reform measures that had been rapidly elaborated in the initial phase of transition. However, this legislative progress should not lead to the deceptive assumption that the public administration has been reformed totally. The lack of respect for the rule of law remains a serious problem in Albania. The judicial system is still considered to be quite unreliable. Corruption still affects the whole system. In the 2003 Transparency International "Corruption Perceptions Index" Albania still ranks as 92nd out of 122 countries.

Retrospectively, the cooperation with governmental bodies is assessed as difficult. In the early 90ies, the cooperation was limited to a formal correspondence and an annual meeting on sectoral level. No direct or indirect funding was channelled through ministerial level.

The overall coordination of technical assistance should be performed by the Ministry of Economy. A framework agreement between the particular donor agencies and the Ministry of Economy regulates the principles of the coordination. In principle the Ministry of Economy is responsible for coordinating the Technical Assistance with the other Ministries and for assessing whether the projects correspond to the national priorities and needs. However, in the cooperation between Austrian Cooperation and the governmental bodies it was more decisive to get the green light by the implementing ministry. The cooperation has been regulated in a tripartite agreement between the relevant ministries, the implementing agency and Austrian Cooperation (compare also 3.6.). Nevertheless, in case of the infrastructure projects in Northern Albania and later with the activities in the educational sector the ministries played an active role in project planning and in the implementation of the activities. Incentives – such as occasional visits to Austria – fostered these commitments in a useful way.

In projects implemented by Albanian government partners, usually a *Project Implementation Unit* or *Programme Management Unit* (PIU / PMU) has been established. PIUs / PMUs are steering instruments on programme level, commonly applied in World Bank projects⁷. The government assigns a team of government staff, preferably from the implementing agency, for the period of the project. This team is in-charge of implementing the project activities, whereas the regular staffs of the agency is in-charge of regular operations. In technically demanding or in high-investment projects the PIU / PMU is often supported by an expatriate consultant (team) which provides technical and managerial assistance to the PIU / PMU. In general, PMUs bear the risk that a parallel structure is established for the duration of the project, whereas staff responsible for regular operation is not directly involved. This limits the commitment of regular staff to take over responsibility after completion of project. However,

⁷ There are two main models of steering on programme level: the PIUs or the reliance on existing government structures. The latter is commonly used in most African SWAPs.

in the case of the Drin River Cascade Rehabilitation Project, this basic drawback of PMUs was not so critical, because ultimately most of the staff, from mechanic to plant director, were involved in the implementation of the project.

2.3.2 Implementing Partners

The most common procedure of the Austrian Cooperation in Southeast Europe is to delegate the planning, the implementation and the supervision to Austrian consultant companies. It is in their responsibility to sub-contract (local) companies to carry out specific tasks of the project. Both the selection of Austrian consultants and of local sub-contractors was done on the basis of bidding processes.

Local Governmental Bodies

Institutional reforms and the decentralisation policy made the municipalities and communes to important implementing partner on local level. While a legislative framework for local governance was formulated quite rapidly⁸, the devolution of real administrative and fiscal authority to the local government bodies has proceeded far less rapidly. Hindering factors were a general reluctance to surrender central power, a low commitment of politicians, and the limited capacities on local level. The weakness of local government institutions still exist and make them susceptible to political instability.

Nevertheless, the process of decentralisation is making gradual but irreversible process. Albania's local government units⁹ have acquired a degree of political autonomy and functional authority. Major and local councils are elected directly by the citizens through secret balloting. Political power and interests are therefore closely linked to the local and regional developments. The local units are providing local public services and mobilising the revenues based on autonomous taxing power.

However, the inadequate capacity of local governmental units to take on the whole range of responsibilities is widely held to be the major constraint to implementation of the decentralisation strategy. This makes local governmental units to partner of the Austrian Cooperation and – at the same time – to the target group for capacity building and organisational development activities.

Civil Society Organisations

In the 90ies, the direct funding of NGOs was not considered to be a valuable option. The technical approach in the 90ies required a partially highly specialized Know-How which could be better ensured through either consulting companies or specialized institutions. Further, the question of liability is a decisive aspect when it comes to Technical Assistance within the infrastructure sector.

There are only few Albanian NGOs which are in the position to fulfil all the requirements of a partnership with an international donor agency. The Austrian Cooperation was only recently willing to contract directly an Albanian NGO (CoPlan). The decisive factor was less the representative character a NGO should have within society, but the high standard of performance and the technical know-how of CoPlan which is on a comparatively level as a private company.

⁸ The process of establishing local self-government began soon after Albania's first pluralist elections in March, 1991, while corresponding laws (law No 7570, No. 7572) passed to create the basis for local political autonomy

⁹ These units are comprised country-wide of 65 municipalities, 309 communes and 12 regional councils.

2.4 Assessment of Programme-Related Framework Conditions

Albania is today's poorest country in Europe. The political and socio-economical framework conditions were problematic through out the whole evaluation period. The effects of long lasting political instability, linked with severe mayor financial and social break downs – led to a decline in the economical situation which considerably limited the scope for a well-founded development perspective. The majority of the Albanian population in rural and urban regions live in most precarious situations below the poverty line.

The overall wretched situation of the country leads to a broad need for development activities in practical every sector of life. Within the 90ies, the existing institutional framework conditions hampered an efficient cooperation on governmental level. Governmental Agencies like Austrian Cooperation are confronted with the dilemma to not replace the missing governmental structures in Albania; on the other hand they rely to a certain extent on favourable frame conditions in order to fulfil their mandate and to work efficiently.

In this situation, the Austrian Cooperation in Albania can bee seen in the frame of sector programmes which offered the possibility of project implementation without relying too much on governmental decisions.

3 AUSTRIAN COOPERATION WITH ALBANIA

3.1 Principles

Austrian Development Policy has undergone mayor changes within the last decade as illustrated below:

Legal basis	1991/92 – 2002 Law on Development Cooperation 1974	2002 – 2004 Development Cooperation Act 2002
Political responsibility	1991/92 – 2000 Federal Chancellery	2000 – 2004 Ministry for Foreign Affairs
Guidelines & Directives	1.06. 1994 onwards „Sonderrichtlinien des Bundeskanzleramtes für die Gewährung von Förderungen in den Zentral- und Osteuropäischen Reformstaaten und den neuen unabhängigen Staaten“ ¹⁰	
Concepts	n/a	Ostkonzept 2001/2002 „Bilaterale Förderungen in Mittel- und Osteuropäische Staaten (MOEL) und den neuen unabhängigen Staaten (NUS)“
Operationalization: Strategy Papers and similar	n/a	<u>MFA level:</u> 3 –Years’ – Programme <u>ADA level:</u> 3 - Years’- Working Programme <u>Country level:</u> country Programme of the Austrian Cooperation 2004 – 2005
Main Focus’	<ul style="list-style-type: none"> - Albania is priority country - sector focus: water and energy - regional focus: northern Albania 	<ul style="list-style-type: none"> - Albania is priority country - EU SAP - 3 sectors: a) environment, water and energy b) economy and employment c) education
Executing Agency	1994 - 2003 COOF	2004 onwards ADA

Source: Own chart based on available documentation

The legal and the policy framework of the Austrian Cooperation with Eastern Europe, relevant for the period of this evaluation (1992 to 2004) comprises several layers of policies and strategies which were valid consecutively during the period of 1991/92 – 2004.

For the period 1992 to 2000, the frame was given by the Law on Development Cooperation of 1974 and the Federal Chancellery’s special guidelines for financial support to Albania. These guidelines determined the scope of support, general principles, the criteria for selection of projects, and the implication procedures and conditions. The following conditions had to be applied:

¹⁰ “Special Guidelines of the Federal Chancellery for granting support to the Central- and East European Reform States and New Independent Countries”

- The country which benefits from Austrian support had to be on the “DAC – List of Aid Recipients”¹¹
- Purpose of the Austrian contribution was the support the economic transformation process, the establishment of pluralistic democratic structures and the protection of human and minority rights. Priority has been given to the public services and governmental administration, to activities enhancing private sector productivity, and to an integrative regional development.
- Ecological and social effects had to be considered.
- Social development was addressed mainly through know-how transfer.
- Programme approach which is in line with the priorities of recipients and activities of other donors.

To translate these directives into a programme, a needs assessment was done in 1994. Due to the lack of documentation a thorough analysis of how and to what extent the guidelines have been respected on operational level was not possible. In terms of type of intervention and thematic areas, the evaluation found that the scope remained fairly wide. According to former staff of the Austrian Coordination Office, the political interference with operations has been low, leaving enough room for shaping the programme.

Retrospectively, by analysing the financial allocations it can be concluded that the sectors identified in the need assessment (infrastructure, rehabilitation, and - at a later stage - vocational training) correspond with the guideline of enhancing the transformation process by phasing out Humanitarian Aid Activities and entering gradually into infrastructure projects which ensure minimal basic services. According to interviews with stakeholders (former staff of the Austrian Cooperation, governmental partners) the specific projects were based on the priorities of the relevant ministry respectively the local counterpart¹² within the region. In other words: Each project is based on suggestions of the Albanian partners and can be therefore considered as partner oriented.

With the transfer of the responsibility for International Cooperation from the Federal Chancellery to the Ministry of Foreign Affairs (April 2000), also the responsibility for cooperation with Eastern Europe was shifted to the Ministry of Foreign Affairs (MFA). This change was accompanied by structural reforms, which ultimately led to the establishment of the Austrian Development Agency (ADA). Since 2000, political intentions in the cooperation with (South-) Eastern Europe (SEE) were formulated in more pronounced and explicit manner.

From 2000 onwards, cooperation with Albania was no longer a matter of bilateral support only. The FEIRA European Council (June 2000) stated that all Western Balkan countries of the Stabilisation and Association Process (SAP) were “potential candidates” for EU membership. This decision led to an increased European interest in shaping the future development of Albania as well as other countries. In 2001, the European Commission started CARDS a new programme specifically designed for the SAP countries. The Commission concluded that from now on it was appropriate to proceed with a Stabilisation and Association Agreement (SAA) with Albania. In the following year, Negotiating Directives for the negotiation of a SAA with Albania were adopted. In 2003, the negotiations for a SAA between the EU and Albania were officially launched.

¹¹ Albania has been added 1989 to the list of ODA recipients. From 1996 – 1999, Albania was on the DAC list of Low Income Countries (per capita GNP < \$765); from 2000 onwards Albania figured among the category Middle Income Countries (per capita GNP < \$765-\$3030 as per 1998)

¹² In most cases the prefecture which represents the national structure on local level. The prefecture has only consultative status; municipalities and commune take decisions independently from the prefecture.

The institutional reforms - which took place (more or less) simultaneously – introduced important political changes on the level of Austria's International Cooperation and reflect also considerable political changes within Austria. The new law provides the legal basis for all efforts aiming at more political coherence¹³. It is in the responsibility of the MFA to monitor and to ensure that any development work is in compliance with the law. Therefore, the 3-Year-Programme is elaborated in agreement with the Austrian Ministry of Finance and submitted to the Council of Ministers. Further, the 3-Year-Programme serves as an information tool towards the Austrian parliament.

These coordination mechanisms make it necessary to formulate sector policies or sector strategies. This process has recently started with the formulation of the guidelines for educational sector (*Bildungszusammenarbeit in Südosteuropa 2002 – 2005*, adopted in October, 2002), followed of the sector strategy for environment, water and energy (*Ostzusammenarbeit Strategie Umwelt, Wasser und Energie*, adopted in December, 2003). These policy documents lay down the focus of the Austrian Cooperation within the respective sectors in Southeast Europe. They serve as an important guideline for the programming and the process of project identification within the sector for the next few years. It is worth mentioning that the elaboration of the documents is based on the previous Austrian experiences of the past few years. Subsequently, the *lessons learnt* describe feasible lines of activity which seek for synergies in the whole region and between Austrian stakeholders and local/national stakeholders.

3.2 Institutional set-up

Institutional Responsibility and „Sense of Belonging“

Initially, the cooperation with Albania started with the basic political decision to provide Humanitarian Assistance towards this country. According to former staff of the Austrian Cooperation, this decision was based on the assumption that this support would continue for several years and ultimately would come to a “natural” end. The developments with all the consequences were and could not be foreseen (the Austrian decision-maker at that time aimed at a time horizon of 10 to maximum 15 years). Latest with the outbreak of the Balkan war and its regional expansion, it was clear that the Cooperation with Eastern Europe was a task to be considered on a middle- to long-term basis. The Kosovo-Crises (already subject of international discussions in 1997) just confirmed what was already reality: The Balkan and the Southeast Europe underwent profound and drastic societal changes accompanied by violent clashes and with unforeseeable results. This process still goes on.

As a consequence, the Austrian Development Cooperation with Albania had to be put on a more permanent basis. The Federal Chancellery decided to open a Co-ordination Office in 1994, to be in a better position for monitoring and steering the various activities funded by the Federal Chancellery and by other Austrian stakeholders. Although the demand was early articulated, a regional orientation is retrospectively not recognizable in concrete terms.

The initial approach was pragmatic and result-oriented. The Co-ordination Office was led by staff which was highly competent, knew the region and the language perfectly well, and could draw on a well-functioning personal network. While outsiders (particular other donors) perceived the COOF as an extremely modest representation of Austria, the staff described themselves as working on a low profile. One of the reasons was certainly the limited financial resources available for the Co-ordination Office. But the fact that the Co-ordination Office

¹³ compare coherence clause in: *Entwicklungszusammenarbeitsgesetz inklusive EZA-Gesetz-Novelle 2003*, especially part 5 §28 as well as accordingly the composition of the ADA Board of Directors.

did not receive any official status or acknowledgement to act on behalf of the Austria Government contributed to a certain degree to this low profile work. This has been changed with the shift of responsibilities to the MFA. Since then, the Co-ordination Office is part of the Austrian Embassy and – at the same time - under supervision of ADA. This close interconnection between MFA, ADA and – in between – the Co-ordination Office might be problematic in cases when different political interests occur between MFAs foreign policy orientation and ADAs focus on development policy.

Since its beginning, the Austrian Cooperation with Eastern Europe and Southeast Europe suffered from institutional uncertainty. Traditionally, the development cooperation with countries of the South has been under the responsibility of the MFA (80ies). In the 90ies development cooperation experienced an increasing legitimacy, which also led to an institutional growth. The then newly established OZA was not part of this development. Created as an own department the Austrian Cooperation in Eastern Europe was initially seen as a time-wise limited activity which finds its special political and economical interests. Therefore, the Austrian Cooperation was part of the Federal Chancellery. With this decision, the Austrian Cooperation with transition countries of the East was formally separated from the Development Cooperation with countries of the South. For a period, during the Balkan crisis, the staffing of the department increased to 12 staff members in the Headquarter in Vienna with corresponding structures (COOF) in the various priority countries. The Co-ordination Offices gained significant importance backed by the Federal Chancellery. Due to political changes in Austria in 2000, the institutional separation was ended with the merging of the Development Cooperation with the Austrian Cooperation in Eastern Europe under the responsibility of the MFA, followed by the establishment of the ADA.

This whole process of separation and merging has been accompanied with (still existing) scepticism. In view of the not only considerably reduced but also dissolved “Eastern Cooperation Unit” (OZA), the institutional merging is still perceived as a non-comprehensible bleeding of its resources. The number of staff was subsequently reduced from 12 to 3 positions under retention of more or less the same project and programme portfolio. At the moment, the differences between Austrian Cooperation within Eastern Europe and within the development context are somehow neglected while reducing the merging into a “simple” institutional affiliation. It is obvious that there is a problem of positioning Austria’s Cooperation with Eastern Europe in the entire aid architecture: The strong economic focus and the increasing public and private partnership models are in sharp contrast with the traditional social development perspective of Austria’s Cooperation with countries of the South. This coherence problem has to be solved in the nearest future.

Differences in the work between Eastern Europe and Countries of the South

Due to the geo-political situation, the cooperation of Austria (and the Western European countries in general) with Eastern European countries differs from the cooperation with countries of the South. Whereas the strategic objectives (poverty reduction, peace and stability, protection of natural resources) are valid for both areas of cooperation, focus and approaches differ. In the cooperation with the ‘East’, the political and economic transition with the medium-term objective of integration in the EU is the main concern. This puts the focus strongly on the economic development and the promotion of political stability. In terms of approaches the cooperation between Austrian partners (private sector and NGOs) and local partners has a high priority and technical projects are equally important as social projects. In the cooperation with the ‘South’ social development and poverty reduction are the main focus, whereas direct economic cooperation between Austria and the partner countries is marginal. The following chart illustrates the differences

	Assistance for CEEC & NIS	Development Work with Southern countries
Main Mission	Promoting sustainable economic development along free market lines and in compliance with social principles/democratisation	Promoting a balanced economic and social development
Main Focus / Perspective	EU – Membership	Eradication of Poverty
Approach	Result - oriented	Issue based
Main sectors	Development of Trade and Private Sector Activities <ul style="list-style-type: none"> ▪ Business economy and Employment ▪ Education ▪ Environment (with particular emphasis on water and energy) ▪ Public administration, democracy and human rights 	<ul style="list-style-type: none"> ▪ Education ▪ Agriculture ▪ Water ▪ Rural Development ▪ Petit trade
Crosscutting issues	Establishing operational links between <ul style="list-style-type: none"> ▪ Environment and Education ▪ Environment and economy/employment ▪ Education and Economy/employment ▪ Education and Human Rights 	<ul style="list-style-type: none"> ▪ Poverty ▪ Democracy ▪ Gender ▪ Environment
Criteria for identification of priorities	<ul style="list-style-type: none"> ▪ Contribution towards fulfilling Copenhagen (accession) criteria¹⁴ ▪ Austria sectoral know-how ▪ Austria's political and economic interests (particularly regarding the Eastern enlargements, sustainable energy development and the promotion of a free market based on social principles) ▪ Synergy & Complementarity's with SAP 	<ul style="list-style-type: none"> ▪ Millennium Development Goals and Targets

The Role of the Co-ordination Office

The Austrian Co-ordination Office in Tirana has been established in 1994. It is responsible for managing the activities of the development programme on behalf of the Federal chancellery respectively since 2000 of the MFA.

Since its beginning, the Austrian Cooperation with Eastern Europe could rely on a young and very dynamic team with an excellent knowledge of the regional context. Knowing not only the country but also the language was a clear asset and is an important factor of success. Due to the very good knowledge of the context the Austrian Cooperation was shaped in a good result-oriented manner. This was important as it contributed to visible results within an insecure environment. The staff of the Austrian COOF did not only know how to do "it" but also with whom to do "it". The fact that the Austrian collaborators could rely on a strong network was extremely valuable as there has been no institutional back up on Albanian governmental side.

The staffing in the Co-ordination Office field and in the headquarter shows a remarkable steadiness considering the permanently high work load and the limited infrastructure of the COOF. Over the whole evaluation period the Austrian Cooperation has basically, been shaped by a highly committed group of 4 to 5 persons. It has been of advantage that all Desk Officers were Coordinators in the field prior to their position at headquarters. When personal changes took place the concerned persons continued the efforts and projects initiated by the predecessor. Therefore, staff rotation did not affect the continuity of the programme.

¹⁴ Criteria are: 1. stability of institutions 2. Functioning market economy structures 3. the ability to take on the obligations arising from EU membership

According to former staff, the very limited Human Resources, especially (but not only) on field level were a constant restraint for the Austrian Coordination (Office). The available infrastructure (office, equipment, cars) is rather modest. The head of the Co-ordination Office was supported by a locally recruited assistant administrator who had to represent the coordinator during absence without having the decision-taking authority.

The counterpart of the coordinator is the 'desk' in Vienna. Formally, decisions are taken in Vienna after consultation with the coordinator. Generally, the degree of delegation of authority from headquarters to the field is rather low. However, in the case of Albania, the division of tasks and responsibilities is organized according to a *Tandem-Model* in which each function supports the other one. This worked well as a certain team spirit among the involved staff existed. In case of funding requests, Vienna mandated the field to assess the situation. On the basis of this assessment the Desk and the coordinator decided mutually.

The interaction between Co-ordination Office and other stakeholders in the field was performed according to the actual demands. The outsourcing of the project – monitoring to Austrian consultants means that the COOF is mainly concerned with the administration of the projects and with ensuring the information flow.

At present, the Co-ordination Office in Tirana comprises a part-time Head of Office (50%) and a local Administrator. An additional sector-officer will be employed soon.

Keeping in mind the likely increase in tasks and responsibilities of the COOF due to an increase in bilateral ODA foreseen for the next years and due to the need for increased harmonization with other donors on the ground and alignment to national policies, the available capacities appear to be insufficient. According to the information available there has been no systematic knowledge management (documentation of projects and programme, capitalizing experiences and lessons learnt) until now. The knowledge gained in the past 15 years is therefore very much personalized, institutional knowledge is rather low. There is a high risk of a backward – turn in cases of recruitment of new staff as nowadays the demands on donors are changing into the direction of more Harmonization and Alignment.

3.3. Financial, Regional and Sector-related Portfolio of Austrian Cooperation with Albania since 1991/1992

Elaboration and Development of the Portfolio

The Humanitarian Aid has been the entrance for the Austrian Cooperation with Albania. The period from 1991 to 1994 can be described as a limited structured project period. The activities were mainly based on the submission of corresponding proposals by various Austrian stakeholders. In 1994, the first office was established in Tirana. The mandate of the coordinator included - among other tasks - an assessment of the on-going projects. As a result some of the projects were closed down due to inadequate project design, problems with partner organisations or simply because they did not meet the existing needs.

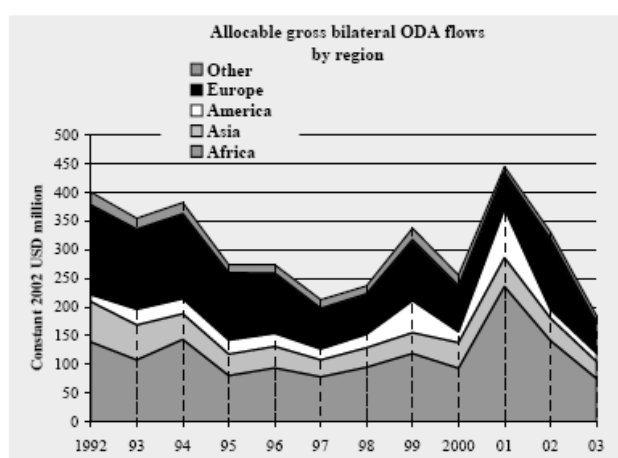
To improve the effectiveness of the engagement, a needs assessment was carried out by Dr. Robert Lukesch. The results and the suggestions made in the mission report influenced the whole design of the country programme and served within the decision-making process. According to the mission findings, the main focus has been put on infrastructure measures in the sectors of water/infrastructure, energy, and community development. Further, a closer cooperation with the Albanian partners took place – especially while planning and designing a project. The Austrian Cooperation called increasingly in consulting services, especially when dealing with infrastructural measurements where specific know - how is required.

In contrast, the number of projects implemented by (Austrian) NGOs was relatively limited within the 90ies. The strong technical focus within the Austrian Cooperation prevented a stronger participation of NGOs. Specialized usually on “soft factors” combined with project management was not sufficient to compete with the specific know-how of consulting companies. From 2000 onwards, this policy changed in favour of an increased NGO-funding and an enhancement of the sector education (skills development).

To sum up, the 1994 refined way has been followed until today. The activities implemented within the evaluation period can be seen as a continuation of the 1994 needs-assessment and the then suggestions to focus on infrastructural measures with its main orientation water, energy, and community development.

Allocation of Funds

The Austrian Cooperation within Europe has been comparatively prominent as the DAC diagram demonstrates below.



Source: DAC Peer Review, 2004

The Balkan (particular Bosnia & Herzegovina, Serbia & Montenegro) represented the largest source countries for refugees and private financed students in Austria in the past few years. On the other hand, the bilateral Technical Assistance contains rather small budgets. In the period 1991/92 to 2004, the Austrian financial support towards Albania amounts roughly Euro 20'000'000 (in total). Austria belongs to the category of the small donors which lies below small and medium donors as DFID (2004:3.3 US\$), Sweden (2004:1.8 US\$), UNICEF (2004:2.2 US\$) and the Netherlands (2004:4.2 US\$). Switzerland and Norway mark the next higher level (both 2004:7.5 US\$). The large donors are EC (2004: 105.4), EBRD (2004:52US\$), and USAID (2004:28.2US\$).¹⁵

In the period between 1992/93 and 1998, the share of the Austrian ODA in Albania amounts with slight variations between 1% and 2% to the total Austrian ODA. In 2002 and 2003, Albania does not figure anymore within the statistics of the main recipients of the bilateral ODA of Austria.¹⁶

The following table figures the annual disbursements of the Austrian Cooperation with Albania from 1991/92 until 2004:

Table 1: Annual Disbursements in actual figures and %

¹⁵ World Bank, Donor Assistance by programmes and Amounts of Aid (US\$ mn)

¹⁶ Source: DAC Peer Review of Austria, OECD 2004

Year	Amount in EURO	Percentage
1991	0.00	0%
1992	0.00	0%
1993	2'648'961.00	13%
1994	232'004.00	1%
1995	1'112'620.00	6%
1996	1'682'712.00	8%
1997	2'806'785.00	14%
1998	3'156'199.00	16%
1999	1'941'493.00	10%
2000	3'340'679.00	17%
2001	1'119'764.00	6%
2002	468'845.00	2%
2003	1'201'724.00	6%
2004	200'247.00	1%
Total	19'912'033.00	100%

Source: Own table based on actual annual disbursements of Austrian Cooperation with Albania from 1990 - 2004

First disbursements have been made in 1993 covering also commitments of the previous years '91 and '92. In 1994, the bilateral support reached its lowest level. In this year the humanitarian phase came to an end and new projects had to be developed. Therefore, the COOF took the opportunity to concentrate mainly on the elaboration of their future programme in Albania. The implementation of new projects is reflected in the following years by a gradual increase of the financial support.

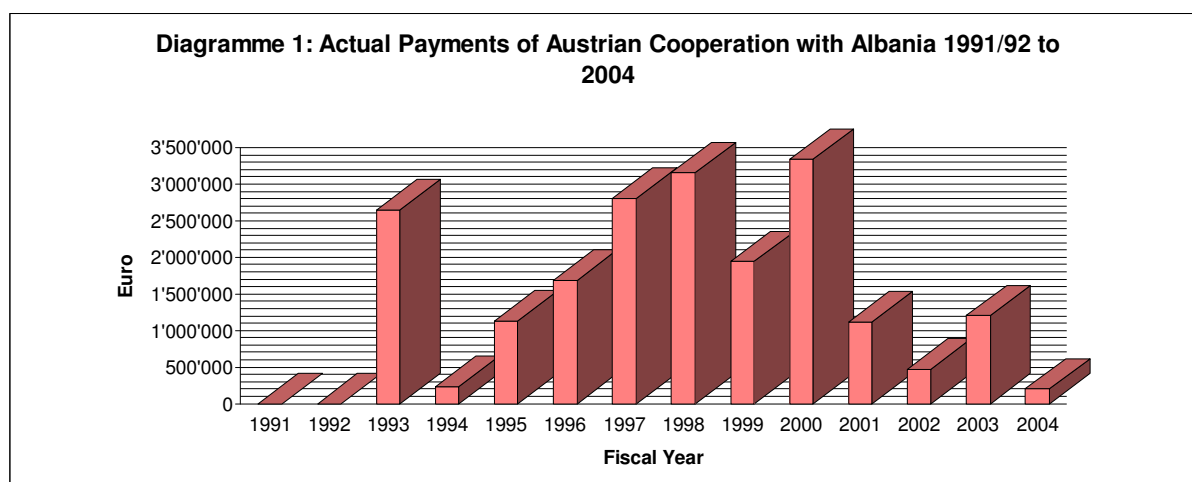
With the collapse of the pyramid saving scheme in 1996 and the following unrests, Albania was in a deep crisis. Most of the international agencies had to withdraw from Albania. The Austrian Co-ordination Office was temporarily closed. Nevertheless, the actual disbursements have been nearly doubled within a year due to the on-going contractual obligations within the infrastructure sector (Drin River Cascade Rehabilitation Project) and a single contribution of ca. 800'000 EURO to ICRC – Activities in the country

In the year 2000, investments in the infrastructure sector led to a second peak, with the highest disbursement within the whole period of EURO 3'400'000.

The following years until 2004 are characterized by a sharp fall back even under the level of 1995. This decrease took place simultaneously with the shifting of responsibility from the Federal Chancellery to the MFA.

The following diagram illustrates the development of actual payments:

Chart 1: Development of Disbursements from 1991/92 - 2004



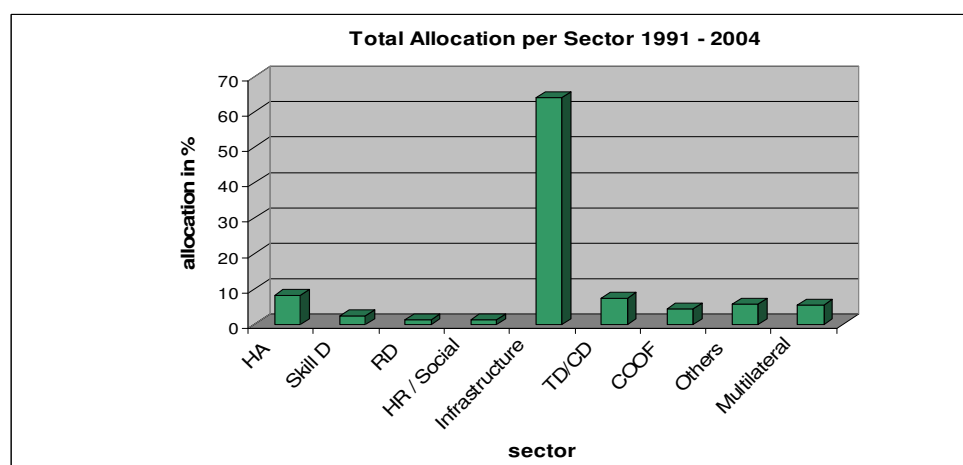
Sectorial Portfolio

According to the actual payments within the whole period from 1991/92 to 2004, the bilateral cooperation took mainly place in the following sectors:

- Humanitarian Aid (HA)
- Skill Development (Skill D)
- Rural development (RD)
- Human Rights and Social Activities (HR/Social)
- Infrastructure Measurements (Infrastructure)
- Town Development / Community development (TD/CD).

60% of the funding was channelled through the sector with infrastructure-related measurements. The funding was focused on two large projects: the Drin River Cascade Rehabilitation Project and the Rehabilitation of the Water Systems in the region of Shkodra. Both projects lasted for several years and are still on-going with corresponding extension programmes.

Table 3: Allocation of Funds per Sector



Note: COOF = Co-ordination Office

The clearly prioritized allocation of funds to the infrastructure sector stands in contrast to the “fairly typical small donor pattern”¹⁷ of the Austrian Cooperation usually applied within countries of the South. There, the emphasis is been laid rather on activities within the social sector with a comparatively modest contributions to economic infrastructure and production.

The funding of the Humanitarian Relief Activities is the second largest sector funding. But in fact, all Humanitarian Aid was stopped by the end of 1994. Only the comparatively large amount of money disbursed in the early 90ies caused this high rating. The contributions to the sector rural development are comparatively low, mainly allocated in 1994 and 1995. The projects at this time did not stand closer scrutiny (in terms of expected results, partners, and needs assumption) and were consequently closed down. The funding for town development respectively community development shows over the year’s low but regular payments. This relates to the step-by-step elaboration of the activities starting with some feasibility studies in the early years leading to training activities and ending now with a specific pilot project in the context of urban planning and integration of informal settlements. Contributions towards multilateral agencies were restricted to a several years’ contribution to UNDP (support of national Co-ordination Offices) and a one-off contribution to ICRC during the crisis in 1997.

The Co-ordination Office (COOF) represents in average 5% of the total budget over the whole period. This percentage should not mislead to the assumption that a “healthy” proportion between overhead costs (in the field) and direct project costs has been maintained. In reality, the Austrian Cooperation in Albania worked on a decidedly modest level compared to the nature of the tasks and responsibilities. Mainly due to the great commitment of the Austrian and local staff who accepted working conditions far below the (international) standard, the accompanying structures were maintained.

Under the responsibility of the Federal Chancellery, general principles were set to guide strategically the specific selection of the intervention sectors. As a guideline were of the support and pre-conditions the basis for a joint formulation of the bilateral Cooperation between Albania and Austria.¹⁸ Hence, the selection of sectors depended on the credible articulation of local needs and priorities and the validation through the Austrian Co-ordination Office. The selection of specific projects expresses retrospectively the Austrian pragmatism of creating visible results on the basis of limited resources and planning horizon (annual budget lines). The direction given out by the needs assessment of 1994 has been followed over the years without having major changes or adaptations.

Economical Interests

In contrast to the Development work with countries of the South, the Austrian Cooperation in Southeast Europe is more interlinked with Austrian economical interests. The table below demonstrates some examples of project activities in Albania with economic relevance for Austria:

	DRCRP	Monitoring/ Consultancies Verbundplan	Water Skodra	Hotel/Tourismus Schools
Austrian Contribution in EURO	approx. 6.4 Mio	approx. 0.2 Mio	approx. 7.5 Mio	approx. 0.9 Mio.
Created value for Austria (net product)	97%	99%	50-70%	50-60%

Source: ADA list, April 2005

¹⁷ DAC Peer Review 2004, p.28

¹⁸ „Sonderrichtlinien des Bundeskanzleramtes für die Gewährung von Förderungen in den zentral- und Osteuropäischen Reformstaaten und den neuen unabhängigen Staaten“, 1994.

There are various reasons for industrial countries to elaborate a development policy within a well-understood own interest.¹⁹ A major argument is the importance of strengthening endogenous development processes within poor countries because industrial countries have a genuine interest in flourishing economies, growing markets and people with money to spend outside of the “OECD-world”.²⁰

Another aspect is the strong focus on the EU accession which makes an economic viability (combined with Good Governance, transparency and accountability) a pre-condition.

The economical focus presents new and interesting options for the Austrian Cooperation, especially within the European context. New models for cooperative partnership with recipient countries could be elaborated in order to create particular European contributions for the shaping of global development. In this sense, development expenditures can be understood as investments in the social capital of the international community and development “aid” develop further towards international *cooperation* (than sheer support).

Regional concentration of Austrian Cooperation in Albania

Since its beginning, the Austrian Cooperation had a main focus in Northern Albania. The traditional good contacts into that region combined with the enormous uncovered needs of people living in almost medieval poverty represent an ideal starting-point. According various stakeholders on the ground, the number of donors actively involved in programme activities in the Northern parts of the country remains very low. Generally, this focus of the Austrian Cooperation was and still is widely appreciated.

Regional Approaches of Austrian Cooperation within Southeast Europe

As mentioned earlier, the regional focus in projects in Albania – though a conceptual demand -is nowadays not very much pronounced in practical terms (compare 3.2.) Nevertheless, the Austrian Cooperation views at Southeast Europe as a political region. There are regional approaches mainly within the educational sector ensured by the regional activities of the Austrian partner KulturKontakt. Further, there is a budget line especially for regional activities.²¹

Within the past few years, the Austrian Cooperation made an attempt to foster the institutional collaboration on ministerial level between Albania and Macedonia.

According to ADA headquarter, the regional approach is ensured while having coordinators for two (or even three) countries representing the Austrian Cooperation in the field. The coordinator for Albania works part time in Tirana (50%) and part – time in Macedonia (50%). Taking the tasks and responsibilities into account, a Co-ordination office usually has to fulfil, this division is not understandable and proved to be rather contra-productive in the case of programme steering.

¹⁹ compare Dirk Messner/Inge Schulz “Zukunftsfragen der Entwicklungspolitik”, 2005.

²⁰ “Investitionen der Entwicklungspolitik in die Modernisierung der Wirtschaften der Entwicklungsländer sind daher im **aufgeklärten ökonomischen Eigeninteresse**, wenn die Entwicklungsorganisationen zeigen, dass ihre diesbezüglichen Aktivitäten wirkungsvoll sind. “ *ibid*, p.27

²¹ Due to lack of information no deeper analysis could be carried out for the regional links.

3.4. Assessment of current Projects (Synthesis of project evaluations)

3.4.1 Implementing Agencies

The criteria for the assessment are: expertise/competence, capacity, project management, performance and application of development-oriented principles

The implementing agencies can be categorized according to their sectoral orientation:

- *Technical projects (4 – villages, DRCRP):* In both projects the implementing partners for the Austrian contribution are Austrian Engineering Companies (iC, Andritz). The companies selected on the basis of an open bidding in which cost, technical expertise and experience in working in the region were criteria for selection. In the case of water supplies the main tasks of the company are the supervision of planning and construction works, the tendering and sub contracting of local companies, the procurement of material and ascertaining the sustainability of the infrastructure interventions. In the case of DRCRP the company rehabilitates the mechanical parts of 3 hydro-power plants, whereas the supervision of the whole project is the task of the local partner (KESH) who is supported in this task by a international consultant (Colenco), financed out of an EBRD loan. In addition, an Austrian consultant (Verbundplan) has been mandated by ADA for the monitoring of the Austrian contribution to DRCRP on behalf of ADA. This evaluation looks only at the performance of the Austrian contractor (Andritz) and consultant (Verbundplan).
- *Social Development Projects (Vocational schools/Promotion of Women/Town & Community Development/School Reconstruction):* Implementing partner for the projects are de jure the Austrian Agencies KulturKontakt, Horizont 3000, and the Albanian Organisation CoPlan. Whereas the first is an Association closely linked to the Austrian Ministry of Education, Science and Culture, Horizont 3000 and CoPlan are fully acknowledged as Non-Governmental-Organisations. KulturKontakt and Horizont 3000 mandate the implementation of the specific activities to (local/Austrian) experts or local partners; CoPlan implements the project activities directly. For the school reconstruction, the implementing partner is the Albanian branch of CAFOD. It is based on a broad catholic network in Europe and overseas.

Expertise and Competences

Technical expertise and competence of the Implementing Agencies is generally high and based on long-standing experiences. All of them are mandated with the project implementation since the initial phase of the projects. The context know-how of the Austrian companies or organisations is good as they are actively involved in project and programme activities within the region since the mid-nineties.

Capacity

The staffs are well qualified and provide expert knowledge to the local partners and for the implementation of their tasks. Generally a high personal commitment of involved staff is acknowledged by the local partners. The project budgets are realistically planned and cover also expenditures related to HR, equipment, material, etc.

Project Management

In all projects the management structures are clear and according to a log frame matrix. The implementing agencies perform efficiently. They take on the responsibility for the Project Cy-

cle Management (project planning, implementation and finalization) effectively. The role of KulturKontakt and Horizont 3000 is rather that of a project backstopper than of an implementing agency. Therefore, their main task is the provision of opportunities for capacity building and for creating long-term benefits. In DRCRP, the task of Andritz is basically contract management, which is done professionally and with great flexibility, considering the difficult conditions with regard to overall implementation of the DRCRP.

Performance

The comparison of planned results versus achieved results shows that most of the results have been reached. Realistic planning combined with a good performance and a clear focus on project level contribute to the project success.

Application of Development – Principles (ownership, sustainability, gender sensitivity)

Project components which promote ownership of the local counterparts and the sustainability of the implemented activities are increasingly incorporated within the technical projects. The social development projects – especially the women's project and the community development project have explicitly applied these principles as they are an important pre-requisite for achieving the objectives.

3.4.2 The Consideration of Gender Equality in ADA funded projects

The main criteria are: consideration of gender aspects on level analysis, planning and implementation/action

Analysis: Has the implementing partner carried out a target group analysis which differentiates according gender and socio-economic criteria?

On the basis of the project documentation the evaluators examined whether a target-group analysis – differentiated according to gender and socio-economic criteria - has been done during the planning phase or in the course of the project implementation. The projects "4 – villages" and DRCRP contain a strong technical focus within the planning and design of the activities. In the project 4 villages the people within the villages are the final users of the project output (water) and can be therefore regarded as the target group of the project. There is no information available about this target group. The project design is structured in a way that the deprivation of the target group is implicitly assumed because of the remoteness of the area and the lack of infrastructure. Information is given in highly aggregated form about the beneficiaries of the project which are the Ministries, the regional Administration of Shkodra, and the respective communities. Also the rehabilitation project of the Drin hydro power plants focuses on the technical implementation of the project. There is no information available about the users of the produced electricity (e.g. baseline studies, Household Economy Assessments or similar).

Within the vocational sector the project activities follow also a rather instrumental approach while focusing on the equipment of the schools, the development of the curricula, the training, and the improvement of the teaching material. No information about the target group (teacher, students) is available. The survey about former graduates of the hotel schools does not contribute to a more differentiated picture about the target group. The decreasing employment rate of women is stated in figures but not analysed²²

²² Research study "On the course of graduates of the Hotel and Tourism High School in Tirana" conducted by CIVET 2000 by Muedini, Shyti; page 6, Chapter II – 1;

Generally, the above mentioned projects assume an implicit trickle-down-effect of their activities which might contribute to the economic and healthy welfare of the people.

Within the project “Capacity building for women leaders in local governments” the direct beneficiaries are female politicians who have the opportunity to improve their professional skills. The target group in this context are the respective parties (the members) and the broader Albanian public. The analysis of the project partner matches very well the actual demands and needs of the beneficiaries. External factors which hinder gender equality are good analysed and considered in the project design.

The project in Durres (Informal settlements in Keneta) is actually the only project which uses instruments to assess the situation of the beneficiaries and target group. In order to create a social economic profile of the project, a social – economic survey was carried out by Co-Plan. Data Collection has been done on the basis of door-to-door-interviews and focus group discussions and later computerized in SPSS Programme. Despite the elaboration of important knowledge about the socio-economic structure of the households involved, Co-Plan was in the better position to react adequately when problems occur (especially concerning the indifferent and suspicious behaviour of people during project start).

Planning: Does the project planning reflect the results of the analysis?

To anchor transversal issues like gender into the planning of the project the various interests and needs of the target group must be considered. Therefore, the objective(s) of the project should have an explicit link to the target group.

The objectives of the projects “Capacity building for women leaders in local governments” and Informal settlements in Keneta/Durres refer explicitly to gender equality and the target group. Further, the project in Durres shows a reference to poverty while aiming at the stabilisation and improvement of the living situation of the marginalised people in the illegal settlement:

<i>Capacity building for female politicians</i>	<i>Informal settlements in Keneta/Durres</i>
Strengthening the role of women leaders in policymaking structures.	To contribute to the social development and upgrading of low-income neighbourhoods, through community development work and community based improvement actions.
Raising the awareness of women leaders to stimulate gender perspectives within the Albanian society and to increase their capacity to integrate gender issues into several institutions and community projects.	To contribute to the development of the civil society, through community organization work on the one hand, and the institution of Co-PLAN as an important actor in the field, on the other hand.
Building the capacity of women leaders elected into local and central government.	The relationships between the genders and sustainable development: The latter is important because the present economic conditions and the great inflow of rural citizens in the urban areas make that the role of women becomes more traditional and suppressed. For this reason, establishment and strengthening of Women Group and its gradual integration with the neighbourhood leadership, it is a priority. ...However,

	<p>any intervention in the area in general will be seen under the perspective of its impact over future of the area, and in the sense of promoting equality among genders. ... That point will attack also the issue of potential organising of the "Women CBO" which will tend to organise and represent women of Keneta area towards their way of recognition and guarantee a more sustainable development opinion in the area.</p>
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In all the other evaluated projects the objectives reflect the technical orientation of the projects which is rather linked to the implementing agency than to the target group as such:

	<i>Vocational Training</i>	<i>4 Villages</i>	<i>DRCRP</i>
Objectives	<ul style="list-style-type: none"> - Refurbishment of two vocational schools (Saranda) - Development and implementation of curriculum for tourism management/travel agency (Tirana and Saranda) - Improved teaching skills of 15 to 20 teachers according to hotel/catering and tourism management/travel agency curricula - Development of teaching material (in Albanian) - Support of teaching material; Improve infrastructure; Support schoolteacher team-building; Introduce new marketing ideas - Transformation of Fier School into a competence centre 	<ul style="list-style-type: none"> - improvement of the water supply situation in three communities in the district of Shkodra - Supply of domestic water meters - Improved knowledge for the correct management and maintenance of the water supply system 	<ul style="list-style-type: none"> - Reduction of economic damages incurred by poor electricity supplies and improvement of the utilization of the stored water. - Increasing the power generation, extension of the lifespan of existing plants and improvement of the reliability and quality of electric energy - Improvement of the physical conditions of important structural parts (dams) up to international standard - Improvement of the work safety in the plants - Promotion a clean and cheap source of energy

The technical projects aim at a direct change of the living conditions of the target group. Women are traditionally responsible for the household. Clean drinking water or electricity on regular basis means a big change in their situation. None of the project description reflects systematically the different needs within the target group. The objectives of the technical projects contain mainly technical (consultancy) services of the implementing agency and ignore the fact that the improvement of the services of the project partner (schools, power station, communal water management) is linked to the different demands of the various (target) groups. In contrast, the first projects do have the gender perspective as an integral part within the whole project conception and not as a stand-alone activity without reference to other project components.

Implementation/Action: Do the projects use the information to align the project activities closer to the demands of women and men?

The field visits during the evaluation showed that only those projects which aim explicitly at gender equality were in the position to adapt the activities to the specific needs of either men or women. The project "Capacity building for women leaders in local governments" empowered women directly while contributing to their professionalism. According to the interviews, the implementation of the activities fulfilled fully the expectations of the direct beneficiaries.

The project in Keneta/Durres is based on a participative structure among the direct beneficiaries of Keneta. The application of the community-based concept implies the equal participation within the opinion-building and decision - making processes of these communities. Taking into consideration the information gained in the planning phase (socio-economic survey) the Implementing Agency was in the position to act according the demands of the group. The involvement of women in the community structures was provided through a differentiate strategy which were implemented in smaller phases. First, key persons among women were identified and elections of women were organized on level of small quarters within Keneta. Then, the chosen women joint the elected men on level boards. By the end, the so-called Assembly of Representatives (the CBO on the highest level) consisted of 42%. Additionally, other activities within the project aim at women or mother & child activities.

In the other projects, the monitoring reports are restricted to the service delivery of the Implementing Agency and its assessment. A target group related assessment is not implied or demanded by the donor. Therefore, no information is available about qualitative changes within the partner organisations or the target group. Until the time of the evaluation, the emphasis laid on accompanying the projects (by monitoring consultants) and the adequate assessment of the reached goals.

Overall assessment

According to the available documents, neither the Federal Chancellery nor the Foreign Ministry articulated gender equality as an explicit directive for the OZA. The *Entwicklungszusammenarbeitsgesetz 2003* – the legal basis for the Austrian development cooperation – anchors gender equality as a guiding principle. Due to the lacking guideline there was no particular need for the Austrian Coordination Office to specifically operationalize gender aspects in the various projects.

Today's demand for gender equality (and likewise the knowledge about the impact activities of gender equality) has changed considerable compared to the understanding within the 90ies. The conceptual evolution of exclusive activities for women is based on the experiences that target-group focused projects of that time do not show very much impact on the predominant discriminatory framework condition. "Pure" women projects often do not tackle the problem causes as they have no structural impact.

To categorize the evaluated projects, the project "Capacity building for women leaders in local governments" and the project "Informal settlements in Keneta/Durres" have gender equality as a primary goal and express clearly gender equality in the project purpose and the project objectives. Gender equality is central to the design of the project and the project seeks for direct impact in this area. The other projects are not geared to gender equality. None of the projects had gender equality as an important secondary goal (but not crucial for the implementation). In such cases, gender equality would be not explicitly mentioned but considered in the project concept.

As the evaluation methodology did not focus on an impact measurement, the extent of likely contribution of the projects to gender equality in Albania cannot be answered.

At present, the Co-ordination office is not in the position to provide conceptual inputs towards more consideration of aspects of gender equality within the funded projects since the related

concepts and guidelines are under process²³. The appropriate application of cross-cutting issues such as gender in the programming depends for the time being very much on inputs from outside respectively from ADA Headquarter.

3.4.3 Quality in Planning

The main criteria are: quality of design, procedures, intervention approach, participation (involvement of stakeholders/local partners), and conceptual thoughts

Design

The designs of the evaluated projects are an appropriate response to the identified needs. The technical projects were designed such that they aim at solving immediate problems while bringing the water systems back into service in the selected project areas. The same applied to the design of the educational projects which first of all aim at rehabilitating the schools to a level where regular training is possible.

Within the CoPlan project the process of legalisation is a prerequisite for the following urban planning. Therefore, the design of the project contains phases which ensure that all legal and technical demands are met. Another important conceptual component of the project is the application of the CBO-concept²⁴. The evaluation revealed that the project has a rather strong technical focus while ignoring the realities of community dynamics and the related political interests. This led to a temporarily stand still.

There is no evidence that regional development plans are taken into consideration within the planning phase.

Procedures

The projects do follow PCM-procedures according to the generally accepted technical standards and practical requirements.

Intervention Approach

The chosen intervention approaches are adjusted to the capacities of the implementing partners.

Participation

In general, the project planning has been done with the involvement of the local partners. Within the technical projects and the CoPlan project, a kick-off meeting has been carried out involving the local partners on municipality and communal level as well as the relevant representatives at government level. Within the educational sector, there has been an intensive collaboration between the Ministry of Education, Science and Culture and the implementing partner.

ADA is (resp. COOF was) only involved in the earliest phase of a project when the sector is already identified and approved. The COOF is mandated by headquarter to assess whether

²³ Guidelines for Poverty Reduction are currently elaborated. A formulated strategy can be expected not earlier than the end of the next year. At the moment of the evaluation gender guidelines were internally discussed but no written draft version was available.

²⁴ The concept for community-based organisations is based on enabling people to participate in the development process while actively shaping the process of change according to their own priorities. Therefore, the concept is regarded as people centred and just. In the case of Keneta a new community – based organisation has been created.

the needs are justified. In a first stage the responsible ministry is to examine the needs with regard to Albanian policies and strategies. A verification of the information at the municipality level follows, respectively with the immediate beneficiaries of the project. Thereafter, the detailed project planning is basically the responsibility of the respective implementing agency. ADA does not participate in this process (although they participate at the kick-off meetings). Whether the project corresponds to international standards of project planning and implementation is assessed by monitoring consultants, mandated by ADA.

Feed-backs from interview partners indicate that in the early phase of Austrian cooperation with Albania, the identification of needs and related projects depended to a great extent also on suggestions made by Austrian partners, since the Albanian government could not yet rely on a systematic strategic planning. These suggestions were a result of good contacts between Austrian collaborators and local partners and their intimate knowledge of the situation. This can be considered as a pragmatic approach to participation.

Conceptual inclusion of socio-cultural features

The importance of socio-cultural aspects in the projects is conceptually included in different ways. As CoPlan gives high priority to socio-cultural features in their analysis, the other projects do not take explicit reference to it. However, it seems that all project partner – be it international or local – show a certain socio-cultural sensitivity while implementing the activities and cope with the beneficiaries in a pragmatic manner.

3.4.4 Project Implementation

The main criteria are: planned results versus achieved results

The overview about planned and achieved results reflects a high level of achievement of objectives.

The rehabilitation and improvement of the water supply systems was done according to project documentation. The private households in the selected areas are supplied with clean water on a 24-hours basis. The management of the water system has improved on communal level. However, the decentralisation process requires further steps to reach a cost-effective and sustainable management on local level and the implementation of the division of tasks between local and governmental bodies. The training activities appear as only one step in that direction.

In the DRCRP, the set objectives can be fully reached after a long and difficult history of project implementation. The fact that this will be possible in spite of all the difficulties can to a great extent be attributed to the qualities of Austrian cooperation described elsewhere in this report (e.g. commitment, flexibility, competent implementing partners)

KulturKontakt: The Vocational project brought also positive and visible changes to the schools:

- the rise and strengthening of infrastructure
- curricula and teaching material development
- HR development
- support in the relations with the business community
- regional and European experience exchange
- School PR activities.

Nevertheless, the cooperation between the schools and the local commercial community (relevant local stakeholders) has been only partially improved. To some extent, the following reasons explain this deficit: The local business is willing to cooperate with schools but there

is a strong need for better practical skills of students and know-how in hotel management. On the other hand, the business partners lack training in hotel management and services by themselves, which becomes often a problem for the mutual cooperation.

Co-Plan: The 1st phase within the legalization process has been successfully completed according to log frame. Also, all interventions aiming at involving the affected community in the planning process has been done according to plans. However, the project came to a standstill as the interests on communal level turned out to be otherwise than assumed. To ensure the continuation of an integrated urban planning process, donor intervention is obviously needed.

Horizont 3000: The capacity building for women leaders in local government focused mainly on training offers. These possibilities were broadly used and are very popular among women. Participants of those seminars state to have a stronger self-confidence and better knowledge of the gender issue.

The school reconstruction project has reached all the stated objectives.

3.4.5 Project Steering

The main criteria are: availability of required data and effective monitoring system for project steering

The existing monitoring and data collection system is rather weak as it is linked only to the implementing agencies. The monitoring agencies/consultants receive the project reports of the implementing agencies and report in their own format to the Austrian Cooperation. This seems to be a rather formal act. Adaptations approved by ADA were mainly on the level of time adjustments or the redistribution of financial allocations.

Hence, the projects are steered on the level of the implementing agencies in cooperation with the monitoring consultants. ADA is hardly involved in the steering of the projects, particularly in terms of conceptual and strategic matters. Usually, ADA's involvement in project steering takes only place in case of serious problems evolving (e.g. DRCRP, but also upcoming with CoPlan). In such cases, the COOF prefers to take a mediating position between the various actors involved in the problem. The case of DRCRP shows that in such situations the good rapport between COOF and headquarters in combination with the other qualities mentioned earlier is instrumental in finding effective solutions.

The outsourcing of the monitoring was initially conceived as an improvement in effectiveness (due to the limited capacities of the COOF). However, the utilization of expert know-how has led to a critical balance in the programme steering with regard to the overall responsibility. Important strategic decisions and accompanying project control are outsourced. There is a risk that the role of ADA COOF is reduced to that of a trouble shooter.

3.4.6 Development-Related Impact on Men and Women

The main criteria are: direct and indirect benefit for men and women (overall objectives) and sustainability

The rehabilitation of the water supply system in rural areas leads to a significant improvement of the living conditions of the families. Sufficient safe drinking water is now provided on household level within a 24-hours service. Additional improvements are still going on to secure the service provision. The rehabilitation in the service provision is highly appreciated by the families living in those remote areas. To ensure sustainability of the measurements means to enable the local municipalities and communes to take care of the management of

the whole system. Not only technical know-how is needed, but also managerial skills. Further, sustainability is closely linked to the successful implementation of the decentralisation policy. All changes and adoptions on local ground have to be in line to changes and adaptations on governmental level and vice versa. This process is still on-going and needs more considerable more time.

The V.T. - Projects have had a positive impact on service in tourism and production in agriculture in the whole country, but it is hard to say in how far this has been the influence of the evaluated projects in this, because other factors enter into play here as well. The Austrian V.T. projects have brought novelties especially with new ways of work in schools, like the work with projects, which has enriched the knowledge of teachers and students, has promoted group work and activities that bring revenue. Though the Austrian projects have been smaller financially than those of other donors, they have left behind much more documentation that could be used further, like the teaching materials and the curricula.

The social development projects are far too 'young' to show evidence in outcomes on impact level. However, it can be stated that the issue of illegal settlements are on the top of the political agenda of the municipality. It can be assumed that CoPlan contributed to this change in the basic attitude as they advocate strongly during the initial phase of the project. On the other hand, due to the higher awareness political interests have increased too. This new development might jeopardize the concept and leads to a revision of it to ensure sustainability.

The school reconstructions have been an important contribution towards facilitating schooling in remote areas. However, it has been evident that municipalities are still too weak to ensure the maintenance of the building. To not endanger the Austrian contribution solutions have to be found for ensuring the maintenance.

3.4.7 Recommendations (project-related)

Main statements of main recommendations of project evaluations

It is recommended that the rehabilitation of the water supply system is – with small adjustments - duplicated in other regions of Northern Albania where people do not have access to tap water. More emphasis has to be laid on capacity building and managerial skills. German Examples of Consumer societies can be useful examples for organisational development.

For the continuation of support within the educational system it has been recommended to focus more in the future on the system level to enlarge the impact. Besides strengthening business contacts, the Ministry should facilitate the internship practices with the enterprises and the income generating activities.

The women's project should elaborate possibilities of commercialization of the training seminars in order to increase the own resources and to lower the strong dependence of international support.

The recommendations for the Keneta project are focused on conceptual components as the role of CoPlan is still too strong while acting as a mediator between affected community and municipality. It is recommended that ADA is more involved on the steering level.

The DRCRP – evaluation recommends taking up steps for safeguarding investments like improving dam safety, reviewing before end-of-project to define further investments and to carry out a study on hydrology of power plants for long-term management of hydro power re-

sources. The evaluator addresses to ADA to review their future engagement within the sector while defining a medium-term concept for support to the sector.

The school rehabilitation activities have to give up the humanitarian response attitude. The institutional integration into regional development plans is highly recommended.

3.5. Donor Coordination and Cooperation with relevant stakeholders

Coordination of ODA and Alignment with Government Policies

Besides managing the transition and socio-economic development the effective coordination of Technical Assistance is a major challenge for the Albanian government and donors. It has to be assessed in the light of Albania's ambition towards EU integration. The key elements for coordination of Technical Assistance are:

- Coordination among Albanian governmental bodies and between the Albanian government and the donor agencies
- Alignment of donor policies, financial support and aid-instruments and technical assistance with the Governmental policies, strategies and structures
- Harmonization of donor policies and procedures with each other within the country system.

Key bilateral donors include the European Commission (the largest with around 40-45 Million EUR/year), Italy, Greece, Germany, Switzerland, the Netherlands and the US. The largest multilateral Development Institutions include World Bank (IDA), the European Bank for Reconstruction and Development (EBRD), IFAD, UNDP, and the European Investment Bank (EIB). Based on 2001-2002 gross ODA data, IDA, the EC and the United States are the country's major donors and the share of bilateral donors is approximately 57%.²⁵

The regional conflicts (Kosovo 1999, Macedonia 2001) were accelerating the efforts to bring South-Eastern Europe closer to European structures. For the donor community Albania played a constructive role during the conflicts, which was rewarded with an increased interest by the donors to support Albania in its process towards integration into Europe. Accordingly, the EU and Albania embarked on initial talks. For the EU a clear cut government strategy for the integration process is a precondition, which highlights the importance of coordination.

Coordination among Governmental Bodies

During the 90ies interdepartmental coordination between the various governmental bodies was limited to non-existing. In 1994, the donor assistance was coordinated with Department of Economic Development and Foreign Aid Coordination (DEDFAC) of the Ministry of Economy and Finance. A year later, this department was moved to a new Ministry of Economic Cooperation and Trade (MoEC&T) to manage grant assistance, while loans and credits were administered by the Ministry of Finance. In parallel, the latter was responsible for preparing the Public Investment Programme (to be financed by donors and government budget), while the Ministry of Finance was responsible for the annual budgets.

The NSSED process provided an opportunity for coordination of governmental policies and actors. The Government appointed the Ministry of Finance as national coordinator for the first PRSP-draft. However, the lead structures for the implementation and monitoring of the NSSED were established on the level of an Inter-Ministerial Working Group²⁶. Technical

²⁵ www.AidHarmonization.org

²⁶ Composed of the Deputy Ministers of the line ministries, chaired by the Ministry of Finance

working groups and M&E units within each of the line ministries start carrying forward the implementation and monitoring of the NSSD.

Given the high priority of EU-Integration, a State Minister has been appointed (1999). 2001 he was in charge of coordinating the negotiations of the SAA with the EU. Until the Ministry for European Integration was created, EU assistance was coordinated by the department of EU-Integration positioned directly under the Council of Ministers. During the same period, the Government established a Department of Policy Development and Coordination (DPDC). The DPDC is responsible for monitoring and reporting line ministry activities in support of the governmental 3-Years-Action plan. This led to a situation where at least three institutions were responsible in one way or another for the coordination of donor assistance, i.e. Ministry of Finance, Ministry of Economy, Ministry of European Integration and the DPDC, adding to institutional duplication and competition.

Today, it seems that the inter-ministerial communication and exchange of information is still far from being ideal. Each M&E unit collects the data available – and keeps it. Information sharing is not a common policy within the Albanian government. This makes it rather impossible to verify and validate the data available at governmental level.

Donor Coordination

Immediately after the 1991 transition, (emergency) assistance was mainly provided by the bi-lateral donors in the form of grants. Starting with the 1996/97 crisis (pyramid saving schemes), coordination among donors took place in the frame of the OSCE – chaired by the *Friends of Albania* (FOA). With a decreasing need for political coordination, donor-coordination weakened and came nearly to a stand-still in 2001. The involvement of the Government of Albania was rather low. The donors set the agenda, provided the information system while no common sharing of information was established.²⁷ At that time, 27 bi-lateral and 12 multi-lateral donors were active in Albania.

The need for improved donor coordination was realized in late 2001, when the Government of Albania, WB and UNDP needed some time to tackle inefficient overlapping of ongoing projects. After hopes for government initiatives to lead coordination efforts proved to be unrealistic, DFID initiated a donor-round table in March, 2003. The discussions led to a more specific architecture of the donor coordination system and some proposals for more harmonization and alignment. This process led to the establishment of the Donor Technical Secretariat (in December 2003) supported by the four lead-agencies: EC-Delegation, OSCE, UNDP and World Bank. A first tangible result was an EC-Delegation hosted web-site²⁸ with a donor matrix in which standardized information for projects and programmes (DAC code, amount, type of finance, status) are to be provided by all agencies. However, this tool is only useful in so far as all the donor agencies working in Albania provide the necessary information on regular basis.

The Donor Technical secretariat divided the Technical Assistance according to the thematic area and sector as shown below:

²⁷ Donor Harmonisation in Albania, Presentation by SDC Tirana, June 2005

²⁸ www.delalb.cec.eu.int/en/eu_and_albania/other_donors/htm

Lead agency	Thematic area	Sector
World Bank	Social and Economic Development	1. Agriculture and Rural Development 2. Natural Resources Management 3. Energy 4. Water and sanitation 5. Transportation 6. Financial sector 7. Private Sector Development 8. Social Protection 9. Health 10. Education 11. Public Finance 12. Tourism 13. Telecommunications and ICT 14. Aid Co-ordination
European Union	Rule of Law and Security	15. Police, Border management, Mine Action 16. Asylum and Migration/Anti trafficking 17. Legal, Judicial and Penal Reform 18. Defence, Security Issues
OSCE	Democratization and Human Rights	19. Parliament and Elections 20. Media, HR & the Ombudsman 21. Land and Property Issues 22. Minorities
UNDP	Governance and Capacity Building	23. Public Administration/Anti corruption 24. Local governance, decentralisation and Urban Development 25. Civil Society 26. Disaster Management 27. Gender and Youth

Source: World Bank, 2003

Nowadays, there are strong efforts by the EC Delegation to foster donor coordination in Albania while taking over a central steering role. The focus is changing towards a closer orientation at governmental level, working at a stronger involvement of governmental bodies.

The principle challenges of harmonization are:

- Supporting governmental efforts to set up a strategic consistent and coherent policy, so that donors and line – ministries can refer to one strategic framework (and consequently interact with only one central agency).
- Finding common objectives and (ideally) agree on priority interventions, while accepting that each donor agency still may have its “own” agenda,
- Some donors (including Austria) have a strong tradition of providing assistance through bi-lateral arrangements. There is a certain fear that alignment could mitigate the strengths of bi-lateral cooperation, and implementing NSSD (guided by MDGs and relevant PRSPs contents) could mean a lot of studies and documents – neither relevant for effective implementation of projects nor known outside of Tirana.

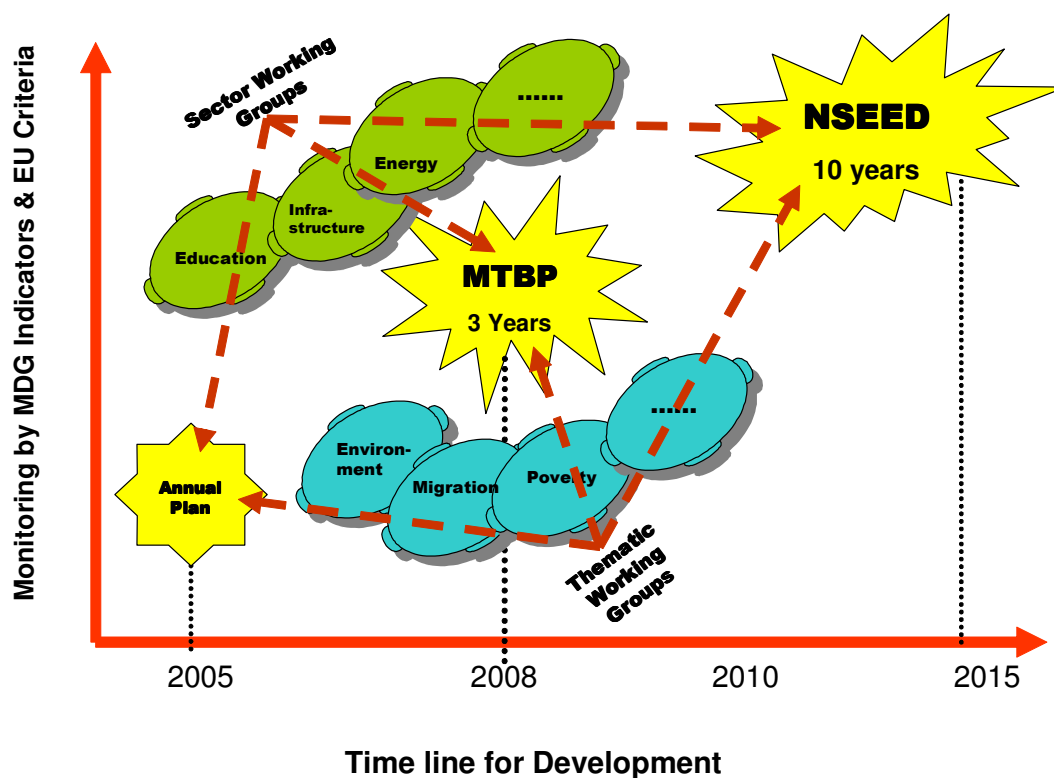
At the practical level, donor architecture with 27 different sectors was not manageable: the sheer number of meetings was not compatible with the capacities of most agencies. The lack of government participation and the lack of strategic issues contributed to an uncontrollable situation. Therefore, the donor architecture was streamlined in June 2005. The extensive sector list (see chart above) has been revised in 2005 and reduced to 17 sectors.

Alignment of Policies

Since March 2003, agreements exist between donor agencies that alignment means setting up a concrete coordination framework which links up with the processes of SAP, NSSED and MDGs and at the same time ensures coordination at the sector and thematic level through working groups and lead-donor arrangements.

Following the Paris Declaration on Aid effectiveness in March 2005, the Government of Albania approved the establishment of an Integrated Planning System (IPS). This brought certain improvements, particularly in terms of breaking down policies and strategies into different levels with different time horizons as demonstrated below:

- Planning Set-Up



The process and the set up for improving government – donor and donor – donor coordination remain fragile. Donor agencies assess the situation that still fragmentation persists in the approach of both government and donors. The reporting on the flow of donor funds remains divided (inside and outside the government) while several sector meetings focus largely on project-level interventions rather than on sector wide strategy and policy issues.

In this situation, the Austrian Cooperation seeks for pragmatic solutions while joining together under “DACH”. DACH represents an informal group of like-minded donor agencies from Germany (DACH), Austria (DACH) and Switzerland (DACH) which share a similar un-

derstanding of intervention approaches and sector priorities. The group exchanges operational experiences on specific joint projects (Drin River Cascade Rehabilitation Project / A-CH) or the relative closeness within the intervention policies of the Vocational Sector (A – CH – D). Recently, the Netherlands joined the group – the name was kept due to its simplicity.

Harmonization

The donor agencies clearly state the problems of the multiplicity of procedures that the single donors apply. The example of the Drin River Cascade Rehabilitation confirms what is all over predominantly. Some donors even acknowledge that there are certainly additional transaction costs involved for the government of Albania. But the basic sceptical donor attitude towards any adoption while simplifying the procedures cannot be reached without having an improved accountability and reliability on governmental side. Most probably, this would allow donors to make this shift.

According to World Bank information, the following key donor agencies are involved in some of the priority sectors

Sector	Local Counterpart	Donor Agency
Agriculture/Rural Development	Ministry of Agriculture and Food Ministry of local Government and Decentralisation	USAID/GTZ/Italy/IFAD/DFID/ EU/Japan/KfW/ FAO/ SDC-seco/Kuwait Fund/Sweden/Islamic Bank
Education	Ministry of Education and Science	EU/Italy, GTZ, SDC,
Energy	Ministry of Industry and Energy	EBRD/EIB/IFC/IMF/Italy/ Austria/KfW/Japan/Seco/USTDA/USAID/ Cida
Environment	Ministry of environment	DFID/EU/GTZ/ITALIAN COOPERATION/SIDA/SDC/UNDP/CIDA
Financial sector	Ministry of Finance	IMF/IFC/EBRD/USAID/GTZ
Health	Ministry of health	WHO/Italy/OSCE/GTZ/OSFA
Legal and Judicial Reform	Ministry of Justice	EU/USAID/Italy/OSCE/GTZ/OSFA
Public administration reform	Ministry of Finance, Department of Public Administration, Council of Ministers	EU/OSCE/UNDP/DFID/SIDA ITALY
Social Protection	Ministry of Labour and Social Affairs	DFID/IMF/Italy
Transport	Ministry of Transport and Telecommunications Ministry of Local Government and Decentralisation	Italy, EBRD, EIB, EU, Greece, Kuwait Fund/ Islamic Bank/US Government
Water	Ministry of territorial Adjustment and	EU/GTZ/KfW/EIB

	Tourism	
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Source: World Bank, WB partners in Albania

3.6. Steering Mechanisms of Country-programme

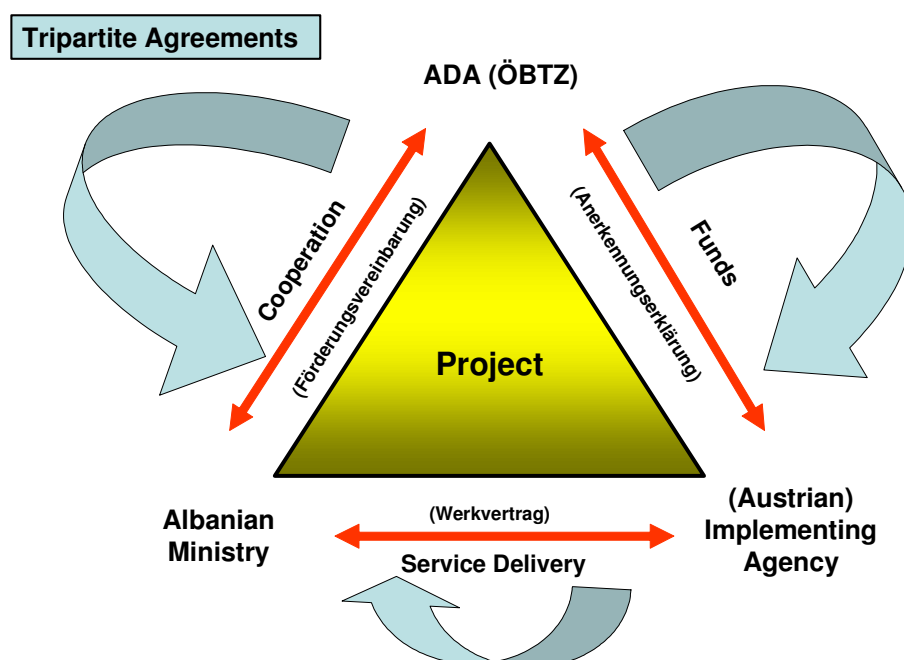
In principle two levels are to be considered for steering the country programme: the programme and the project level. As mentioned above, the approach of Austrian Cooperation with Albania so far has been pragmatic and implementation-oriented. It focused on immediate needs at the micro-level (i.e. project-level) and on providing concrete solutions at that level, while the related issues at institutional and policy level were of secondary concerns.

Accordingly, the instruments and quality of steering at project level is clearly the strength of the Austrian Cooperation, while steering at programme level is still relatively weak.

Steering at Project Level

The contractual structure for the assistance projects in Albania are regulated in a tri-partite agreement (*Dreiecksvertrag*). Contract Parties of this agreement are:

- the donor of the subsidy (represented nowadays by ADA and mandated by MFA)
- the recipient of the subsidy (usually a relevant ministry within the target country)
- the implementing agency (usually a contracted Austrian company or NGO).



A cooperation agreement is concluded between ADA and the relevant Albanian Ministry (and the related local authorities). In the agreement the Austrian party takes over the responsibility for subsidizing a specific project. The Albanian Ministry is recipient of this subsidy. At the suggestion of ADA, the Ministry mandates an Austrian agency (usually an Austrian company

or NGO) with the implementation of the project. A work contract (Werkvertrag) specifies the tasks to be carried out by the implementing agency. ADA takes over responsibility for the financial costs (including monitoring and consulting services) of the project which are usually taken into account by the implementing agency. A declaration of the implementing agency towards ADA as the donor of the subsidy ensures that the project will be implemented in the manner agreed upon.

Originally, the tripartite agreement was induced by the Austrian Ministry of Finance at the beginning of Austrians Cooperation with Albania. The contractual structure ensures a high degree of transparency, particularly with respect to the financial procedures. Further, it shows that a certain sense of ownership and responsibility has been created on the part of the recipient – the Albanian stakeholders. Not the financial means are in the forefront of the interests but the implementation of the very project. According to all interview partners the tripartite Agreement proves to be a useful instrument for cooperation.

During the 90'ies, when corruption was (and it still is) a widespread phenomenon within the Albanian context, the tripartite agreement as a legal basis was certainly justified. The agreement retains the control over the flow of funds with the Austrian partners. Nevertheless, in future in line with the principles of ownership and partnership a model should be found which increases the responsibility of local partners in the implementation of projects. This will also mean an increased accountability by the Albanian partners, which requires a strengthening of the recent efforts to curb corruption.

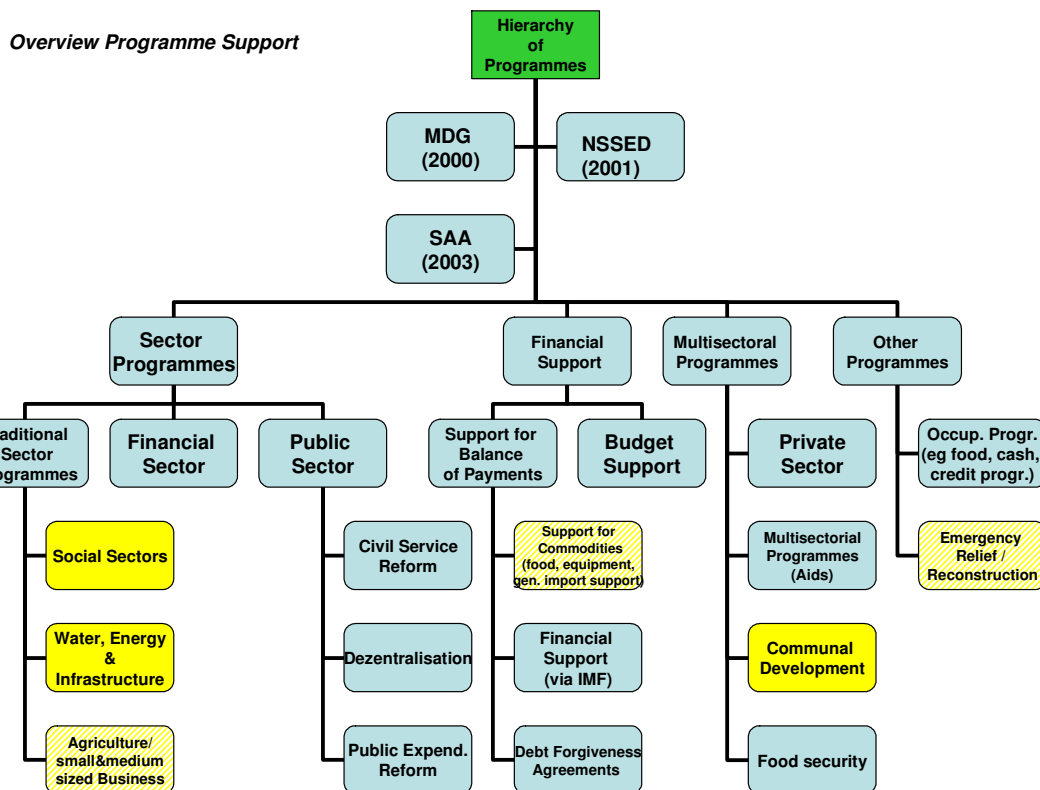
The arrangement ensures that the implementing agency in cooperation with the local partner is in-charge of monitoring. Provided that the implementing partner is competent it assures a proper project steering. In those projects where ADA mandates a monitoring consultant these essential functions are also ascertained. The drawback of this approach to project steering is that ADA under regular operations has little insights into the project and the know-how and experiences in the various projects are not gathered and capitalized in a systematic manner. As mentioned above, ADA usually only involves in project steering when difficulties occur.

Steering at Programme Level

Despite the fact that the project management in the projects (see 3.3.3 -3.3.5) is good, the evaluators found little evidence that a systematic and effective steering has taken place at programme level. A 'culture' of systematic PCM on programme level still needs to be developed. It allows the capitalization of experience for the sake of programme and policy development and is important for a coherent quality assurance.

In general, the institutional set-up (i.e. tri-partite agreement, monitoring consultants) puts the Austrian Cooperation in Albania rather on the level of sector programmes than on the level of a country programme. Conceptually, this was justified as national Albanian programmes – a pre-requisite for the elaboration of useful country programmes - did not exist until recently. Further, the total outsourcing of the expert knowledge and the limited capacities for conceptual work resulted in a predominantly administrative and – to a smaller extent – to a coordinative role of the COOF, as far as the programme level is concerned.

The chart below demonstrates the sector orientation of the Austrian Cooperation within its Albania engagement:



based on: Asche/Lauckner „TZ in neuen Formen der Internationalen Zusammenarbeit“ 2002.

The yellow boxes are sectors in which the Austrian Cooperation is still active (social sectors are the V.T. and the Women's project). The yellow shaded boxes represent former activities such as food supply and Humanitarian Relief).

At the end of the 90ies, a stronger involvement of the government partners and of linking project implementation with institutional and policy development can be observed, mainly related to infrastructure (DRCRP) and to vocational education. However, these efforts were mainly a result of tackling difficulties in the implementation of projects (e.g. DRCRP) or of limited project-based attempts to link up with the institutional level (e.g. V.T.) and again, were driven by the commitment of individuals. The challenge of today is that the Austrian Cooperation participates within the ongoing debates on the ground. Therefore, a positioning towards a fully, partially or none alignment with the NSSED (along SAA and/or MDG) would be desirable.²⁹

In the absence of a programme strategy and considering the rather limited resources for programme steering in the COOF (and at headquarters), it has to be acknowledged that the involved persons did their best to link the implementation of projects to policy and institutional issues by involving in donor coordination as far as their capacity allowed.

3.7. Development – Related Impact of programme

For a global assessment of the relevance and significance of completed and on-going project activities, three criteria are applied:

²⁹ To compare the positioning other donors: countries bordering AL (Italy, Greece) have no orientation at NSSED (PRSP policy); Germany is seeking the middle path between SAA and MDG; DFID is very much engaged for following the PRSP-debate; SIDA focuses (traditionally) on capacity building on local level and feels the NSSED as being unrealistic; USAID is engaged out of geostrategic and foreign political thoughts.

- Relevance: How well do the projects address the identified priority issues and needs of Albanian partners (e.g. municipalities respectively communes, beneficiaries)?
- Linkage & Scaling-up: Is there an adequate follow up to ensure the effectiveness of inputs and activities, e.g. by linking up with institutional and policy development? Are positive interventions, models being replicated? Do other donors link on to successful activities by follow-up and replication?
- Impact: Are the project activities sufficiently integrated into Albanian (national or local level) development processes to ensure sustainable change? What needs to be done to improve the impact?

The interventions are fragmented and therefore, relevance of the programme is restricted to that of the individual projects.

The results of the projects are certainly relevant in so far as they correspond to needs identified together with Albanian partners. The projects support sectors and issues that each for itself is relevant for the socio-economic development and for the transition process in Albania. As shown in the project evaluations, the interventions are also in line with various aspects of Austrian development policy and strategies. These are for instance economic development and employment (rehabilitation of basic infrastructure, vocational training), protection of natural resources and strengthening the development of democratic structures. Over time, the type of interventions was also adjusted in a pragmatic manner to the circumstances.

On the other hand, due to the limited support to institutional development and to policy dialogue, the relevance of the programme with regard to Albanian strategies remains limited. This lack of linkages between project interventions and institutional level (i.e. inputs for system development) and policy level (i.e. capitalizing micro-level experience and feeding it into the policy development) reduces the overall impact of Austrian Cooperation in spite of the good performance at project level ('island solutions').

All in all, Austrians Technical Assistance can be assessed so far as being appropriate because it concentrated in a pragmatic manner and with a good understanding of the situation on concrete projects that responded to obvious needs. Considering the conditions during the transition the Austrian strategy corresponds as below:

<i>Framework conditions</i>	<i>Focus of Austrian cooperation</i>
Weak and unreliable governmental structures during the 90ies	Put the focus of the operational work on the lowest level
Unstable situation and lack of trust between state and people	Create visible results while rehabilitate basic services and infrastructure
Corruptness of state actors	Ensure basic approval and establish contractual basis with a win-win-situation for all (Government gains reputation and honor)

As of now the Austrian pragmatism has to be complemented with a more strategic perspective in terms of projects and approaches. The purely technical approach has come to an end. Projects like "Keneta – Durres" would not have happened if a strategic approach was taken. The available resources of the Austrian Coordination Office have to be used in a way that synergies, harmonization and alignment with local policies are improved. Pre-requisite for

this is most probably a stronger focus within the programme and the active participation in donor coordination.

4. FUTURE PROGRAMMING OF AUSTRIAN COOPERATION

4.1. General Conclusions (*Lessons Learnt*)

- The strong points of the Austrian cooperation with Albania are projects that respond effectively to basic needs of Albanian people and in general are implemented by competent partner organizations in a way that considers the local context adequately. The projects have been identified and designed in a pragmatic manner, whereby the commitment of individuals involved and their good acquaintance with the local context were decisive for the quality of the projects.
 - * These are comparative advantages that need to be sustained while developing the programme and approaches of the Austrian cooperation further, in line with new challenges.

- As a result of the unstable political context and the lack of experience of the Albanian partners in defining development policies and setting the related priorities in the early 90'ies, the donors did not get much guidance from the Albanian government for defining their support. On the other hand, the Austrian budget was limited but demanded visibility. An efficient implementation of comprehensible activities with low transaction costs was an important aspect. Therefore the Austrian cooperation mainly evolved on the basis of opportunities and of interventions focusing on the project- or micro-level. The result is a broad project-portfolio which is rather fragmented in terms of sectors and themes. In the meantime the Albanian government has formulated its development strategy (NSSD, 2001) and is up-dating it periodically (ARP-1 & ARP-2, 2004). On the international level the MDG agenda and the SAP of the EU provide strategic frameworks which support the definition of priorities. With that, the criterion "efficiency" was replaced by "effectiveness".
 - * To increase the effectiveness of the Austrian cooperation a better alignment with local policies and strategies is needed along with a thematic concentration to create a critical mass in those sectors where ADA wants to be active. This will also allow for a stronger involvement in policy development with partners.

- The Austrian de-facto Programme contains conceptual weaknesses due to its unfounded heterogeneity and the unclear link to the international policy framework. The Austrian Cooperation corresponds more or less only with its own strategic guidelines (OZA-strategy) and is basically in line with the Albanian priorities (NSSD). The specific commitment to the international policy agenda (eg poverty reduction, MDGs) remains unclear. The Austrian concerns within the SAP which affects not only Austrian Development Cooperation but also future arrangements within Austrians foreign and security policy is not marked.
 - * To increase the coherence of the Austrian cooperation programme with the relevant policies, more clarity is needed where and how the programme is positioned in the policy framework.

- Experiences drawn from project implementation are not sufficiently capitalized and turned into concepts and strategies. The reasons are manifold. At the implementation level the strong reliance on implementing partners and the outsourcing of monitoring functions along with the limited capacity of the COOF make it difficult to systemati-

cally collect and process information such that it is eventually available to ADA in the form of lessons learned / consolidated experiences. At headquarters specific processes, structures (e.g. discussion / development of strategies in working groups) and resources for capitalizing experiences are apparently not (yet) institutionalized. The development of guidelines for the energy sector (Energie für nachhaltige Entwicklung, Leitlinien der OEZA, draft 2005) indicates a change in this regard.

- * To ensure that strategies and programmes are relevant and realistic, they need to be developed on the basis of consolidated and documented experiences (good practice). Therefore, the systematic capitalization of experiences is a prerequisite for the coherent design / development of ADA's programme as well as for the policy dialogue with partners and other donors.
- For the implementation, Austrian cooperation still relies to a great extent on Austrian (or international) NGO's and companies. With the gradual evolution of potential Albanian partners and in line with the commitments made in the 'Paris Declaration on Aid Effectiveness' (i.e. donors use strengthened country systems) a shift towards local implementation is necessary.
 - * More emphasis on building local institutions and enhancing local capacity and competence is required.
- So far donor coordination meant joining forces with like-minded donors to sort out problems related to projects, or exchanging experiences in some sectors, or participating in policy dialogue groups. With the signing of the 'Paris Declaration' donors and partner countries have committed to a fairly clear definition of donor coordination respectively harmonization.
 - * The implementation of this commitment requires substantial changes in the approach to programme implementation putting new demands on the COOF. Therefore, a concentration of the portfolio and increasing the conceptual capacity of the COOF and of ADA headquarters is necessary.

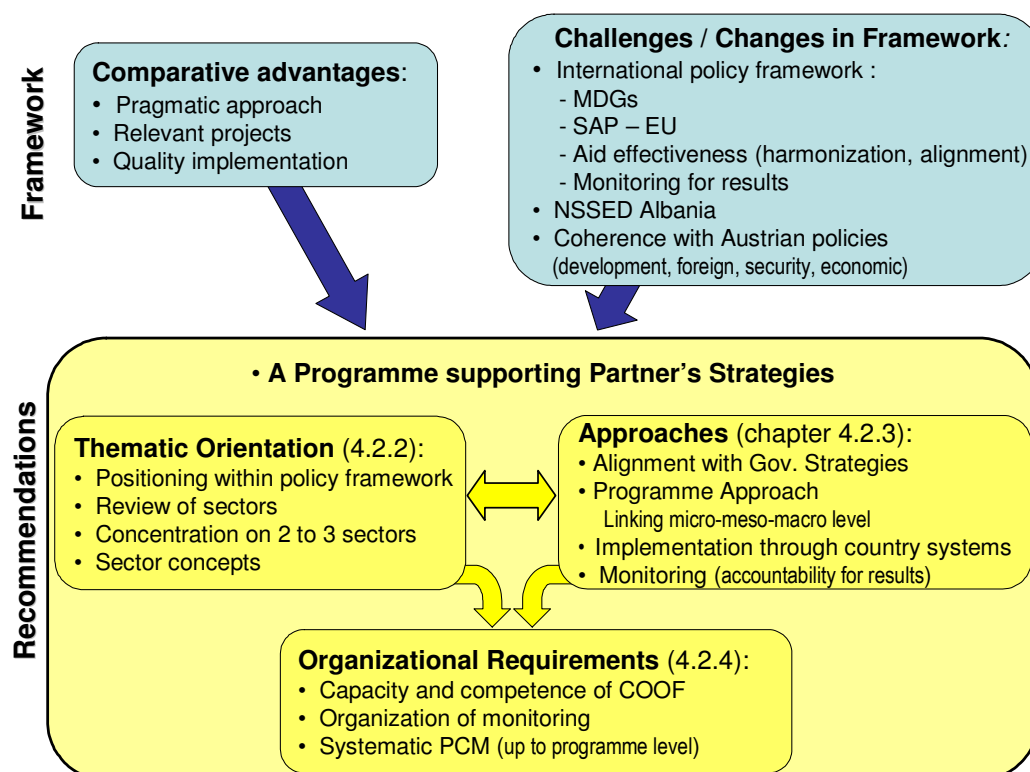
4.2. Recommendations

4.2.1 From Projects to Programme supporting Partner Strategies

(1) *The Austrian cooperation with Albania is designed as a programme³⁰ in support of partner strategies.*

We recommend re-designing the Austrian cooperation in order to replace the current set of projects by a programme that responds explicitly to the – meanwhile existing - policies and strategies of the Albanian partners. The design of the programme should clearly show how Austria contributes to the set of development results in the partner country Albania.

This overall recommendation has a number of consequences that are reflected in further recommendations concerning (a) thematic orientation, (b) approaches and (c) organizational requirements. Designing the future Austrian cooperation programme with Albania is an iterative process: the definition of the thematic orientation is closely linked with the approaches chosen for implementation (e.g. the decision of aligning Austrian cooperation with government strategies focuses the choice of sectors on those where the Albanian government has clear-cut and appropriate strategies). The organizational set-up is the operational response to the thematic orientation and approaches chosen.



³⁰ Programme means "a set of time-bound interventions that may cut across sectors/themes and/or geographical areas" (DAC-definition). Programmes link activities at the micro- or project-level with institutional and policy development (micro-meso-macro linkage).

4.2.2 Definition of Thematic Orientation

(2a) The current variety of projects is replaced by a thematic concentration of the programme on 2 maximum 3 sectors or themes.

Implementing a programme approach means that interventions are conceptually linked to the institutional and policy framework (micro-meso-macro linkage), even if they do not comprise activities on all levels. This means a more substantial involvement in terms of resources and expertise for policy dialogue, institutional development and capacity building. (see also strategy paper of the BMaA (3-years Programme 2004 – 06).

Alignment and harmonisation of interventions makes coordination more demanding. Concentration allows playing a stronger role in a particular sector.

(2b) ADC supports sectors which correspond with the priorities of the partners and interventions contribute to the outcomes defined by the partner's strategies.

With the ratification of the "Paris Declaration on Aid Effectiveness" both Austria and Albania have committed explicitly to 'coordinated programmes consistent with national development strategies'. Other than in the earlier days of Austrian cooperation with Albania, the NSSD and partly also sector strategies and action plans nowadays define the partner's priorities. Therefore, the decision in which sectors Austrian support is most adequate should be based on these strategies. The particular interventions of the Austrian programme in a sector should be designed that they contribute to the outcomes (for a sector) defined in the Albanian strategies and action plans.

(2c) Interventions and approaches in the sectors are coordinated with those of other donors active in the sector.

In re-designing the programme along the priorities of the Albanian partners, the contributions of other donors to a sector need to be considered in terms of complementarities and approaches. The real challenges of this harmonization are in the implementation. According to the Paris Declaration it goes beyond donor coordination, since it requires adjusting certain procedures of individual donors to a common procedure. The "Drin-project" is an example to illustrate this. Donors coordinated their activities but did not change their procedures. In this case harmonization could for instance mean that bi-lateral donors do away with tied aid. A practical approach to harmonization could be the proposal to apply and observe the 12 indicators defined in the Paris Declaration to the Austrian cooperation with Albania.

(3) In sectors where ADA continues with a substantial involvement, simple sector concepts provide guidance for designing interventions and for policy dialogue.

We recommend translating the above recommended sector reviews into simple sector concepts. Once the thematic orientation is clear, the sector reviews can be used to define simple sector concepts which define as a minimum the basic principles, the scope and the approaches of ADCs support to the sector, based on the strategies of the Albanian partners (alignment) and on overall OZA sector strategies (where available).

Tentative Outline of Steps for Thematic Concentration

Steps	Austrian Actors	Sector / Partners	Specific concerns	General concerns
1) Consultation with BMAA	BMAA and ADA		Management response on recommendations of evaluation – Decision regarding recommendations to be translated into action Confirmation, specification of strategic orientations based on OZA – Strategy and Tentative outline of funds available for next 5 years	
2) Consultations with Albanian Partners (on basis of strategic decisions between BMAA and ADA)	COOF	<u>Energy:</u> Min. of Energy & Infrastructure & KESH	Priorities and needs in the national hydro power sector for the next 5 to 10 years. Identification of potential areas of support	<ul style="list-style-type: none"> • Priorities of local partners • Areas of support where Austrian contribution is most effective • Tentative options for Austrian support • Possible linkages of micro-meso-macro levels • Tentative assessment of capacities for local implementation and need for capacity building
		<u>Water and Sanitation:</u> Min. of Energy & Infrastructure Local Authorities / Utilities	Schedule of the reforms and on the possibilities to contribute to it through projects at the local level. Potential for scaling-up, involvement in institutional reform	
		<u>Vocational Education and Training:</u> Min. of Education / Min. of Labour	Principal interest to get support for strengthening local delivery (through the concerned schools) in the sub-sectors tourism and/or agriculture	
		<u>Town Development:</u> Min. of Local Administration and Decentralisation; Municipality of Durres	Capacities and potential for contributing towards legalisation process Priorities of municipality	
		<u>Women Involvement:</u> Direct NGO-Funding	NGO-Funding	
3) Consultations with other donors involved in sectors (on basis of strategic decisions between BMAA and ADA)	COOF	<u>Energy:</u> a) WB, EBRD, SDC for support to national authorities b) KfW & owners of SHPP for option to support SHPPs	a) Potential for and approaches to coordinated implementation b) Potential and risks in the small hydro power plant sub-sector. Identification of possible support strategies	<ul style="list-style-type: none"> • Approaches, instruments and (geographical) areas of intervention should be compared and possibilities for harmonization or even joint implementation identified. • Coordination mechanisms • Coordination / possible division of tasks in

Steps	Austrian Actors	Sector / Partners	Specific concerns	General concerns
		<u>Water and Sanitation:</u> GTZ, SDC, WB (?) <u>Vocational Education and Training:</u> CARDS, DACH-group <u>Town Development:</u> <u>Women Involvement:</u> <u>(OECD)</u>	Compare approaches and define minimum requirements for support projects at local level Potential for coordinated approach Potential for coordinated approach and areas of intervention (geographical & professions) Compare activities/interventions to strengthen civil society Exemplary regulatory work Contribution towards civil society	capacity building and policy development
4) Consolidating sector reviews	COOF - ADA	Workshop ADA-internal	Consolidating sector reviews and draft proposal for re-designed programme	
5) Consultation with BMAA	ADA, BMAA		Agreement on new programme outline	
6a) Definition of programme details	COOF	<ul style="list-style-type: none"> Local Partners Donors involved sector 	<ul style="list-style-type: none"> Define interventions and implementation arrangements Define areas of joint action / division of tasks in sector / coordination mechanisms 	
6b) Definition of implementation details	ADA & COOF	<ul style="list-style-type: none"> Implementing partners Monitoring consultants 	<ul style="list-style-type: none"> Adjust role and tasks to new requirements Re-organize monitoring 	
7) Sector concepts	ADA & COOF		Consolidate results of review in simple sector concept	

4.2.3 Approaches and Operational Requirements

- (4) *Austrian interventions are aligned towards local structures and implemented through local systems and partners wherever possible.*

If the thematic concentration is defined through the process outlined above, a major step in aligning the Austrian programme with Albanian strategies and priorities is made. During implementation interventions can further be aligned in areas where regional strategies are available.

The main consequence of alignment is the implementation through local systems. This may not be possible to the same extent in all sectors. Water supply (local utilities) and Vocational Education and Training (schools) are most suitable in this regard.

Depending on the capacity of the partners various instruments for implementation (budget support, SWAp, delegated co-operation or project modalities and joint funding with other donors) should be considered.

This means for ADA to review the implementation set-up for all interventions. Principally, the Albanian system should be used without maintaining parallel structures such as PIUs. Further, the mandates of the current (Austrian) implementing partners should be adapted to capacity building of local implementers.

- (5) *Monitoring is set up in a way that it improves the accountability for results and the capitalization of experiences.*

If ADA decides on implementation through local structures on the basis of the elaborated partner strategies the system of monitoring and evaluation has to be adjusted in two ways

- a) Strengthening the implementation through partner's strategies means that the results and the outputs of the Austrian intervention directly contribute to the outcomes and desired changes in the partner's environment as defined in the partner country strategies (NSSD or the regional development plans). Based on a results chain which identifies the expected development impact, the required outcomes and the specific outputs/results that contribute to the outcomes, the Austrian country programme sets out the path to achieve the desired outputs/results. This approach focuses not (as before) on project/programme inputs and the analysis of the impact but on the desired outcomes and then identifying what inputs and actions are needed to achieve them (compare 4.2.2.).
- b) Secondly, the capitalization of experiences needs to be systematized to ensure that a synthesis of the gained knowledge feeds into the further shaping of the strategies and policies of the Austrian Cooperation. This is mainly an organizational issue: systematic capitalization of experiences means that structures and processes are defined and resources allocated in such a way that monitoring information (good practices) is periodically reviewed and synthesized.

4.2.4 Organizational / Institutional Requirements

7a The division of tasks between Headquarters and COOF is clarified and adjusted to the requirements evolving from the harmonization and alignment of aid.

The programme approach and the agendas of the international cooperation (i.e. harmonization and alignment) shift the 'centre of gravity' for programme steering to the country level. Subsequently, the division of tasks between BMAA, ADA and COOF would be appropriate:

BMAA	<ul style="list-style-type: none"> • Definition and steering of development policy positions • Setting the strategic framework • Coordination between Austrian ODA and other bi-lateral and multi-lateral agencies • Coordination with other Austrian Ministries (coherence)
ADA	<ul style="list-style-type: none"> • Prepare and implement programmes and projects • Strategic steering of programme in Albania • Supporting, advising BMAA in the preparation of development policies and strategies
COOF	<ul style="list-style-type: none"> • Coordination of implementation of programmes and projects and policy dialogue in-country

Division of tasks between ADA and COOF for country programmes:

Core tasks	Headquarter	Field office
Programme development	Observation of context Strategic orientation of programme Sector strategies (with COOF) Capitalization of experiences for policy and strategy development.	Observation of context. Identification of opportunities. Preparation and negotiation of new projects
Programme Coordination / Management	Strategic steering (incl. monitoring) of programme Contracting (Austrian) implementing agencies Conceptual backstopping of COOF Evaluation and controlling	Steering (incl. monitoring) of programme and projects, ensure that guiding principles and cross-cutting issues are incorporated and synergies capitalized.
Policy dialogue, Donor coordination	Supporting BMAA and COOF in donor coordination and in policy dialogue	Backing up of important topics: Participation in donor coordination meetings and in policy dialogue.
Support services	Administrative support to COOF	Administration/bookkeeping
Representation and Information	Public Relation Information policies	Representing ADA with local partners and public relations

(7b) The capacity & competence of COOF is adjusted to the requirements evolving from the harmonization and alignment of aid.

More capacity in terms of staff and expertise is needed for a more intensive interaction with Albanian partners and other donors. For the sectors or issues supported by the programme, the COOF should have relevant expertise for a competent dialogue with partners and donors in the country. It should also have the resources to identify needs and organize support for the institutional development of partners and to involve in the policy dialogue in selected fields.

First steps in this direction have been initiated with the employment of an infrastructure sector specialist. Along with the review of the sectors and the definition of the programme ADA needs to further identify the actual staff requirements of the COOF.

(8) The organization of monitoring is adjusted to the requirements of local implementation and of an improved capitalization of experiences.

If the monitoring is understood in the way outlined above, the organization of monitoring has to be adjusted. The system of delegating this task to monitoring consultants has to be reviewed. If the COOF is in-charge of steering the Austrian programme, it must have adequate information at hand, i.e. the detour through monitoring consultants is not very practical. Likewise, the local implementing partners need their own monitoring system. Therefore, the main tasks of the monitoring consultants should be the provision of methodological support to the local partners for setting up their monitoring system.

On the level of the COOF, the achievement of the defined outputs for each sector, including reasons for (non-)achievement, should be consolidated out of project-level information in a yearly review. Along with the observation of the general context³¹ this consolidated information is an important tool for steering the programme.

On the level of ADA-headquarters the same information supplemented by regional context assessments serves as an input for the strategic steering of the whole OZA programme. Together with the results of periodic evaluations it is also an input into the development and periodic review of sector strategies and of the overall OZA-strategy. For this capitalization of experiences groups of practitioners or thematic focus groups should be organized including experts from the field, from headquarters (BMA & ADA) and consultants.

The results (sector strategies / concepts) are important tools for programme steering and policy dialogue at the level of the COOF under the above recommended division of tasks.

(9) The tools of the project management procedures are more systematically applied by ADA

To establish a better basis for monitoring the country programme, tools and procedures should be obligatory applied. The standardizing should provide the data and information about the likely contribution of ADA towards Albanian development process.

Planning procedure: ADA Headquarters should determine the elements of a country strategy and standards. Elements are for instance responsibilities, mechanisms for consultations with ADA-internal bodies and with other administrative bodies of the Austrian government administration (coherence of policies) and for decision-taking. It is important that the different implementing partners use the same procedures (format/standard) for PCM as only then comparability is ensured.

³¹ Under the harmonization agenda the possibility for joint context assessments by the donor community should be considered.

Monitoring procedures: The monitoring systems of the specific projects have to be systematized in such a way that the information and data collected feeds into programme monitoring. On programme level, the focus of monitoring should be on outcomes, relevance and sustainability (structural impact).

Standardisation of instruments & formats: ADA-HQ should prioritise the required instruments for programming and introduce standardized formats for compulsory application (period of validity, length, extent & structure of documents, retrospective view – preview, commitments – previous financial disbursements, reference(s) to other instruments for programming, etc.) to facilitate implementation of programmes.

4.3 Complementary Considerations for Implementing the Recommendations

4.3.1 The Necessity of Positioning the Austrian Cooperation in the Policy Framework

Starting point for shaping a new operational design of the Austrian Cooperation in Albania is a positioning within the actual policy framework. The commitments made on international forums are important guiding lines for the defining the specific Austrian involvement in the partner country. The following charts give an overview of the policy framework in which the Austrian cooperation with Albania has to be positioned. Likewise, for defining the thematic orientation, implementation modalities and the organizational arrangements of the Austrian cooperation programme, the operational framework conditions need to be considered.

Policy Framework	Issues relevant for Austrian-Albanian cooperation
<i>International level</i>	MDG-agenda: poverty reduction SAP – EU: stability, regional integration
<i>Albanian level</i>	NSEED: social and economic development National sector strategies & action plans: e.g. energy sector
<i>Austrian cooperation with Albania</i>	Austrian Policy for Cooperation with Eastern European countries. Coherence with Albanian policies Other Austrian policies: Coherence

Operational Framework	
<i>International level</i>	Paris Declaration on Aid Effectiveness & Rome: Harmonization & Marrakech: Managing for Development Results: Implications on managing cooperation
<i>Albanian level</i>	Austrian cooperation programme with Albania: Thematic / sector orientation and implementation modalities
<i>Austrian cooperation with Albania</i>	Austrian cooperation programme with Albania: Programme management, monitoring

Policy Framework

Albania has committed itself to the MDGs and at the same time it has signed a Stabilization and Accession Agreement with the EU. According to the Government

(NSSED Progress Report 2004), “the NSSED and the MDGs capture the Government agenda for *social and economic development*, while the SAA provides a strategic guide towards *European integration*. There exists a topical correlation among the three agendas ... but they are also different because the MDG represents a mainly *political agenda*, the NSSED represents a *broad medium-term strategy*, and the SAA represents a *specific instrument* operating within the general framework of the NSSED”.

Priorities in the SAA, the NSSED and the MDG

	SAA	NSSED	MDG
Priorities	<ul style="list-style-type: none"> • Justice • Public order and security • Administrative capacities • Social and economic development • Environment and natural resources • Democratic stability 	<ul style="list-style-type: none"> • Economic growth • Macroeconomic stability • Health • Education • Infrastructure • Public services • Governance • Social care • Rural and urban development • Environment 	<ul style="list-style-type: none"> • Elimination of extreme poverty and hunger • Achieve universal primary education • Promote gender equality and empower women • Reduce child mortality • Improve maternal health • Combat HIV/Aids, Malaria and other diseases • Ensure environmental sustainability • develop a global partnership for development

Given this broad range of priorities, consultations with the Albanian partners and with the EC have to provide clarity how the priorities among the three agendas are set for the next five years. Questions are for instance whether the goals of the SAA and the MDGs are equivalent for this period or whether there is a shift towards prioritizing the SAA? What are the priorities through which Albania intends to achieve the MDGs?

On the level of the NSSED such considerations may result in a sequencing of priorities along a timeline. For defining the thematic orientation of the Austrian cooperation programme such a clarification of the policy framework is necessary to align the programme to the partner’s agenda.

On the third level there is considerable coherence between the Austrian Policy for Cooperation with Eastern Europe (Dreijahresplan 2004 – 06: Kernprogramm der Österreichischen Ostzusammenarbeit) and the NSSED not least due to the broad list of priorities in the NSSED. The Austrian policy has a clear focus on the ‘European agenda’ (e.g. criteria such as ‘integration into Austrian Foreign Policy’; ‘supporting the compliance with the Copenhagen criteria’) which is under-pinned by the thematic orientations. They focus on economy and employment, infrastructure projects in water, energy and environment and on employment-oriented education. These economy-centered themes are supplemented with the theme ‘governance’ comprising rule of law and civil society support along with crisis prevention.

Against this background and the current project portfolio, the main issue to be clarified on policy level is which balance between the MDG- (poverty reduction) and the EU-agenda (economic development and stability) is appropriate. Can the commitments made under the MDG-agenda be met with a clear focus on economic development?

Operational Framework

The declarations achieved over the past few years clearly ask for the implementation of international cooperation through 'country systems', wherever these systems are functioning reasonably.

To assess which local structures are how well developed, an option would be to assess the Austrian – Albanian cooperation against the 12 indicators of the Paris Declaration as a kind of a baseline 2006 and jointly agree which targets for each indicator can and shall be achieved by 2010. In combination with the definition of the thematic orientation / sectors to be supported (see below), this allows identifying the need for capacity development with the Albanian partners in these sectors.

4.3.2 Review of Potential Sectors

In the proposed process the considerations made on the policy level and the above proposed review of potential sectors ultimately have to be consolidated in a programme. Looking at the options in terms of sectors there is predominance of economic development and to some extent environmental objectives. Therefore, the question has to be answered to what extent and how the poverty orientation as well as governance and civil society objectives (thematic priorities of OZA) are integrated in the programme.

Under the aspect of a thematic concentration it is unlikely to add new sectors to the programme. Therefore, to reinforce the poverty orientation group-specific approaches and specific geographical focuses within the sectors may be a suitable approach. Governance and civil society lend themselves as cross-cutting issues, even though not in every sector to the same extent. Applying above considerations on the sectors of the current Austrian cooperation the potentials and options of the current areas of intervention are as follows:

Energy: In particular, hydro-power is by all measures a high priority sector for Albania. The continued shortage of electricity reveals the importance of a reliable energy supply for the economy. The government has made considerable progress in developing the legal and regulatory framework (e.g. Energy Regulatory Entity; National Energy Strategy) and has induced institutional reforms, both a promising basis for a possible further involvement in the sector. With the DRGRP, ADA is still involved in a substantial project and it has established a good cooperation with other donors in the sector and built a reputation with the Albanian partners. Eventually, in hydro-power Austria has a strong expertise to offer.

The newly started involvement in solar energy provides alternatives, but is hardly a substantial contribution to resolving the energy problem in Albania. Therefore and if 'energy' is one of the sectors where ADA wants to concentrate its support, new options in the hydro-power production or in the energy distribution need to be identified with the partners. The recommended technical review before completion of the DRGRP could be one opportunity to assess a continued involvement in the sector, together with the other donors involved. In line with requirements of the partners and

with the OZA 'Strategy on Environment, Water and Energy' (2004 - 06) a further involvement should not be a big, 'stand-alone' investment. In principal there are two options. One is to support projects of the national utilities (KESH). The second is a support scheme for the rehabilitation of small hydro power plants. In spite of the fact that these plants are privatised setting up a public-private partnership in which Austrian expertise is made available, in combination with an appropriate financing scheme (guarantee fund to facilitate access to commercial loans) might still be in line with ADA's objectives and principle. Provided that the owners of the plants are seriously interested to operate their plants and that a suitable regulatory framework is established, these plants have a potential to contribute to resolving the energy crises in a sustainable manner. For both options ADA needs to cooperate closely with other donors involved. In the case of national utilities this cooperation is well established, in the case of small hydro power plants it would be mainly KfW which is already active in this field.

Water & Sanitation: In view of the poor water supply and sanitation situation in Northern Albania a continued involvement in this sector is coherent both with Albanian priorities as well as with the OZA - strategy. The government is implementing reforms in this sector. Compared to the energy sector they are not yet so advanced, partly because they are closely linked to the implementation of the law on decentralisation. If support to this sector is continued, the technical approach has to be linked with the institutional reform (i.e. supporting the decentralisation, establishing locally managed utilities). The rehabilitation of infrastructure needs to be combined with building the capacity of local management units for operation and maintenance (O&M) of the systems. Since the functioning of the local utilities depends on the reform process carried out by the government, support to this process in selected aspects may be indicated. Therefore, a closer cooperation with the Albanian partners at policy level and with other donors active in the sector (e.g. KfW, GTZ, SDC) would be a prerequisite for developing sustainable solutions.

Vocational Training: Although the projects are considered as relevant and of high priority, the overall focus remains on project level and is fairly fragmented. Within the Albanian strategies – but not necessarily for young people in Albania - vocational training has probably not the same relevance as it has within the OZA-strategy where employment-oriented vocational training is an explicit priority. However, under the CARDS project the VET-reform is making progress. Under the institutional component, the National VET Council is being made operational, and a new VET Agency will be established. Under the systems development component four issues are pursued: 1) Establishing a labour market analysis system; 2) development of occupational standards; 3) Development and definition of a national qualifications framework and 4) Curriculum development in selected occupations on the basis of the occupational standards. The CARDS project is committed to harmonise the Albanian VET reform with the European processes and make the system compatible with the EQF and, later on, with ECVET³². A process to develop a National VET Strategy has so far resulted in a guiding document which identifies also those areas, which require additional donor support, i.e. namely strengthening local delivery and innovation.

On the level of institutional and system development CARDS continues to be the main partner of the Albanian government.

³² Under the European Union two processes to develop a European Qualifications Framework (EQF) and a European Credit System for Vocational Education and Training (ECVET) have been initiated. The processes are known under the names of Copenhagen and Maastricht, and they are the sister processes to the Bologna process for the harmonisation of academic education. They aim at enhanced cooperation in vocational education and training and at the compatibility of certificates.

Against this background support to strengthening local delivery and innovation in tourism-related and/or the agriculture-related trades is the most obvious potential for a broader involvement of Austrian cooperation in the sector. The focus could be on developing the whole portfolio in these two sub-sectors and on quality assurance, including establishing the system for certification (e.g. final tests) in these trades, based on the levels and standards defined under the CARDS project.

Since both tourism and agriculture are relevant for Albania's economic development such an involvement would not only contribute to the development of the VET-system, but probably also be employment-relevant.

Town/Community development: The project in Keneta (Durrës) appears to be a relatively isolated intervention in this sector. In this project ADA extended the technical approach of urban planning and shaping regulatory mechanisms towards the social and legal aspects of community development. Considering the still small involvement in the sector and the expertise required to handle all aspects of community development adequately, ADA should revise this activity with due care for deciding whether further resources (funds, Human Resources) will be available for a broader and deeper (e.g. land & property issues) involvement. The continuation of this kind of intervention demands much more and intensive involvement of ADA. Otherwise ADA should downsize the activity to a minimum while doing one-off payments to local projects which contribute the development of civil society.

Building capacity of Women: This kind of support to local initiatives is indisputable very important for the development of civil society. Projects like that need basically additional secured funding. The technical back-stopping is ensured by the gender unit of OECD. ADA should earmark further funding on a long term basis, so that the process may continue.

Humanitarian Aid: In the present context, this sector has no relevance anymore.

ANNEX 1

List of Interview Partner (telephone/written survey and/or face-to-face)

Name	Function
Barbara Torggler	ADA Evaluation Unit
Peter Kuthan	ADA Evaluation Unit
Anton Mair	MFA Evaluation
Ingrid Sager	MFA, Head of Dep. VII/5c Ostzusammenarbeit
Spirik Hermann	MFA , Head of VII/5 Programming
Linhart Michael	ADA, Executive Director
Raunig Florian	ADA, former Desk Albania/Macedonia & former COOF
Neuwirth Hubert	ADA, Desk Albania/Macedonia & former COOF
Irene Kaufmann	Federal Chancellery
Klaus Kapper	Magistrat Vienna
Christopher Opancar	Head of Co-ordination Office Tirana
Florenc Qosja	Head of Administration, Co-ordination Office Tirana
Solol Avxhiu	former Assistant of Co-ordination Office Tirana
Ergys Papaproko	former Assistant of Co-ordination Office Tirana
Ambassador Klaus Derkowitsch	Austrian Embassy in Tirana
Pius Rohner	SDC Albania, Head of COOF
Eduard	SDC Albania
Robert Hall	EC Delegation
Ismail Beka	GTZ Coordinator
Jonas Bergström	SIDA Consultant
Altin Ilirjani	Researcher of Political Science
<i>DRCRP</i>	
Philippe Keller	SECO, Switzerland
Stefan Denzler	Programme Officer, SECO Albania
Hadj Djilanji	Programme Officer, SECO Albania
Fatmir Hoxha	Director KESH, Albania
Marialis Celo	PMU KESH , Albania
Helmut Obermoser	Deputy Project Manager, COLENCO
Ludwig Becke	Consultant
Bujar Leka	Ministry of Energy & Infrastructure, Albania
Besim Islami	Technical Expert
Yildiran Murat ev.	Albanien: EBRD Tirana
Donald Mishaxhi	EBRD Tirana
Brian Copley	EBRD London
Winfried Schönbacher	Project Engineer, Andritz
Severino Diriwächter	Manager Field Service, Fierza
Piro Trebicka	KfW Office Tirana
Edmond Hido	Energy Efficiency Centre, Albania EU
<i>Water Supply 4 Villages</i>	
Jusuf Tufi	PIU Director, Ministry of Territory Adjustment & Tourism
Sadedin Limani	Project Monitoring, Ministry of Territory Adjustment &

	Tourism
Reme Bujar	Coordination of International Projects, Ministry of Territorial Adjustment
Merita Kazazi	Programming and Regional Development, Albania
Malaj Bequir	Mayor of Ana i Malit
Hila Zef	Mayor of Bushat
Orhan Miloti	iC Consultant Albania
Claudia Link Krammer	IC Consultant
Christine Wick	Monitoring Consultant Kommunalkredit
<i>Vocational Training</i>	
Mott Monika	KulturKontakt, Austria
Sobanski Florian	KulturKontakt, Austria
Tagini Gerlinde	Kulturkontakt, Tirana
Rushdi Reci	Expert Ministry of Education
Sotir Rrapo	Head of Dep. V.T., Ministry of Education
Mirela Andoni	Pedagogic Institut, Tirana
Astrit Bezati	Director of HFS Tirana
Nevila Qurku	Director of HFS Sarranda
Perparim Musa	Former Director of HFS Sarranda
Elvana Lula	Teacher
<i>Keneta, Durres</i>	
Shutina Dritan	Director of CoPlan, Tirana
Oriana Arapi	Project Coordinator CoPlan, Kenenta
Indrit Puteçi	Head of Cabinet, Municipality of Durres
Doriana Llambiri	Department for Urbanistic Durres (Prefecture)
Silva Akçani	Ministry of Economy
Marjani Agim	Ministry of Economy
Sibylla Zech	Trafico Stadtland, Monitoring Consultant
Helmut Koch	Trafico Stadtland, Monitoring Consultant
<i>Women's Project</i>	
Schreiber Elisabeth	Horizont 3000, Vienna
Eglantina Gjermeni	Women's Centre Tirana
<i>School Rehabilitation</i>	
Samara Brikena	Cafod Albania

ANNEX 2³³**Terms of Reference****Evaluation of the Austrian Cooperation with Albania
1991/2 - 2004****1. Background**

Albania has for more than ten years been one of the focus countries of the Austrian Cooperation with Eastern Europe. Cooperation with Albania was initiated after the political turmoil and subsequent collapse of infrastructure and hunger crisis in the early 1990ies. During the early days of the Austrian Cooperation with Albania focus was put on humanitarian aid, support to internally displaced people, and on first measures to contribute to the rehabilitation of essential infrastructure, such as the water works in Shkodra and the Drin Hydro-electric power plants.

In 1994 the Austrian Office for Technical Cooperation with Albania was established in Tirana in order to start more structured and systematic support activities in the country. However, due to the political and humanitarian situation in the country, the establishment of a systematic development cooperation approach was difficult during the years following the establishment of the Office for Technical Cooperation.

Due to the political situation the Coordination Office had even to be closed late 1996 and was not reopened until April 1998. During that period most of the projects were suspended. Following the reopening of the Coordination Office in 1998, support activities were reinitiated and/or expanded through intensified cooperation with partner institutions at Government level / parastatals, and new sectors were included in the portfolio. Additionally to projects in the water, energy and health sectors, support was extended to education and rural development initiatives. Over the years, more and more focus was put on establishing close cooperative links with local partner institutions, including public and private institutions and NGOs.

During the last couple of years increasing attention was given to urgent social and structural problems the Albanian society is currently facing. Among these are the rural-urban migration and growing informal settlements in the outskirts of major cities, challenges related to gender equality, unemployment and the protection of the environment.

Albania is (according to the FAO) Europe's poorest country. The Government has recently developed a National Strategy for Social and Economic Development (NSSED), which is expected to serve as a roadmap towards the achievement of the Millennium Development Goals (MDGs) and Albania's accession to the EU, which the Albanian Government is aspiring to join in 2015. The development of the NSSED, together with today's more stable political climate in the country, has contributed to an environment that seems to be conducive for the implementation of a more systematic, comprehensive and programme-based development approach.

It is in this context that the Austrian Development Cooperation, in close consultation and cooperation with its Albanian public and private partners, is embarking on the process of developing an Albanian country programme strategy that will shape its future work in the country.

2. Scope of the evaluation

Subject of the evaluation is Austria's Cooperation with Albania from 1991/2 – 2004. The focus will be put on the entirety of the Austrian approach and interventions, rather than on focussing on individual projects in detail. It will assess the strengths and weaknesses of the way design, implementation and evaluation of activities were carried out in the given political, social and economic context.

It will look at the cooperation approach and interventions especially in terms of their relevance, their medium and long-term impact and sustainability, and identify complementarities and synergy with other devel-

³³ The original Terms of Reference are written in German as integral part of the major agreement between ADA and KEK CDC Consultants. This English version of the ToR has been translated directly by ADA on the basis of the original German writing.

opment efforts. Issues of ownership, partnership and socio-cultural suitability of the projects will be of special concern.

The evaluation will also assess how the Austrian Cooperation has responded institutionally / organisationally, structurally, as well as in terms of human and financial resources, to changing conditions and development challenges in Albania.

If available, findings generated through evaluations of similar projects supported by other bilateral donors or by the European Commission shall serve as a point of reference for the interpretation of the data generated.

The only project that will be looked at in more detail is the Rehabilitation of the Drin Hydro-Electric Power Plants, which in terms of its financial volume is Austria's biggest project in the Balkans. (*For more details please refer to the Annex of the TOR*).

3. Purpose of the evaluation

The purpose of the evaluation is to identify lessons learned from more than 10 years of assistance and cooperation and to derive at specific recommendations that will contribute and feed into Austria's future development strategy and programme with Albania. The evaluation is understood as a joint learning exercise, both for the Austrian Cooperation in Albania and in Vienna as well as for the Albanian partner organisations.

It is expected that the evaluation will generate the following specific results:

- The evaluation findings and recommendations constitute a building block for the upcoming development of an Austrian cooperation strategy and programme with Albania.
- The Austrian Development Cooperation has an increased understanding of the differential challenges related to its work with an Eastern European country versus its cooperation with countries in the South.
- The evaluation process has strengthened the partnership between Austrian and Albanian cooperation stakeholders and increased their mutual understanding of the strengths, weaknesses and opportunities of their common work.
- The Austrian Cooperation with Albania and her Albanian counterparts are able to improve their future work and to increase its relevance, effectiveness, and sustainability.

4. Key questions

4.1. Relevance:

To what extent have the projects/activities supported by the Austrian Cooperation with Albania corresponded to the needs and priorities of the people and the Government of Albania? In what ways have they been adapted to then relevant national and local priorities and strategies (including the newly developed National Strategy for Social and Economic Development – NSSD and relevant sector policies and strategies)? Can they be considered a relevant contribution to poverty reduction and sustainable development in Albania?

How do national and local stakeholders today perceive the Austrian-Albanian Cooperation of the last 10 – 13 years in terms of their relevance and their responsiveness to local / national needs and priorities?

How flexibly has the Austrian Cooperation with Albania reacted to changing political, social and economic circumstances and priorities in the country? What were the factors that allowed / impeded a flexible and client-oriented approach? How well was / is the Austrian Coordination Office for Technical Cooperation with Albania and the overall Austrian support structure equipped to respond to the development challenges in Albania?

To what extent was the approach of the Austrian Cooperation with Albania in accordance with the goals, policies and strategies of the former Assistance to Central and Eastern Europe and Newly Independent States CEE/NIS (such as the "Richtlinien für Förderungen in den Zentral- und Osteuropäischen Reformstaaten und den Neuen Unabhängigen Staaten") and, if applicable, with those of the Austrian Development Cooperation (ADC) today?

To what extent do synergies exist between the various activities supported by the ADC in Albania, as well as between ADC interventions and activities / projects supported by other stakeholders in Albania (Albanian Government, other donors, etc.)? What efforts were made to increase complementarities, coherence, and coordination with other donor interventions? What is the role the Austrian Cooperation played in the context of donor harmonisation efforts in the country? What is the specific comparative advantage and contribution the Austrian Cooperation can make to the work of the donor community? What are the factors that have supported / hampered Austria's role as a development partner to Albanian and international stakeholders?

How does the Austrian Cooperation with Albania relate to interventions conducted in other Eastern European countries and specifically the Balkan region? To what extent does the approach today have such a regional perspective? How do activities supported by the Austrian Cooperation with Albania relate to the Regional Cooperation Programme with South-Eastern Europe (and therefore to projects based on initiatives of the Stability Pact for South-Eastern Europe)?

4.2. Effectiveness and Efficiency:

To what extent have originally defined goals been achieved? What external factors (political, economic, social context) have contributed to or hampered the achievement of the project goals? To what extent can it be confidently stated that the Austrian Cooperation with Albania has contributed to the achievement of the development goals of the Albanian Government (as stated in relevant policies and strategies) and of the Austrian Development Cooperation (as stated in then relevant guidelines, policies and strategies)?

What were the strengths and weaknesses of the Austrian-Albanian Cooperation with respect to the various stages of and challenges related to the management of the project cycle? This includes the role of the ADC and of its partner organisations in the creation / selection of project ideas, the development of project documents, measures to ensure quality of the projects, time and (human, financial, technical) resources needed for project design and implementation, tendering processes and procedures, quality of project evaluations carried out and use of evaluation results, etc.

Have the various stakeholders (Government, NGOs, Austrian Coordination Office for Technical Cooperation, monitoring consultants etc.) responsibly attended to ongoing monitoring and project support requirements? To what extent did existing monitoring arrangements adequately satisfy ongoing monitoring requirements?

Have indicators been identified during project design in order to facilitate monitoring and evaluation at a later stage?

What is the level and quality of data exchange and co-operation in monitoring exercises between the Austrian Office for Technical Cooperation and monitoring sectoral and/or national structures of the Albanian Government (including the Albanian Monitoring Network)?

What were the strengths and weaknesses of the Austrian support structure available to programme / project development and implementation in Albania (and other Eastern European countries), as compared to the differential structure used for Austria's Development Cooperation with developing countries in the South? This relates to the distribution of roles and responsibilities between the Austrian Coordination Office for Technical Cooperation in Albania, the strengths / weaknesses of the backstopping structure (involving sector, monitoring, and technical consultants, the "3Ecks-Vertrag"), the availability / adequacy of capacity (for monitoring, project / programme development, policy dialogue, donor coordination, stakeholder relations, evaluation etc.) both at the level of the Austrian Coordination Office for Technical Cooperation in Tirana as well as at the Vienna HQ.

What have the advantages / disadvantages of the project approach (vs. programme approach) been in the given political, social, economic context? What are the lessons learned for future programming and implementation? Given the political and socio-economic environment in Albania and current international developments and trends, what qualities (flexibility, stakeholder participation, inclusion of local capacities, speed, ...) are considered most important for the success of the Austrian future development approach in Albania? What would be the adequate minimal financial input to justify a programme approach?

What recommendations can be made about the thematic, sectoral and geographic areas the Austrian Cooperation should preferably focus on in the future?

4.3. Impact:

What can be said at this point of time about the most likely medium and long-term (social, political, technical, economic, and ecological) intended and un-intended impact of the projects on the poor/disadvantaged population (and environment) of the target areas? In what ways have political, economic and social developments influenced the projects' potential to generate a positive impact of the activities undertaken? How have Austrian and Albanian project partners reacted to the developments and changing challenges in the country?

4.4. Sustainability:

- **Ownership and partnership:**

To what extent have issues of ownership and partnership been of concern? In what ways were measures taken to enhance a sense of ownership at the side of national and local Albanian partners? How have the needs of the population been assessed? Who was involved in the assessments conducted? To what extent and in what ways have Albanian counterparts and representatives of the Albanian population been involved in the design, implementation and evaluation of projects? What was their role in decision-making processes? How has local initiative and responsibility been encouraged and supported?

What measures have been taken by national / local counterparts to ensure that benefits accrued by the projects of the Austrian Cooperation will be sustained in the medium- and long-term? Will the processes initiated be continued by Government or civil society counterparts and / or other donors? Which of the projects have the potential to be replicated / scaled-up in the future?

To what extent has the cooperation between Austrian and Albanian partners over the years developed into a "true partnership", where costs, risks and benefits are shared? Can the development of "true partnerships" be considered realistic given the prevailing political and socio-economic circumstances?

To what extent have (human, technical, leadership, institutional etc.) capacity gaps of partner institutions been addressed in the past and to what extent is it secured that necessary measures will be taken in the future? To what extent does the institutional / structural / organisational set-up of the Austrian Cooperation facilitate / hamper this process?

- **National / local priorities and challenges:**

To what extent have the projects / activities supported and implemented by the Austrian Cooperation structures (the Coordination Office for Technical Cooperation in Tirana, monitoring and technical consultants, counterparts in Vienna) and their Albanian partners contributed to / supported the development and / or improvement of national development strategies and policies (for example of the NSSD)? In what ways have they fed into the donor dialogue evolving around new developments? What were the mechanisms that have facilitated / hampered the process?

To what extent and in what ways has the Austrian Cooperation with Albania responded to the development challenges prevailing in the country (conflict, rural-urban migration, governance, gender inequalities, marginalisation of minorities, unemployment etc.)? What are the lessons learned and best practices? How can these issues be adequately addressed in the future?

- **Socio/cultural issues:**

To what extent have cultural values, norms and expressions been considered in design, implementation and monitoring of the projects? Are the technologies used in accordance with the local socio-cultural conditions, so that local solutions could be integrated, developed and promoted? Do the projects encourage the local community to critically examine traditional values, norms and ways of living and, if necessary, to adapt them to changed circumstances and challenges? Has social potential for transformation been recognized, realised and honoured?

In what ways have the activities led to the empowerment of beneficiaries and civil society at large and to a transformation of power structures and relationships? To what extent were these already taken into consideration during the planning process of project activities?

To what extent has the work of the Austrian Cooperation with Albania supported the process of democratisation and decentralisation in the country? In what ways have issues related to good governance (including corruption) been addressed / responded to by the activities undertaken?

- **Gender:**

To what extent have the projects contributed to / hindered the increase of gender equality in Albania?

To what extent were gender-specific considerations made and gender-specific data collected already prior to the development and implementation of the projects? To what extent have interventions to increase gender equality been considered during implementation and monitoring of activities? Have the activities carried out addressed not only women's practical needs (access to health care, creation of employment opportunities) but also their strategic concerns (political/ economic/social equality with access to education, land etc.)?

What are the major challenges created by a donor-driven insistence on gender mainstreaming? Have measures been taken to strengthen the responsibility and commitment of partner organisations and of the local community to actively advocate and stand up for gender-specific concerns? Have the projects strengthened the capacity of national/local project partners and women organisations required to that end?

- **Environmental Sustainability:**

To what extent have the projects contributed to the protection / deterioration of the environment in Albania?

To what extent were environmental concerns taken into consideration during preparation, implementation and monitoring of project activities? For instance, how much emphasis was put on sustainable ecological agricultural methods, aspects of land tenure and sustainable resource management? What strategies were developed to deal with conflicts that were created (or that could be created) as a consequence of scarce resources or differential interests? Were local knowledge and local practices to maintain biodiversity taken into consideration? Were environmental impact assessments carried out on time, and if this was the case, what were their effects within the project cycle?

To what extent have crosscutting issues been of concern in the design and implementation of project activities? What synergies exist between the various priority sectors and the crosscutting issues and how were they taken into consideration?

5. Methodology

The evaluation will be an external evaluation ("external evaluation Type I"), to be contracted and supervised by the Evaluation Office of the Austrian Development Agency in cooperation with the responsible department in the Ministry of Foreign Affairs, Section VII.

Both the design of the evaluation and the implementation of and follow-up on the evaluation will be undertaken in a participatory way, involving and consulting relevant stakeholders, including staff of the Austrian Development Agency, the Ministry of Foreign Affairs (Section VII), the Austrian Coordination Office for Technical Cooperation in Tirana, Austrian monitoring consultants, former Heads of the Austrian Coordination Office as well as former Austrian monitoring consultants; and present and former Albanian project partners, Government agencies and monitoring structures.

In October 2004 the first round of stakeholder consultation was conducted in Tirana. It involved the Austrian Coordination Office for Technical Cooperation as well as representatives of partner NGOs and relevant Government Ministries. Participants' contribution was taken into consideration when preparing the present draft TOR. A second stakeholder consultation on the draft TOR is scheduled for December 2004, and a third consultation is expected to take place upon finalisation of the evaluation. The latter should be carried out by members of the external evaluation team, who will be asked to present the draft evaluation report to a group of major Austrian and Albanian stakeholders.

The evaluation team will conduct a desk study of relevant Albanian and Austrian policies, strategies, project documentation and other relevant literature, which will be followed by a field study. Qualitative data will be collected and existing quantitative data shall be interpreted by the evaluation team.

The projects to be covered by the evaluation are the following:

- Rehabilitation of the Drin Hydro-Electric Power Plants (Andritz) – *see Annex*

- Water sector: Water and Sanitation 4 villages in Northern Albania, district of Shkodra (IC consultants) or Water Supply project Kastrat (GWCC) or Water Supply project Lac (IC consultants)
- Schools for Agriculture and Tourism (Kulturkontakt)
- Promotion of Women in Politics (Horizont3000)
- Kelmend (Austroprojekt / Cafod, SSB) ?
- Urban Rehabilitation and Integration of the Communities of the Informally Developed Neighbourhood of Keneta, Durrës (CoPlan)?

6. Evaluation Team

An interdisciplinary team consisting of two international experts shall carry out the evaluation in collaboration with 2 – 3 local counterpart experts. The team should be gender balanced in its composition.

The 4 - 5 experts need to have sound complementary expertise in the following areas: Poverty reduction, water supply & sanitation / energy, education and capacity development, gender, project/programme management and strategic planning, project and programme evaluation, participatory research methodologies. The energy expert will dedicate him/herself primarily to the evaluation of the Austrian and Swiss contribution to the Rehabilitation of the Drin Hydro-Electric Power Plants (*see Annex for more details*).

All of them should have work experience in Albania and/or the region.

7. Reporting:

The evaluation report shall be submitted in hard copy and on CD-Rom, either in German or English with a summary in English AND with an Albanian translation of the full report plus an Albanian summary.

8. Learning group:

It is expected that the evaluation will generate specific recommendations that will contribute to the development of Austria's cooperation strategy and future programme with Albania. As a joint learning exercise of the Austrian Cooperation in Albania and in Vienna and of the Albanian partner organisations, the evaluation will directly concern the following people / organisations, who will subsequently need to take action:

ADA Managing Director
 ADA Head of the P&P Department
 ADA Desk officer Albania
 ADA Head Austrian Coordination Office in Albania
 MFA Head of Programming Department
 MFA Head of Cooperation with Eastern Europe
 Partner organisations in Albania (see list of projects to be evaluated above)
 Swiss (SECO) development partners

9. Schedule:

- | | |
|--|---------------------|
| • 1 st stakeholder consultation Tirana | October 04 |
| • Preparation of the first draft TOR | November 04 |
| • 2 nd stakeholder consultation Albania | December 04 |
| • Finalisation of TOR | January 05 |
| • Tendering Process | February – April 05 |
| • Contracting | May 05 |
| • Desk study and preparations | May 05 |
| • Field study | June 05 |
| • Reporting and 3 rd stakeholder consultation | July 05 |

10. Coordination and Responsibility: The ADA Evaluation Office is responsible for steering the process and contracting the team of evaluators.

A consultative group for the evaluation, including the ADA Evaluation Office and desk, the Austrian Coordination Office for Technical Cooperation in Tirana, Albanian counterparts and stakeholder representatives, will be set up during the preparation process.

Annex:**Rehabilitation of the Drin Hydro-Electric Power Plants (Andritz):**

As described above, focus of the Evaluation of the Austrian Cooperation with Albania will be put on the entirety of the Austrian approach and interventions, rather than focussing on individual projects in detail.

The only project that will be looked at in more detail is the Rehabilitation of the Drin Hydro-Electric Power Plants, which in terms of its volume is for the Austrian Cooperation the biggest project in the Balkans.

The Drin Power Plants are being supported by several donors, among them the Switzerland State Secretariat for Economic Affairs – SECO. The evaluation should assess both the Austrian and the Swiss contribution to the Rehabilitation of the Power Plants. This is expected to contribute to an increased understanding of the project's role within the larger sector context, to help assess synergies between the various support initiatives, to enhance cooperation between stakeholders, to reduce evaluation costs for the donors and transaction costs for the recipient country.

The energy expert (*see above under evaluation team*) will dedicate his/her time primarily to the evaluation of the Austrian and Swiss support to the Rehabilitation of the Drin Hydro-Electric Power Plants. His/her assignment is to be understood in the context of the evaluation of the larger Austrian Cooperation programme with Albania, for which the key questions have been described in the main part of these Terms of Reference.

The expert will specifically:

- Check if the approach (design, method, location, duration), management and organisation, quantity and quality of material were appropriate to meet the objectives;
- Assess the extent of the transfer of know-how delivered by the project and whether the responsible institutions/experts have increased their capacity for sustainable and efficient management;
- Assess the institutional development achieved since the beginning of the project;
- Assess the project outcomes in terms of a) the Austrian/seco's performance, b) recipient's performance, c) implementing agencies' performance, d) performance of decision-makers, e) exogenous factors;
- Assess the synergies with other projects.

The energy expert will closely collaborate with the other members of the evaluation team.

A description of the proposed theoretical and analytical approach to the evaluation of the Drin projects will be presented by the consultants as part of the tender document.

ANNEX 3 / (1)

**Evaluation of
Drin Cascade Hydro Power Project
Albania**

Evaluation Report

Commissioned by:
Austrian Development Agency ADA

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Zurich / Rapperswil
14 December 2005

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Terms of Reference
Overview HPPs on Drin and Matt River

ACRONYMS

ADA	Austrian Development Agency
CEEC	Central and Eastern European Countries
DC	Development Cooperation
DRCRP	Drin River Cascade Rehabilitation Project
EBRD	European Bank for reconstruction and Development
EC	European Commission
EU	European Union
HPP	Hydro Power Plant
ID	Institutional Development
KESH	Electricity Corporation of Albania
KfW	Kreditanstalt für Wiederaufbau, Germany
MFA	Ministry of Foreign Affairs (<i>BMAA - Bundesministerium für Auswärtige Angelegenheiten</i>)
MW	Megawatt
NSSED	National Strategy for Socio-Economic Development
ODA	Official Development Assistance
O & M	Operation and Maintenance
OZA	Ostzusammenarbeit
öBTZ	Austrian Office for Technical cooperation
PCM	Project Cycle Management
PMU	Project Management Unit
PRSP	Poverty Reduction Strategy Paper
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SEE	South East Europe
SDC	Swiss Development Cooperation
seco	(Swiss) State Secretariate for Economic Affairs
ToR	Terms of Reference
TWh	Terawatt hours
WB	World Bank

EXECUTIVE SUMMARY

Project

The Drin River Cascade Rehabilitation Project (DRCRP) was conceived in 1993/94. It aims at rehabilitating four hydro power plants on Drin and Mat river which have a combined installed capacity of 810 MW, equivalent to 50 % of the hydro power capacity installed in Albania. The project is co-financed by EBRD, the Austrian, Japanese and Swiss governments and the Mediocredito Centrale, and KESH. Its objectives are to increase power generation, to extend the lifespan of existing plants, to improve the reliability of the supply of electric energy and to improve the utilization of the stored water.

Due to various difficulties the implementation has been interrupted and delayed repeatedly. However, at present the successful completion by mid 2007 is planned.

Main Findings

The project is highly relevant for the socio-economic development of Albania as it contributes substantially to a reliable generation of the main primary source of energy. The plants will be rehabilitated to a satisfactory technical standard which prolongs the lifespan and ensures a reliable production of electric energy. In combination with the sector reform and institutional development projects run parallel with funds of WB and EBRD it contributes to the modernization of the power generation as a basis also for integration in the regional power supply market.

The rehabilitation of existing hydro power plants is an efficient approach to improve the energy generation in Albania. However, overall efficiency of the project has been negatively affected by 1) shortcomings in the project set-up which led to delays and as a consequence to additional cost for claims, additional cost for KESH and to losses of revenue due to inefficient utilization of plants; 2) the underestimating of uncertainties related to the rehabilitation of power plants in combination with a narrow financial framework (fixed funds, insufficient contingencies) and 3) the impact of the political conditions in Albania.

The successful completion of the project is a result of the tireless efforts of committed individuals rather than of the institutional mechanisms put in place for supervising the project.

To ensure the sustainability of the rehabilitation a number of issues have to be tackled (see recommendations).

Recommendations

General DRCRP-related

- **Dam safety:** A study to assess all aspects related to dam safety is in process. Since dam safety issues are critical the identified measures need to be implemented. Considering the high risk potential of certain aspects of the plants, prioritizing and removing 'hot spots' that are already known at the earliest is recommended.
- **Review before end-of-project:** The involved partners should conduct a review before the end of project to identify the investments and measures needed in future to ensure the sustainability of the current investments. Since the plants were not rehabilitated to the maximum, it is necessary to identify the type and sequence of further rehabilitation to ensure continuous operation and a maximum lifespan.
- **Operation and Maintenance:** the review may be combined with developing a clear Operation and Maintenance concept. The results achieved in capacity building should be utilized for establishing a clear concept for the technical & management aspects of O&M.
- **Study on hydrology:** For an optimal and efficient long-term management of hydro power resources, including the possible up-grading of existing Hydro Power Plants it is recommended to conduct a study on the hydrology of the region.

ADA's Involvement in Energy Sector

- Review the future options of ADA in the energy sector, considering the relevance of the sector in ADA's cooperation with Albania in the medium- to long-term perspective.
- Develop a medium-term sector concept (for ADA), which considers the following issues:
 - Possible follow-up of DRGRP: ADA participates in the review recommended above. In the frame of its sector concept, ADA would then decide whether and how it should still involve in a follow-up to DRGRP.
 - Renewable energy as a focus, i.e.:
 - Continued support to the development and rehabilitation of hydro power, for instance by re-assessing the idea of supporting rehabilitation of small hydro power plants.
 - Solar energy – a planned intervention – to diversify the involvement in the sector.
- Include institutional development / capacity building and maximize synergy with other programs.

seco's Involvement in Energy Sector

- Interventions for institutional development and capacity building should get more explicit attention in future. This means for instance a focus on measures for putting O & M of the four rehabilitated plants on a sustainable basis.
- To check the possibilities to contribute to additional measures needed to ensure the sustainability of the four plants, before identifying new projects.

APPROACH TO EVALUATION

Background of Evaluation

The evaluation of the 'Drin River Cascade Rehabilitation Project' (DRCRP) is part of a bigger evaluation of the 'Austrian Cooperation Program with Albania from 1992 to 2004'. Since the Austrian co-financing of the DRCRP is the biggest single investment in its cooperation with Eastern European countries, a detailed evaluation of this project in the frame of evaluating the whole program was considered appropriate. The results of this evaluation are an integral part of the program evaluation.

Objectives

The objectives of the evaluation were:

- Relevance of project
 - for Albania
 - with regard to strategic objectives of Austrian Cooperation
- Quality and adequacy of output with regard to
 - Technical aspects
 - Capacity development / Know-how transfer
 - Institutional Development
 - Organization, Project Management
 - Inputs by various partners (technical , financial)
- Efficiency
- Sustainability
 - Technically
 - Institutional / Management
- Synergies & Donor cooperation (bi-lateral)

Key Questions

The evaluation looked at both the quality of implementation of the technical part and at the institutional aspects of the project.

For the technical part the focus was on the adequacy and efficiency of the technical solutions, the quality of implementation and the sustainability of the rehabilitation works.

For the institutional aspects the key questions were the relevance of an infrastructure project for the development of Albania as well as with regard to the strategic objectives of Austrian cooperation. Are the implementation arrangements suitable? How was the know-how transfer managed? Which results support an efficient and sustainable management of the plants? What has been achieved in terms of institutional development? Were there synergies between other program parts and DRCRP? What are the specific experiences in the cooperation of two bi-lateral donors?

The evaluation was to produce recommendations for the future development of the Austrian cooperation program with Albania.

Approach to Evaluation

To cover both the technical and the institutional aspects in depth, an evaluation team with specific expertise in these two subjects was mobilized.

The technical assessment was conducted by a team of technical experts for hydro-power plants and environmental issues from the University of Applied Science, of Rapperswil, Switzerland.

- Paul Hardegger, M.Sc. Engineering, Assistant Professor, Specialist for environmental aspects
- Peter Lier, M.Sc. Engineering, Assistant Professor, Specialist for hydro power plants
- Andreas Huber, PhD. M.Sc., Engineering, Specialist for hydraulic parts

- Jürg Meier, M.Sc. Engineering, Professor, Specialist for electro mechanical parts

One of the team-members (P. Hardegger) participated in the field mission, which was prepared by the entire team.

The institutional assessment was done by an institutional development expert, Markus Engler (M.Sc.) of KEK-CDC Consultants, Zurich, Switzerland. He participated also in the field mission.

Prior to the field mission available documents (see annex 2) were assessed and interviews with representatives from donors (ADA, seco, EBRD), consultants (Colenco, Verbundplan, L. Becke) and contractors (Andritz) were conducted (see annex 1). The technical team analyzed the project on the basis of available technical studies (Lahmeyer, 1993, Sogreah, 1995) and documents and prepared detailed checklists for the mission.

During the field mission (29th August to 5th September 05) the two members of the evaluation team jointly conducted interviews with representatives from donor agencies (ADA, seco, EBRD, WB), local authorities (Ministry of Energy, KESH) and experts in the energy sector (KfW, EEC). During the visit of all four power plants, the on-going work and completed parts were assessed and engineers of the contractors as well as plant directors interviewed.

The preliminary results of the evaluation were presented in a feed-back workshop to a broad audience of local partners and donors in Tirana at the end of the mission.

Scope of the Evaluation

In principle the evaluation concerns the Austrian cooperation program with Albania and as such the Austrian contribution towards the DRCP. Since this contribution is an integral part of the rehabilitation the evaluation also assessed aspects of the project which concern other partners and donors involved in the project. In the case of the Swiss contribution this is even a desired effect and agreed upon between ADA and seco as a kind of co-evaluation. In line with this approach the recommendations consider the whole of DRCP and not just the Austrian contribution.

Acknowledgement

The evaluation team highly appreciated the open and informative discussions that were possible with all the interview partners. In particular, the support from the administrator of the ADA Coordination Office in Tirana and from the Management of the DRCP (KESH & consultant) has been very valuable in organizing a successful field mission.

CONTEXT

Electricity

Sector:

Production, Transmission, Distribution, Environmental Aspects

Albania has a big potential of hydro-electric power. In 1992 it had an installed capacity of 1445 MW which equaled 88 % of the total capacity of power production (12 % from thermo power plants). Before 1997, Albania has been a net-exporter of energy to Greece, Macedonia, Kosovo and Montenegro. Domestic consumption was far below average figures of European countries, with the industry being the biggest consumer. Most hydro power plants (except HPP Komani on Drin River, 1986) and a medium-voltage transmission grid were built with old technology dated 1950 to 1970.

The change of the political system in 1989/90 had far reaching consequences for the energy sector and the economy. The export of energy dropped substantially slashing the income from 50 Mio. \$ in 1986 to one third in 1992. Whereas earlier the industry accounted for about 80 % of the domestic consumption, the pattern changed drastically after 1990 with a fast growth in consumer consumption resulting in changed consumption patterns. Technically the distribution system was not adequate for this new situation (e.g. no private meters, insufficient grids). Therefore, besides rehabilitation of existing plants, the priority was on solving the problems in the transmission and distribution system.

With the collapse of the old political system and the sharp decline of revenue it appears that maintenance stalled and investments to rehabilitate the system were also not available. The financial situation deteriorated rapidly after 1995, when prices except those for electricity were liberalized. The low price and the absence of an effective revenue collection resulted in an artificial demand the rose from 2.3 TWh in 1993 to 5.6 TWh in 1999 and to huge non-technical losses.

Political and Institutional Context of Electricity Sector

The political changes led to an institutional crisis (lack of political leadership and of resources, challenge of reorganizing the whole administration, wide-spread corruption) which culminated in the unrests of 1997 / 98. In the energy sector the responsible institutions (ministries and utilities) faced additional challenges resulting from the requirement set by the banks and donors to privatize utilities. A first initiative by World Bank, to privatize parts of the transmission grid, had to be suspended, because the institutional framework did not yet allow for a full privatization. Likewise the privatization of about 83 small hydro power plants is not yet completed (approx. 50 % are privatized) and so far private investments for rehabilitating these plants were not made.

One of the reasons is that in the absence of reliable regulations regarding concessions, and tariffs, it is unlikely to find investors.

In the mid 90'ties the Government, with the support from donors (banks), embarked on a sector reform which resulted in a Power Sector Policy Statement adopted by the Government in April 2002.

The major elements of sector reform are:

- Power Sector Policy Statement
- Up-dating of legislation
- Establishment of a Regulator under the control of the Parliament
- Tariff reform, including a policy of subsidy for mitigating the impact of electricity tariff increases on socially vulnerable groups
- Task forces to deal with (i) property ownership issues in the power sector; (ii) water rights; (iii) the preparation of the grid code; and (iv) the preparation of efficiency labeling standards for electric appliances
- Development of a Transitional Market Model which caters for the current specific characteristics of the Albania power sector while keeping in view the relevant EU Guidelines and the provisions of the Athens Memorandum. Ultimately full compliance with the EU Guidelines shall be achieved as early as possible.

- Reorganization of KESH and preparation for unbundling of generation, transmission, distribution, as a preparatory step towards privatization of utilities
- Establishment of the Transmission System Operator (TSO) as a joint stock company with KESH as the holding company. The TSO was registered on July 14, 2004.
- Development of an Energy Strategy,

Based on the strategy the Ministry and KESH developed a strategic investment plan for the period 2003 to 2015, which foresees priority investments of about 1.2 bio \$ for rehabilitation and for new plants (800 – 900 MW) and new interconnection lines with neighboring countries as part of meeting the obligations under the Athens Memorandum in the context of the establishment of the Energy Community in South East Europe.

Drin River Cascade Rehabilitation Project

Origin of Project

When cooperation with Albania started in the early 90'ties, the rehabilitation of essential infrastructure as a basis for the socio-economic recovery and development was an obvious priority. In the energy sector, where investments are typically very high, the EBRD and the WB took the lead and established projects that were co-financed by other donors.

The Drin River Cascade Rehabilitation Project (DRCRP) was conceived in 1993/94 based on a study (Hydro Power Plant Up-grading and Rehabilitation) by Lahmeyer. The 4 plants on Drin and Mat river, included in the project have a total installed capacity of 810 MW. Together with the Komani power plant (600 MW) on the Drin River they account for more than 90 % of the hydro power capacity installed in Albania. The Komani plant was commissioned in 1987. Therefore, the DRCRP was the most significant project in the attempt to increase power generation, to extend the lifespan of existing plants and to improve the reliability of electric energy, which in turn reduces the economic damages incurred by poor electricity supplies and last but not least to improve the utilization of the stored water.

Additional objectives of the project are:

- Improve the physical conditions of important structural parts (dams) up to international standards
- Improve work safety in the plants
- Promoting a clean and cheap source of energy production

Type of Works and Funding

The work on the four plants was split up into nine contract packages

Package	Description	Funding Source	Type of financing	Contractor
1R	Consulting Services for Part A	EBRD	Loan	Colenco / CH
2 A	Dam Safety Works	EBRD	Loan	TRISS / AL
2 B	Civil Works	KESH	Local	
3	Mechanical Equipment for Fierza	Swiss Govt.	Grant	VA Tech / CH
4	Mechanical Equipment for Vau i Dejes, Ulza and Shkopeti	Austrian Govt.	Grant	Andritz / A
5	Rehabilitation of Selita HPP	EBRD	Loan (suspended)	
6	Electrical Equipment for Fierza and Vau I Dejes	JBIC Mediocredito It	Loan	Alstom / It
7	Electrical Equipment for Ulza and Shkopeti and Instrumentation and Control for Shkopeti	EBRD	Loan	Koncar / Cr
8	Instrumentation and Control for Fierza, Vau I Dejes	EBRD	Loan	Alstom / Fr

The total investment budgeted for the project was about 67 Mio. Euro. Thereof, the Austrian contribution amounts to about 7.07 Mio. Euro and the Swiss contribution is about 8.0 Mio. Euro.

Due to the fact that the price of the lowest tender exceeded the JBIC budget, part of the equipment contract was frozen until additional funding (Italian Banca Mediocredito) was found.

History of Implementation

In the initial period from 1994 to 1997 the implementation of the project was badly affected by problems related to the consultant appointed in the period before 1998 and by the political instability which affected the performance of the Government. E.g. due to irresolvable problems between the initially mandated consultant (Sogreah) and EBRD the project and consulting mandate was taken over by Colenco in 1998. In 1997 the EBRD suspended its loan, because KESH was not able to fulfill all the requirements of the loan agreement. The other loan agreement between the Japanese Bank for International Cooperation (JBIC) and KESH and the grant agreements between KESH and the Austrian respectively the Swiss Governments remained in force. The concerned packages were tendered, the contracts awarded and the production of the equipment proceeded (packages 3 & 4 in reduced form). Parts of the equipment had been installed, others put on storage (in the countries of the suppliers and on site).

In December 1999 the EBRD loan was cancelled and a new loan agreement between the EBRD and the Government of Albania became effective in July 2000. Consequently the packages which were to be financed by the EBRD could be tendered and the contracts could be established.

Nevertheless, the combined overall implementation on site could not start immediately since the contract for package 8, Control & Monitoring System became effective in July 2000. The time for delivery was according to the contract 12 month.

Due to this delay in the implementation additional cost accrued for the contractors of the packages no. 3, 4 and 6 for which the contractors could not be held responsible. The claims concerning the Austrian and Swiss suppliers were settled in June 2001 with additional funds from the Austrian and the Swiss Government respectively. The additional costs due to claims for delays concerning package 6 were funded by KESH.

In a co-ordination meeting held in December 2000 in Tirana it was agreed among all parties that the start of the implementation should have been on June 13, 2001 in the Fierza HPP and 2 month later in the Vau i Dejes HPP.

However, implementation was further delayed due to the Italian contractor (package 6: Electrical works for Vau i Dejes and Fierza) who was refusing to continue work before settlement of the above mentioned claim.

In spite of high level interventions the situation could not be resolved by the end of 2001. In a 'Donors / Contractors'-Meeting in Tirana in March 2002 it was agreed that the Ministry of Energy and KESH would forward a Financing Plan for Outstanding Claims as well as an Implementation Plan. In May 2002 the Austrian and Swiss Government showed serious concern about the unresolved dispute between KESH and the Italian contractor and they strongly urged the Albanian Government to mobilize the necessary political commitment.

As a last resort the bi-lateral donors considered possible exit strategies. Eventually, by June 2002 the continued negotiations between donors, KESH and Government, the settlement of Alstom's claims and the financing of the refurbishment of the cranes in Fierza by KESH and the pragmatic approach by the Austrian and Swiss suppliers allowed the continuation of the project in 2003/04. Meanwhile the rehabilitation of Ulza and Shkopeti plants is completed and it is foreseen that work on Fierza and Vau i Dejes plants will be completed by mid 2007.

PROJECT: TECHNICAL ASSESSMENT

This section provides the assessment and conclusions regarding the technical aspects of the DRCRP. The related recommendations are given in section 5.2. The assessment is based on reports and documents provided by the client, on information received in the interviews and on the physical check on all four plants during the field mission in September 2005.

Technical Specifications of the Power Plants

As mentioned in section 2.3.1, the four hydro-power plants rehabilitated under the DRCRP produce approximately 810 MW, equivalent to 50 - 55% of the electric energy generated in the country. This underlines the importance of the project for Albania's power supply.

The technical rehabilitation work is mainly based on the status report prepared by the Lahmeyer company in 1993 and the inception report prepared by Sogreah in 1995. In addition, the DRCRP satisfies a substantial demand of the action plan for Albania initiated by the World Bank.

Fierza - Plant

The Fierza HPP is the first cascade on the Drin river in Albania, i.e. the head pond at the river Drin. The reservoir is created by a 152 m high and 380 m long rock-fill dam and has a capacity of 2.7 billion m³. The intake, on the left side of the dam, comprises four individual tunnels, each with trash racks and hydraulically operated gates. There are two spillway tunnels, on the right side of the dam, each with service and guard gates. No bottom outlets are provided; tunnel no. 1 and 2 were closed after construction. The four identical vertical Francis units, 125 MW each, are located in the power house at the foot of the dam. The nominal head of the turbines is 118 m and average annual energy production is 1328 GWh. All equipment was designed and manufactured in China. The HPP was built in 1978 – 1979.

Vau i Dejes - Plant

The Vau i Dejes HPP is the third and last cascade on the Drin river. The reservoir is created by three dams and has a capacity of 319 million m³. The five identical vertical Francis units, 52 MW each, are located in the power house at the foot of the main dam, the Qyrmaq dam. The nominal head of the turbines is 52 m and average annual energy production is 878 GWh. The water intakes are at the left of the main (Qyrmaq) dam and comprise five individual penstocks each with trash racks and hydraulically operated gates. There are two regulated spillways. The spillway on the right side of the main dam comprises three radial gated openings and the other on a subsidiary dam, the Zadeja dam, some 3 km from the main dam, comprises two radial gated openings. Qyrmaq dam is equipped with two bottom outlet radial gates. All main equipment was designed and manufactured in China. The HPP was constructed in 1971 – 1973.

Shkopeti - Plant

The Shkopeti HPP is the lower plant on the Mat river. The reservoir is created by a 53 m high and 90 m long mass concrete arch-gravity dam, made up of six monoliths. It has a high level gated spillway consisting of 3 gates, with ski jump energy diffusers at the end of the spillway chute. The two identical Kaplan units, 12 MW each, are located in the power house, which is approximately 250 m downstream from the dam, after the headrace and pressure tunnel. The rated head is 48.5 m. The average annual production is 94 GWh. The turbines were supplied by former Czechoslovakia; the rest of the equipment was supplied by the former USSR. The HPP was built in 1960 – 1963.

Ulza - Plant

The Ulza HPP is the upper plant on the Mat river. The reservoir is created by a 64 m high and 126 m long mass concrete gravity dam made up of 16 monoliths and has a capacity of 124 million m³. Four of the monoliths incorporate the four gates of the high level spillway. The four identical vertical Francis units, 6.7 MW each, are located in the power house at the foot of the dam. The rated head is 54.8 m; the average annual production is 120 GWh. The turbines were supplied by an Austrian manufacturer, all the other equipment by Russian manufacturers. The HPP was constructed in 1956 – 1957.

Current Status

General Observations

Various documents in relation to the project, respectively to the plants are not retrievable or seem to be missing. Hence profound clarifications are essential (e.g. in relation to the condition of embankment dams). It seems that hydrological documents, important for the effective and efficient operations of the plants, are not available – at least to those who are in-charge of operations.

The fact that no maintenance was done between 1993 (Lahmeyer report) and the time when the DRCRP started in July 2002 on Mat river and on January 2003 on Drin River (Vau I Dejes HPP – January 2003; Fierza HPP- April 2003), is certainly a cause for additional deterioration.

Fierza - Plant

a) Power house and intake structure

The construction of the power house is not in good condition. Especially the roof structure reveals several leakages during rainfall. The concrete structures have not been built accurately which caused an early aging with corresponding damages. However, on a medium term the construction is not put at risk. But the instable slopes below the embankment dam are a potential danger. In case of a landslide and even under current conditions (sedimentation near the downstream bridge) the control center could be flooded by the retained water.

Within the scope of the project no structural rehabilitation work has been planned or implemented.

The intake gates have a newly installed control system by Alstom. Furthermore the crane was rehabilitated four years ago.

b) Embankment dam and appurtenant structures

In the Lahmeyer report an assessment of the embankment dam is missing. The special “Dam safety study” was not available to the evaluation. Detailed information are therefore only given about the appurtenant structures (overflow spillway, diversion tunnels).

The available drawing only shows the cross section of the embankment dam which seems to be constructed with today's commonly used engineering methods. Only about 20 of the 30 planned piezometers to monitor the water levels in the fill-dam body have been installed whereof only 5 are still working today. Possible deformations of the dam are not being recorded. But within the framework of the ongoing project only little investments for the rehabilitation and extension of the monitoring system have been foreseen.

The condition of the overflow spillway can be considered satisfactory. The overfalls could not be inspected because the spillway has been partially operated. The condition of the concrete in other constructions indicates that the spillway chute shows aspects of erosion. In addition, the closed gates reveal serious leakage. It is not quite sure, whether the gate in the equilibrium tower can be closed after opening. Downstream of the spillway landslides along the right bank can hardly be avoided and endanger the safe operation of the spillway structure.

The diversion tunnels (no 1 and 2) have been constructed without the integration of a bottom outlet. The only possibility to affect or lower the storage level is through tunnel 3 which is located on the 220 m level. This situation bears risks, considering avalanches and landslides into the lake or problems with spillway gates.

In the course of the project there was the option to protect only those tunnels which were mostly affected by seepage.

Tunnel No 2. was leaky and had been closed once again.

c) Mechanical and electrical equipment

With the rehabilitation of the turbines the power generation can be increased by about 4% per unit with new runners only. Even though the runners have shown fewer damages than those of the power station Vau I Dejes, refurbishments need to be made on all engines. At the time of our visit one unit was refurbished (unit No. 4 with a new turbine), unit No. 1 (old) was in operation, unit No. 2 was under rehabilitation and unit No. 3 is waiting for rehabilitation. Two runners will be new, two will be repaired. In addition some electrical equipment such as stators is being renewed.

The visit showed that the rehabilitation works were executed according to the actual "state of the art"; however this statement cannot replace a final technical test on completion of the works.

The evaluators consider the overall rehabilitation as satisfactory and the quality of work on the mechanical and electrical equipment as good. An opinion shared by specialists on the site. However, the assembly of new runners would have improved the sustainability. With an adequate maintenance the rehabilitated engines should have a life time of up to 60 years. However, new runners and the renewal of the electrical equipment would have caused lower costs than the rehabilitation of the existing equipment (approx. life time 20 years).

d) Operating and maintenance concept

A systematic concept for O&M seems not to exist. Besides the already mentioned 5 piezometers in the dam area only the river banks tending to landslides near the dam and the powerhouse are under observation.

The access roads to the power station are not satisfactory. They do not guarantee access by car at any time.

e) Environmental aspects

The catchment area of the power station is sparsely populated. Considering landslides and debris avalanches around the reservoir as well as flooding, the risks for people living in the catchment area are relatively low. The influence of the ground water conditions in the catchment area is not significant but the fluctuations of the water level near the lakeshore are considerable.

The operation of a ferry boat on the lake of Fierza would be possible and useful (similar to lake Komani).

Vau j Dejes - Plant

a) Power house and intake structure

The power house shows several concrete damages of the same type as in Fierza and several covering grates are missing posing a serious risk for the personnel.

After a fire sinister in transformer No. 2 (June 22, 2005) the whole power house, including mechanical and electrical parts had to be cleaned and refurbished. Most of the electrical wiring had to be replaced. KESH did a considerable job in repairing the damage within about a month only. The actual cause of the fire was unclear at the time of our visit.

b) Dam and appurtenant structures

The 3 dams of the hydro power scheme had been partly rehabilitated in the nineties. Currently the dams would again need rehabilitation, considering the conditions of the drainage systems and the upstream face.

The dams of the power station Vau j Dejes are also equipped with piezometers (about 40 devices in total) which monitor the ground water conditions. Further monitoring systems to ensure the safety of the dams do not exist.

The spillway is in satisfactory condition. However, it has the same damages like the one of Fierza (initial execution of works insufficient, concrete cracks, leakage, etc.). Several gates are not tight.

The Oyrasq dam has a bottom outlet with two radial gates which were never operated. Further information about capacity, operation conditions, maintenance etc. is currently not available.

There exist safety problems (e.g. missing protection grills on the platform above outlet) for workers and visitors outside the powerhouse on the downstream side.

c) Mechanical and electrical equipment

At the time of our visit two of the five engines were in use, a third one was ready for commissioning and rehabilitation activities on one engine (unit no 3) were in progress. The fifth engine (unit no 4) was not in use at that moment because of the damages due to the menacing fire.

The fire in transformer no. 2 led to additional delays of the rehabilitation activities, resulting in financial losses of about 100'000 € per day as a result of water overflow that cannot be used for power generation.

The visit showed that the rehabilitation works were executed according to the actual "state of the art"; however this statement cannot replace a final technical test on completion of the works.

The evaluators consider the overall rehabilitation as satisfactory and the quality of work on the mechanical and electrical equipment as good. An opinion shared by specialists on the site.

d) Operating and maintenance concept

Besides the about 40 piezometer there is no dam safety system existing. A detailed operating and maintenance concept is missing.

Only a small part of the total amount has been invested in the installation of new measuring instruments, whereas the replacement of the existing measurement devices has been of primary interest.

e) Environmental aspects

The relatively flat lakeshores offer good protection against landslides.

Furthermore the discharge from the power house into the tailwater is regulated by KESH guidelines. Nevertheless this discharge might cause some damage downstream if it accumulates with high discharges from the adjacent unregulated river systems.

The access to the power station does not cause any problems and is possible at any time.

The influence of the ground water conditions in the catchment area and downstream the dam is not significant and the fluctuations of the water level near the lakeshore are negligible.

Shkopeti – Plant

The rehabilitation work in the Shkopeti and Ulza plant was almost completed at the time of the mission, except for some remedial work to stop oil-leakages. The comments are limited to observations that can be made on the not operated turbine.

a) Short comments on observations

- In general good rehabilitation work (power increase 20%)
- New Control and Monitoring System installed
- Good solution for rehabilitation of generators: Koncar installed a new stator instead of rehabilitation for the same price, the old one can be used as a spare part.
- Insufficient light in the butterfly-valve chamber
- Easy access to power house
- Still a lot of civil works needs to be done to refurbish structural parts
- Plant is an example for good maintenance (as it should be)
- Risks of land- and rockslide exist along the reservoir

Ulza - Plant**a) Short comments on observations**

Comment see 3.2.3

- Transformers refurbished
- Exciters refurbished
- New circuit breakers in switch yard
- Butterfly valves rehabilitation done
- Easy access to power house
- Still a lot of civil works needs to be done to refurbish structural parts
- Operating of governor manually
- Generally very old equipment
- Practically no serious landslide risks
- The only plant of the four HPP's visited, where transformers are sun-protected

Conclusions

On the basis of the documents and interviews as well as the impressions gathered during the mission, the following conclusions are drawn on the technical aspect of the present situation:

- The status report prepared by the Lahmeyer company in 1993 is a profound and detailed document. The reason why the Sogreah company issued an additional report in 1995 remains unclear.
- The investors have rightfully relied on the Lahmeyer and Sogreah reports to define their specific contributions. However, the limited funds led to the shifting of certain solutions into the options. Ultimately, some of these options had to be realized again with additional funding from bi-lateral donors and KESH (see also 0). Even though additional costs required the cancellation of other items in the aftermath.
- Better communication and coordination among the investors / donors already in the initial stage of the DRCRP and better consideration of recommendations made by the consultant (Colenco) in the feasibility respectively inception period and by the owner would probably

have allowed for better technical solutions, e.g. replacing parts instead of rehabilitation. However, such solutions would have required more funds, which then were not available.

- A more appropriate allocation of contract packages (see also 4.2) would have allowed a better management of interfaces. The project organization does not warrant a distinct division of responsibilities and runs the risk of misunderstandings with regard to communication, competence and interfaces.
- Some refurbishing works are lagging behind for various reasons. However, according to the statement of the project management these works should be completed by the beginning of 2007.
- With the completion of the project the operational hazards in the four power plants will be eliminated. For the safe operation and for increasing the life time of the power plants it is essential to extend rehabilitation to the embankment dams, the appurtenance structures and the mechanical equipments as stoplogs, gates etc. In the case of Ulza it would be worth considering the rehabilitation of parts which was foreseen in the original plan, but was cancelled due to limited funds.
- Many of the damages on structures that have been observed are not due to aging, but due to a non-professional planning or execution of work at the time of the initial construction of the plants.
- Without a concept relating to operation and maintenance an economical and sustained operation of the power plants is hardly possible (see also 0).

PROJECT: INSTITUTIONAL ASPECTS

Relevance of Drin Rivers Cascade Rehabilitation Project

Relevance for Albania

For the socio-economic development of Albania the DRCRP is no doubt a highly relevant project. From an economic perspective, rehabilitating four power plants which are essential for a reliable supply was a clear priority in the early 90'ties. The age and condition of the plants was a considerable risk for the power supply in Albania. More so because at that time the import of electricity could not be guaranteed due to the condition of interconnections and particularly due to the collapse of the previous export market and the resulting lack of revenue.

Even though domestic industries went out of production in the initial phase of transition, electric energy was a basic requirement for the expected economic recovery and development. At the same time, the basic needs of a population that was set to move towards living standards that were well beyond the times of isolation had to be satisfied.

These were good reasons to focus not only on energy production but also on transmission and distribution, as was done in a concerted effort of the donors.

Compared to the early 90'ties, the situation in 2005 is quite different. Household consumption has increased tremendously while industrial consumption is still low due to ailing economic conditions. Therefore, Albania has become an importer of energy. It is likely that demand will continue to increase. Besides the thermal plants that are planned to be built in Vloré in order to maintain a certain balance / diversity in primary sources of energy, hydro-power will remain the main option for Albania. Primarily to decrease the dependence on imports and in the medium-term, to return back to export of energy as an important source of income for Albania.

It means that the relevance of DRCRP continues to be high and the additional exploitation of the big hydro power potential should be a priority for Albania's economy.

Relevance within Austrian Cooperation Strategy

The co-financing of the DRCRP is the biggest single investment in the context of Austrian cooperation with countries of Eastern Europe. Therefore, the relevance and effectiveness of the project from a development perspective, in particular with regard to the objectives of Austrian cooperation has to be assessed critically.

The initial appraisal of the project (in the early 90'ies) was done by a person from the Austrian Development Cooperation with countries of the South (EZA) with a development-oriented focus. The project was considered to be a relevant contribution to basic infrastructure as an essential condition for development.

Due to its geo-political situation, Austria has an outstanding interest in a politically stable situation and a fast social, economic and ecological development in the countries of South-Eastern Europe. Supporting a transition process that ensures stability in the region and ultimately leads to the full integration of these countries in the European Union is an important approach of Austrian cooperation.

Within the strategic objectives of the OZA (i.e. reducing poverty, peace and human security, safeguarding the environment and protection of natural resources), the relevance of the DRCRP has to be differentiated.

The relevance of the DRCRP and thus of the Austrian contribution is particularly given with regard to the following thematic priorities of Austrian Cooperation (OZA):

- **Economy and development:** The reliable supply of domestic, ecological and relatively cheap energy was one of the key requirements for Albania's economy to recover and develop in the early 90'ties. It was and is the basis for the creation of employment in all sectors of industry and commerce. As such it lays a foundation for the thematic priority 'developing the economic and social capacity of Albania's economy'. The project is fully in line with the selection criteria of OZA, i.e. it considers the particular economic interests of Austria in the region and the (technical) experience and know-how of the Austrian industry. To a limited extent it also has a potential to use OZA-funds for promoting investments by the Austrian private sector. In this regard the rehabilitation of Small-Scale Hydro Power Plants might still be an interesting field for Austrian cooperation in future.
- **In combination with other projects in the energy sector** (transmission lines to neighboring countries) the project also has certain relevance with regard to regional economic integration, if it helps to build the potential for the export of energy. In view of regional interconnection an appropriate standard of the whole energy system is highly relevant
- **Protection and sustainable use of natural resources:** Hydro-power is clearly the most important ecological primary source of energy in Albania that can currently be exploited at a big scale. The rehabilitation of existing infrastructure is an efficient way to put hydro power generation on a sustainable basis. This is the strategic objective of OZA where the DRCRP makes a direct and important contribution.

The DRCRP has also contributed to capacity building and institutional development (details see 0). These were not primary objectives of the DRCRP and of the Austrian contribution, but they evolved partly out of necessity and partly out of other projects in the energy sector which focus specifically on these issues and have a sector-wide impact (e.g. Management Assistance Contract to KESH, by EBRD & WB).

Relevance within seco's Strategy

Other than for ADA, for seco the question of relevance is more straight-forward, due to seco's explicit focus on *economic* development cooperation and within that on the financing of basic infrastructure. Within the country strategy for Albania, the support to DRCRP is part of a broader support package to the electricity sector of Albania, which also comprises projects in the power distribution and transmission sub-sector. In the current seco country strategy the power sector is one of two priority sectors. Therefore, the DRCRP remains a relevant element in seco's portfolio.

Implementation Approach / Project Set-up

Apart from exogenous factors, i.e. the political instability in the 90'ties, the implementation or project set-up appears to be the major cause for the many complications that led to the prolonged, difficult, at times nerve-wrecking and ultimately economically inefficient implementation process.

An investment like the DRCP usually requires a co-financing arrangement as it exceeds the capacity of a single donor. However, the combination of 6 funding sources with different loan conditions and the allocation of basically 8 contracts across 4 plants resulted in a multitude of interfaces and interdependence between the contracts. The result is that almost any delay or problem with one contract has negative implications on other contracts, in a kind of chain reaction, leading to repeated delays of work and claims from contractors. In turn dealing with these claims resulted in further delays. The evaluation team could no longer trace in detail the original rationale for choosing this particular set-up.

An additional problem was that the exact amount of work involved in the rehabilitation of hydro power plants is difficult to predict. Therefore, budgets should either be flexible (allowing for a 'step by step' procedure) or have a generous provision for contingencies (experts state 30 – 50 %) to allow for a proper rehabilitation. These preconditions were not given with the funding conditions of the loans. The budgets were fixed and contingencies were not available (JBIC) or only in the range usually applied for new construction. During contract negotiations in 1997 certain items had even to be shifted to the options due to the fixed budgets.

Project Management / Organization

On the part of the donors, the project supervision was set up in a conventional manner. EBRD 'acted as coordinator in respect of the overall supervision of the project', the Japanese donor relied on the EBRD for project supervision and the Austrian and Swiss donors mandated consultants for backstopping the project on their behalf, i.e. to supervise the implementation of the respective contracts, to act as procurement agent and to supervise the use of funds.

The local capacity of the donors was sufficient for participating in the periodic project reviews. As per the agreements with EBRD, the bi-lateral agencies ADA and seco, initially also relied on the main donor (EBRD) and on the consultants for the follow-up of technical and contractual issues related to the implementation. When the successful implementation was threatened, ADA and seco 'jumped into gear' and played their strong cards: i.e. coordination, good rapport with local context and actors, flexibility in funding and a similar philosophy. This and the personal commitment of individual representatives of donors, consultants and KESH were instrumental to get the project back on track.

Similarly, on the client's side, a traditional approach was chosen, i.e. the client established a Project Management Unit responsible for the procurement and the supervision of implementation, supported by a consultant. However, the multitude of actors involved in project steering and the allocation of contract packages created so many interfaces and levels of involvement in supervision that even an experienced PMU might have had difficulties to cope (more details see chapter 3: Technical Assessment). In the initial phase of the project, the lack of experience in dealing with donor-financed projects and the related requirements was certainly an additional challenge for the client / PMU.

Since all involved partners initially relied on a conventional project management set-up that was not really adequate under the given circumstances, i.e. political instability, lack of experience of client, technically complex project, complicated implementation approach, it was difficult for the project management to identify critical incidences timely and to get all parties to agree on appropriate action.

Apart from this DRCP-specific situation, a PMU generally bears the risk that a parallel structure is established for the duration of the project, whereas staff responsible for regular operation is not directly involved. This limits the commitment of regular staff to take over responsibility after completion of project. In the case of DRCP, this basic drawback of PMUs was not so critical, because ultimately (see also capacity building) most of the staff, from mechanic to plant director, were involved in the implementation of the project.

Conclusions

The successful completion of the project (which is now within reach) is a result of the tireless efforts of committed individuals rather than the result of the institutional mechanisms put in place for supervising the project.

From today's point of view it is difficult to do justice to the considerations that originally led to the chosen set-up. Nevertheless, a certain doubt remains as to whether the difficulties could have been an-

anticipated. This is relevant because it highlights the importance of donor capacity to appraise a project and the influence of donor requirements on the successful project implementation.

Partly the institutional mechanisms and funding requirements of donor agencies were obstacles to finding better solutions. In the absence of specialized technical competence for appraising complex projects, the early mobilization of monitoring / backstopping consultants and their involvement in the appraisal could help to improve the design and implementation set-up at the beginning of the project. Likewise, in the phase of negotiating a new loan, more flexibility in budgeting might have allowed to review the technical solutions on the background of a changed situation. At the beginning of the project not all necessary technical details were known and furthermore the condition of the plants in 2002 was certainly different from that in 1993, when the first study was done. Most probably more efficient and sustainable solutions could have been identified.

Furthermore, for complex and technically demanding project like DRICRP, the question arises to what extent donors like ADA and seco can outsource / substitute their own supervision functions to monitoring consultants and still be sufficiently competent and in control to identify and act upon critical incidences in time.

Mobilization of Local Partners (Ministry, KESH, PMU, etc.)

A critical issue in mobilizing the local partners was certainly the lack of experience with the requirements of managing loans and grants and with international procurement in the initial stage, respectively the donor's implicit assumption that this competence was available with the local partners.

Likewise, in the case of erection works for the electro-mechanical parts the expectations regarding competence of local contractors were apparently unrealistic. Therefore, new solutions had to be found with the employment of KESH staff for erection work. On the other hand the local contractor for civil works (dam safety) was competent and fast.

Throughout the first phase of the project until the deadlock could be resolved in 2002, political issues had a negative impact on the performance of the Ministry and KESH (e.g. attempts to re-tender contracts for electrical equipment leading to additional delays).

It appears that the performance of the PMU was improved substantially with the appointment of the current Project Manager since June 2002. In addition, the continuous presence of the same (expatriate) Project Manager on the consultant's side since the mobilization of the current consultant in 1998 has certainly facilitated the work of the PMU.

In terms of financial contribution, according to the figures given in annex 3, the share of local cost is about 15 %, which includes direct costs of KESH, claims and erection cost executed by KESH staff. According to information from KESH, received after the mission, these figures do not include cost for stator bars, necessary insulation material and remaining cost of civil works until the end of the project, which would bring the proportion to 25 %. Considering this supplementary information and the fact that two of the claims for additional costs due to delays were paid from the funds of bi-lateral donors (ADA & seco) and the local erection costs for packages financed by the EBRD were paid from the loans, the share of direct cost of KESH is approximately 17 % of the total value of the project (details see annex 3). However, indirect costs such as loss in production are not considered here.

Approach to Donor Coordination

At the beginning of the project, donor coordination basically meant sharing responsibilities in the energy sector between EBRD and the World Bank and finding co-financiers for the projects. As with the organization of the supervision, the conventional approach of delegating responsibility to the lead-donor was applied. Thereby, the fact that EBRD reportedly did not notify the other donors about the suspension of its loan (even though giving notice was part of the agreements between the Austrian Government and EBRD) questions whether EBRD fulfilled its role adequately. Initially, the bi-lateral donors did not show much coordination among themselves. JBIC did not participate in meetings until serious problems with Alstom Italy started.

Only under the impression of increasing difficulties the two bi-lateral donors ADA and seco started a stronger active coordination and by that had a stronger influence on EBRD. In other words, donor coordination started out of an emergency rather than as a systematic intentional process. While the commitment of involved staff is acknowledged by all partners, the role of EBRD as an institution in donor coordination is still viewed critically. Meanwhile, donor coordination in the energy sector has improved in general, but apparently does not yet compare with other sectors, where harmonization efforts and alignment of donors with local policies and strategies reportedly are more advanced.

If ultimately in the case of DRCRP donor coordination was achieved and led to good results (re-activating a key project), it was due to strong leadership / commitment by individuals on the spot along with good rapport with head-offices, particularly in the case of the two bi-lateral donors.

In addition, the flexibility on the part of ADA and seco in allocating / increasing funds to get the project back on its feet and the utilization of the 'Swiss counterpart fund' for implementing identified necessary additional work, are a positive example of donor cooperation.

Conclusions

Considering the size and nature of the project, a more systematic and active donor coordination right from the start of the project would probably have helped to avoid some of the problems. It might have urged EBRD to take its role as the lead donor more effectively right from the beginning.

Know-how Transfer, Capacity Building, Institutional Development

Institutional Development

Institutional development is not an explicit part of the DRCRP, but is covered by other projects of EBRD and World Bank in support of the energy sector. Although an effective institutional framework is an important prerequisite for an investment such as the DRCRP, tackling institutional development (ID) through special programs and not through a single hard-ware project makes sense, because ID has to address the whole institutional framework, i.e. legislation, sector reform, performance of Ministry and of KESH as the responsible utility. What is important is that the link between DRCRP and the ID-interventions is ensured.

It is not within the scope of this evaluation to assess the institutional development projects implemented by EBRD and WB. However, the observations made in connection with DRCRP suggest that the importance of institutional development was possibly underestimated at the beginning of the cooperation with Albania on the background of the urgency to get investments in the energy sector implemented fast and of the political disturbances in the initial phase. The experiences with the first attempts for privatization by WB also highlight that the specific conditions in Albania for institutional development may not have been considered carefully enough (defunct system, no experience with handling donor projects and loans / procurement requirements / necessary reorganization of utilities / ministries / sector policies and tariff systems). The difficulties in implementing a Management Assistance Contract for KESH also illustrate certain reluctance on the part of Albanian partners to tackle institutional development.

For the aspect of institutional development, the bi-lateral donors involved in DRCRP relied on the banks, which in principle is a suitable division of tasks. However, through a stronger involvement of the bi-laterals in donor coordination, relevant know-how available with the bi-lateral donors might have been capitalized.

Capacity Development

Know-how transfer and training is an explicit task in the ToR of the consultant to KESH, whereas under the bi-lateral contributions it is not an explicit objective.

In practice capacity building was basically done by the consultant through on-the-job training and training in Switzerland for the counterparts, which means mainly for engineers. With the employment of KESH-staff for the erection work executed by the contractors for electro-mechanic equipment, the scope of capacity building was expanded to the level of mechanics.

The development of a 'project manual' was an attempt to systematize training and put capacity building on a sustainable basis. Due to the lack of funds for the implementation of the manual in all the plants, this manual has not been introduced as a regular tool for operation and maintenance (O&M).

The impression is that capacity development was done on the basis of practical necessity and opportunities, rather than in a systematic approach in the sense of an intervention planned and implemented on the basis of a concept which considers the requirements and the long-term perspective of retaining the built up capacities and know-how (sustainable O&M). As an example, the practice of topping up salaries of staff working for the project may be effective for the implementation but from a sustainability point of view it is questionable, because it sets the wrong incentives in a situation where the employer will not be in the position to continue these payments for O&M. A less critical approach would have been bonus payments after the successful and timely completion of specified work.

Conclusions

Feed-backs and observations indicate that the quality of know-how transfer is practice-oriented and sound and compared to the inputs a lot has been achieved. This goes to the credit of consultant's and contractor's staff at all levels who are committed to share their know-how with local counterparts.

However, even if O&M guidelines may exist, a clear-cut concept for their implementation is a prerequisite to ensure that the capacity developed can be safeguarded and used for a systematic and sustainable O&M.

Capacity Building on the Ground

While concepts for capacity building in development projects are essential, there is a risk to overlook the impact of expatriate practitioners (e.g. mechanics of contractors) who work closely with local staff. They do not only transfer very practical know-how but often act as a role model in terms of professional commitment, which is important for the sustainable transfer of know-how.

Synergies

Within the DRCRP synergy respectively donor cooperation was good from the moment when a serious crisis had to be solved. The two bi-lateral donors joined forces to push all involved parties to honor their respective responsibilities and they put their flexibility to good use.

Within the energy sector ADA tried to make use of synergies by proposing a revolving fund for rehabilitating small-scale hydro power plants (SSHPP). This would have been an ideal capitalization of the know-how built up in the sector, considering that ADA would hardly go for another DRCRP-type of project. Unfortunately, this proposal became redundant due to the privatization of SSHPPs, initiated by EBRD and WB. As such this is an example of negative interference of different donor programs. It highlights the importance of donor coordination and active participation in the policy dialogue by all donors involved in a sector.

As far as other parts of the Austrian program are concerned, the project portfolio of ADA does not provide for direct synergies with the DRCRP.

For seco, synergies within the sector were given due to the focus of seco on the electricity sector. With its involvement in power generation as well as distribution and transmission, seco has a stronger impact on the development of the sector than ADA.

Overall Assessment and Conclusions

Effectiveness (achievement of objectives)

If the rehabilitation of the four plants is completed as foreseen at present, i.e. including all options that can be implemented with the additional funds provided by ADA (for Shkopeti and unit 4 of Vau I Dejes) and out of the Swiss counterpart fund, the set objectives can be achieved. The plants will be rehabilitated to a satisfactory technical standard which prolongs the lifespan and ensures a reliable production of electric energy.

Sustainability

To ensure the sustainability of these results, still a number of issues have to be tackled (see also recommendations):

- Conduct the dam safety study and implement the related measures,
- Conduct a technical review of the project before its end to identify the rehabilitation requirements beyond DRCRP and closely linked to this,
- Establish a concept for the future O & M of the plants.

Beyond the technical aspects, creating a bigger awareness for the significance of the production of energy from renewable sources in Albania and the associated environmental aspects should be a concern of KESH and the Ministry.

Efficiency (input - output relation)

In principal the rehabilitation of existing hydro power plants was and is an efficient approach to improve the energy generation in Albania. Beyond this strategic choice, the efficiency of DRGRP has been badly affected by the following factors.

The above mentioned short-comings in the project set-up and the resulting delays and their consequences (claims, additional cost for KESH, loss of revenue due to inefficient utilization of plants) have seriously affected overall efficiency.

Underestimating the uncertainties related to the rehabilitation of power plants (relevant experiences in the mid 90ties were not yet widespread) has also affected efficiency. The narrow financial framework (fixed funds, insufficient contingencies) and sticking to the initial design in spite of delayed implementation prevented the checking of alternatives that might have been more efficient.

Underlying reasons for the inefficiency were certainly also the political conditions.

LESSONS LEARNED / RECOMMENDATIONS

Lessons Learned

General

Multi-donor funding:

- To minimize complications in multi-donor funded projects the allocation of contract packages should be as simple as possible, avoiding unnecessary technical and contractual interdependence. The careful consideration of project set-up and providing competence, time and flexibility to investigate alternatives should be a concern of the donors and clients before starting a project.
- For the sake of an efficient management of such projects, donors should be in the position / willing to adjust funding conditions, such as allowing for untied aid and flexible funding / budgeting (e.g. on the basis of rolling planning, 'step by step').
- Intensive donor coordination or a competent, committed lead donor right from the start.
- Ideally, in a context with experienced local partners the harmonization of donors by the recipient institution may replace donor involvement and coordination at the level of project management.

ADA-specific

For the financing of technically complex, high investment projects, the following requirements should be considered:

- Adequate technical and management capacity to monitor / steer the project and react to critical incidences in time should be in place from the beginning.
- Minimal capacity (staff time and technical competence) should be available in ADA, particularly at local level, i.e. in the coordination office, even when these tasks are basically outsourced to consultants. This is necessary to assess and act directly (i.e. at local level not through headquarters) upon information received from consultants and local partners for timely and informed decisions.
- In a sector where such big investments are made, a medium-term concept should be developed to ensure a minimal continuity. Otherwise, a lot of experiences that were in a way 'bought at a high price', become redundant after the finalization of the one big project. Meanwhile such a concept has been drafted, i.e. „Leitlinien der OEZA, Energie für Nachhaltige Entwicklung“.

seco-specific

Compared to ADA, for seco the contribution to DRCRP is more of a 'routine' operation under its infrastructure funding instrument. It is based on an overall strategy for the financing of infrastructure projects. Nevertheless, under the circumstances that prevailed in Albania in the 90'ies, the first two points mentioned above for ADA are also valid for seco, with the difference that seco started earlier to reinforce its capacity at the local level.

Recommendations

DRCRP-related Recommendations

As mentioned in the assessment the evaluators are of the opinion that in spite of the ultimately good rehabilitation of the plants, additional steps for safeguarding the investments (sustainability) and for a safe operation of the plants are necessary. Therefore, we recommend:

- *Dam safety*: A study to assess all aspects related to dam safety is in process. The evaluators reconfirm the importance of this study and of the implementation of the necessary measures. Considering the high risk potential of certain aspects of the plants, they recommend to prioritize and remove 'hot spots' that are already known to KESH (e.g. landslide risks, flooding risk in Fierza) at the earliest. This concerns in particular the improvement of the safety of the embankment dams and the development of a surveillance concept according to the directives of the International Commission of Large Dams (ICOLD). Related investigations are already in process.
- *Review before end-of-project*: The evaluators recommend that the involved partners conduct a review before the end of project to identify the investments and measures needed in future to ensure the sustainability of the current investments. Since the plants were not rehabilitated to the maximum, it is necessary to identify the type and sequence of further rehabilitation to ensure continuous operation and a maximum lifespan. This review may result in an investment plan by KESH, according to which donors may consider their further involvement. Specific issues noted by the evaluators are:
 - The missing bottom outlets, the flooding risk due to sedimentation downstream the powerhouse and the landslides to be observed in the area of the spillway chute and underneath the powerhouse of the Fierza power plant seems problematic.
 - The condition of the penstocks at the Vau i Dejes power plant need to be attended to.
 - Rehabilitation works in Ulza which were not implemented due to lack of funds.
 - The access to the Fierza power plant has to be improved, to ensure accessibility at all times even without the ferry service to Komani.
 - Refurbishing the different mechanical devices of the intake structures, spillways and bottom outlets. Besides the reliable operation special attention should be paid to possible damage and prevention of corrosion.
- *Operation and Maintenance*: Irrespective of the review, the evaluators recommend to develop a comprehensive Operation and Maintenance concept. This is necessary to retain the operational safety. Thereby, the achieved results, in terms of capacity building (project manual, competence of staff), and the time remaining should be utilized for establishing a clear concept for the technical & management aspects of O&M, along with a systematic training of staff to this end.
- *Study on hydrology*: For an optimal and efficient long-term management of hydro power resources, including the possible up-grading of existing Hydro Power Plants or design of new plants, it is recommended to conduct a hydrological and hydro-economic survey for the catchment area of the Drin and Mat river. In the absence of documents providing information concerning assumed flood, storage volumes and design discharges of the power plants, such a survey is essential. In case such data exist, they most likely need up-dating. The scope of this study can be on the Drin- and Mat-River or better on Albania or even the whole region of South-Eastern Europe.

ADA's Involvement in Energy Sector

The evaluators recommend reviewing of the future options of ADA in the energy sector. This should be done on the basis of an overall strategic planning (see also evaluation of the overall program), which provides a medium- to long-term perspective about relevance of the sector in ADA's cooperation with Albania. The result could be simple

- Medium-term country-specific sector concept (for ADA), which considers the following issues:
- Possible follow-up of DRICRP: Even though or because this project absorbed comparatively huge funds, time and energy, we recommend that ADA participates in the review recommended above. In

the frame of its sector concept, ADA could then decide whether and how it should still involve in a follow-up to DRCRP (see also main report).

- Renewable energy will certainly remain the focus of a further involvement of ADA in the sector, based on its experiences and principles. Therefore, a continued support to the development and rehabilitation of hydro power should be considered seriously.
 - Re-assess idea of supporting rehabilitation of small hydro power plants:
The support to the rehabilitation of small hydro power plants appears still to be an attractive option. It would help Albania to mobilize an important resource and at the same time has a good potential for the involvement of the Austrian private sector. The fact that the Government is making progress in the legislation and regulation of the energy sector and that the Kreditanstalt für Wiederaufbau (KfW) is about to launch a program in this sector (i.e. guarantee fund for investors) may justify picking up the idea which was dropped earlier. It might provide opportunities for new approaches of public-private partnerships.
 - Solar energy:
If ADA remains active in the energy sector the diversification as foreseen with the involvement in solar power makes sense.
- We further recommend that the future involvement in the sector includes interventions in institutional development and capacity building and maximizes synergy with other programs (e.g. link to vocational education for capacity building).

The fact that seco will continue its involvement in the energy sector and at the same time is active in the water supply sector, where it looks for a close cooperation with KfW, should be considered from the perspective of synergies among like-minded donors when conceptualizing ADA's future concept for the two sectors.

seco's Involvement in Energy Sector

Other than ADA, seco has already defined its future involvement in the energy sector as a priority in its country strategy for Albania. Therefore, the recommendations relate more to the implementation of this involvement.

- We recommend that in future interventions for institutional development and capacity building get more explicit attention. This could for instance mean that seco will focus on the recommended measures for putting O & M of the four rehabilitated plants on a sustainable basis.
- We also recommend that seco checks the possibilities to contribute to additional measures needed to ensure the sustainability of the four plants (see 5.2.1), before identifying new projects.

ADA's Program Steering

The following recommendations that evolve from the evaluation of DRCRP, but are more relevant for the overall program management are reflected in detail in the report on the evaluation of the whole program.

- Improve steering capacity of program structure (Vienna, Coordination Offices)
- A stronger program approach:
 - Longer-term perspective
 - Looking for synergy
 - Positioning in a thematic area / sector

List of Persons interviewed

Organization	Name	Position	F2F	Phone
Austrian Development Agency	<ul style="list-style-type: none"> • Torggler, Barbara • Kuthan, Peter • Raunig, Florian • Neuwirth, Hubert 	Evaluation Evaluation Albania, Macedonia, Kosovo (desk) Head of Unit: Albania, Macedonia, Kosovo	X X X X	
EBRD	<ul style="list-style-type: none"> • Copley, Brian • Mishaxhi, Donald 	EBRD, London, Technical Officer EBRD, Tirana, Associate Banker	X X	X
seco, Swiss State Secretariate for Economic Affairs	<ul style="list-style-type: none"> • Hadj-Djilani, • Denzler, Stefan • Keller, Phillippe • Rohner, Pius 	Programme Officer, Albania (-2001) Programme Officer, Albania (-2004) Programme Officer, Albania Country Director, seco/SDC, Tirana	X X X	X
World Bank	<ul style="list-style-type: none"> • Guxho, Artan 	Project Officer, Infrastructure & Energy	X	
Ministry of Energy & Infrastructure	<ul style="list-style-type: none"> • Leka, Buja • Bregasi, • Islami, Besim 	Director Planning Director Power Generation Technical Expert	X X X	
KESH	<ul style="list-style-type: none"> • Hoxha, Fatmir • Celo, Marialis • Myftar Musa • Naim Muca 	General Director KESH Project Manager DRCRP (PMU) Director Fierza Director Vau i Dejes	X X X X	
<u>Consultants:</u> <ul style="list-style-type: none"> • Colenco • Colenco • Colenco • Colenco • Verbundplan, Austria • Freelance Consultant 	<ul style="list-style-type: none"> • Obermoser, Helmut • Edwards, Allen • Iturri, Pablo • Bjegovich, Nicholas • Faast, Rudolf • Becke, Ludwig 	(Assistant) Project Manager DRCRP Engineer, Fierza Engineer, Vau I Dejes Engineer, Shkopeti Monitoring Consultant of ADA Backstopping Consultant of seco	X X X X X X	
<u>Contractors:</u> <ul style="list-style-type: none"> • Andritz, Austria • VA Tech, Switzerland 	<ul style="list-style-type: none"> • Schönbacher, Winfried • Diriwächter, Severino 	Project Engineer Manager Field Service, Fierza	X X	
Kreditanstalt für Wiederaufbau (KfW)	<ul style="list-style-type: none"> • Trebicka, Piro 	KfW Office Tirana	X	
Albania-EU Energy Efficiency Centre	<ul style="list-style-type: none"> • Hido, Edmond 	Director, Tirana	X	
European Commission	<ul style="list-style-type: none"> • Hall, Robert 	ECD, Donor Harmonization, Tirana	X	

List of Main Documents consulted

- Albania, Hydro Power Plant Up-grading and Rehabilitation Study; Lahmeyer International, September 1993
- Dam Safety Reports; July/August 1993, April 1994
- Progress Reports Andritz
- DRCRP Inception Report; SOGREAH Engineering / EPD Consultants; October 1995
- Albania Drin River Cascade Operations Committee Final Review; EBRD; October 1993
- Note de Décision: DRCRP; seco; January 1994
- Agreements, Amendment, Memorandum of Understanding between Federal Chancellor of Austria and EBRD; 1995
- Terms of Reference for consultant to PMU-KESH; 1995
- Projektbericht für die österreichische Kontrollbank; Verbundplan Wien; July 2004
- Various Minutes of Coordination Meetings; BmAA / ADA
- Various documents prepared by Monitoring Consultant; Verbundplan Wien
- Mission Reports; Supervision of Power Sector Rehabilitation and Restructuring Project & Power Sector Generation and Restructuring; World Bank; 2004 & 2005

Compilation of Costs

Budget Figures

as per Projektbericht für die österreichische Kontrollbank; Verbundplan Wien; July 2004

Contract	Source	Contractor	Currency	Cost	Rate	EUR
DRCRP 1 Consulting services for Part A	EBRD	Colenco	DEM	2.006.227	?	1.080.301
	EBRD	Mr. Defourneaux	EUR	50.000		50.000
	EBRD	Colenco	CHF	79.000	?	52.667
	EBRD	Colenco	CHF	77.000	?	51.333
EBRD	Colenco / Electrowatt	EUR	2.129.333		2.129.333	
DRCRP 2 Civil Works	EBRD	TRISS Albania	DEM	1.467.030	?	836.626
DRCRP 3 Mechanical Equipment Fierza	Swiss Gov.	VA TECH HYDRO	CHF	11.800.000	?	7.866.667
DRCRP 4 Mechanical Equipment Vau I Dejes, Ulza, Shkopeti	Austria Gov.	Andritz	ATS	84.500.000	?	6.140.854
DRCRP 6 Electrical Equipment Vau I Dejes, Fierza	JIBIC	Alstom Italy	YEN	1.681.000.000	?	12.930.998
	MDC (frozen Part)	Alstom Italy	EUR	2.440.455	?	2.440.455
	KESH		USD	1.600.000		
DRCRP 7 Electrical Equipment Ulza, Shkopeti	EBRD	Koncar	DEM	5.027.200	?	3.255.027
DRCRP 8 Electrical Equipment Ulza, Shkopeti	EBRD	Alstom France	EUR	6.325.181		6.325.181

Cost Compilation

As of July 2005, Table KESH-PMU

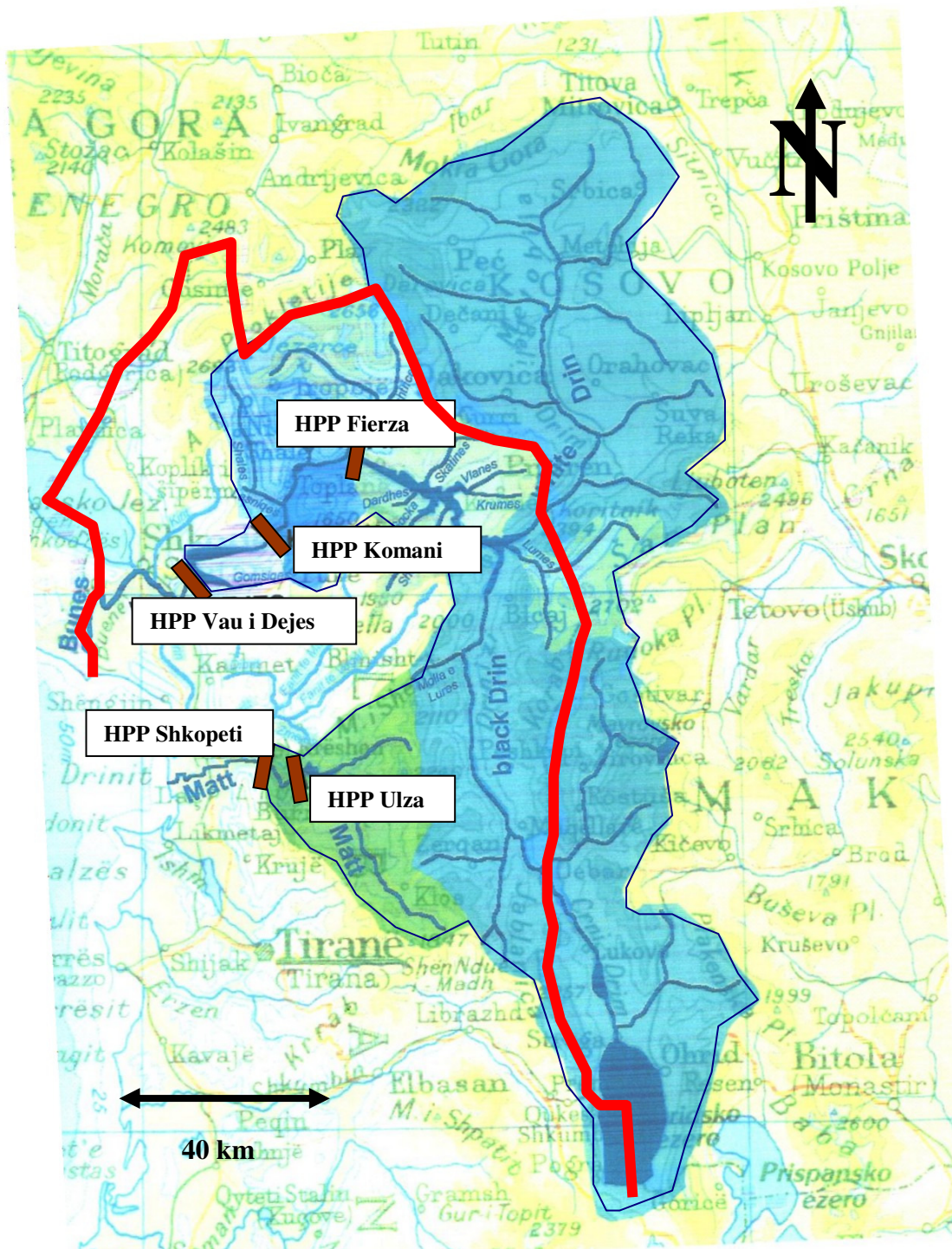
TOTAL VALUE OF THE DRCRP

CONTRACTS	Currency	Foreign Cost	Local Cost	In LEKE	
				Foreign Cost	Local Cost
DRCRP-1	DEM	2'006'227		124'907'693.02	
	EUR	50'000		7'009'000.00	
	CHF	20'000		1'930'400.00	
	CHF	74'411		7'182'149.72	
	DEM	1'063'520		66'214'755.20	
	DEM	2'287'107		142'395'281.82	
	EURO	1'551'730		217'521'554.86	
	EURO	2'997'410		420'176'933.80	
DRCRP-2A	EUR	783'959		109'895'372.62	
DRCRP-2B					39'300'381.00
DRCRP-3	CHF	11'800'000		1'138'936'000.00	
DRCRP-3, erection					110'000'000.00
DRCRP-3, claim	CHF		293'695		28'347'441.40
DRCRP-4	ATS	87'679'000		775'959'150.00	
DRCRP-4, Claim	EURO		182'239		25'546'263.02
DRCRP-4, erection					197'913'000.00
DRCRP-4, additional costs	EURO	700'000		98'126'000.00	
DRCRP-6	YEN	1'681'000'000		1'894'487'000.00	
DRCRP-6, frozen part	EUR	2'440'455		342'102'981.90	
DRCRP-6, crane	USD		140'000		18'723'600.00
DRCRP-6, claim	USD		1'600'000		213'984'000.00
DRCRP-6B	USD		1'647'695.00		220'362'729.30
DRCRP-7	EUR	3'934'855		551'587'973.90	
DRCRP-8	EUR	6'325'081.16		886'649'877.01	
DRCRP-8, claim	EUR		899'466		126'087'143.88
DRCRP-8, erection	LEKE	28'992'100.32		28'992'100.32	
DRCRP-8, claim	LEKE		2'262'595		2'262'595.00
Counterpart fund	CHF		3'502'610		338'071'917.20
TOTALI				6'814'074'224.16	1'320'599'070.80

EURO	48'609'460.87	9'420'738.13
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Value of the Project	EURO	58'030'198.99
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Overview HPP's Drin and Matt River



Hydro Power Plants on Drin and Matt River with catchment areas and frontier of Albania

ANNEX 3 / (2)

Water Supply for four Villages**in the District of Shkodra***(Barbullush, Ana i Malit, Bushat and Ranxa)*

edited by KEK CDC Consultants

August 2005

EXECUTIVE SUMMARY

The Project comprised rehabilitation measures for water supply facilities of rural communities in the district of Shkodra. All targeted households have access to clean water; the living conditions improved considerable. Although training activities have been added into the project concept (phase 2), the sustainability of the measurements is not secured. A stronger involvement of the community is needed, also to implement successfully the governmental decentralisation process. Conceptual thoughts about strengthening the aspects of community driven approaches could promote the sense of ownership within the selective communes. For the moment, the communities are rather reluctant to take over the full responsibility. A long term presence is therefore needed to accompany this difficult process.

1 METHODS

The evaluation mission was carried out in Albania from Week 28 to Week 30 including a field trip from 12th-17th, July 2005. The review involved the following steps:

- Review of available documents in either Albanian or English
- Elaboration of interview guidelines
- Interviews with district and communes administrative staff, international and local consultants, as well as with the Central Government (Ministry)
- Field visit with household visits, interviews with project staff, partner organization, local authorities and other relevant stakeholders
- Briefing respectively de-briefing sessions with the evaluation team

The field trip included communes of Barbullush, Ana i Malit, Bushat and Ranxa. The field trip was partially joined by the team leader. In total 20 household visits were carried out. Beneficiaries have been chosen at random.

A first draft of this report was elaborated by Marika Shtembari-Martini (Tirana) and afterwards revised by KEK CDC Consultants. To simplify the reading process, a legible short version of the report has been edited by KEK CDC Consultants and added as Annex to the overall report. The original report can be requested by KEK CDC Consultants.

2 BRIEF OVERVIEW OF PROJECT

Project Name	Water Supply System in 4 Villages: Bushat, Barbullush, Ana e Malit and Rranxa
Implementing Agency	iC Consulenter, Ziviltechniker GMBH, Kaiserstraße 45, A-1070 Wien
Local Partner	Ministry of Regulatory Adjustments and Tourism, Shkodra District, Communes of Bushat, Barbullush, Ana e Mali and Ranza, Local Consultants
Monitoring Consultant	Kommunalkredit Austria AG, Türkenstraße 9, A-1090 Vienna
Donator	Ministry of Foreign Affairs of the Republic of Austria, Hohenstauffengasse 2, A-1014 Vienna
Project Number	7630
Duration of Project	Phase I : January 2000 to August 2002 Phase II: February 2003 to February 2004 Extension of Phase II: May 2004 to April 2006
Target Group	ca. 8'400 inhabitants of the villages
Project Objective	<ul style="list-style-type: none"> • Aims at an improvement of the water supply situation in three communities in the district of Shkodra. • Supply of domestic water meters • Aims of the training program
Expected Results	Water for 24 hours per day skilled management staff for water system
Projects Budget	Phase I : 965,929.12 Euro Phase II: 363,018.50 Euro Extension of Phase II: 300,000 Euro
ADA Contribution	

3 CONTEXT

In Albania's mountainous north, many families live in almost medieval poverty. According to Tirana's Institute for statistic³⁴, Albanian demographics have changed radically in the last few years, as the rural population surges into urban areas, seeking work and higher education. The best educated has moved in high numbers. More than 70% of all high-school graduates have headed for Tirana according to the findings of Instat. Others leave the countryside to try their luck abroad. The north has suffered most from this change, partly because of lack of new, public and private investment, in what was always a remote region.

According to economics experts, investments in small business in the north is 30% less than in central or southern parts. The infrastructure is also in a worse shape. Detailed information on the north's social problems is hard to come by in a country where reliable data is scarce. It is estimated that the average rural inhabitant in the north earned about 80 dollars a month, compared to 130 in the centre and south, where tourism is better developed, and where many have boosted earnings through working in neighbouring Greece. According to studies conducted by the UNDP, only 45 per cent of the active labour forces are working at all in the region of Skodra, the north's largest city. There, emigration is still the main route to an income.

Albania's water supply system in the rural areas is in a poor condition. At the end of 1989, 75% of the rural population had access to pipe water (all types of access combined). Today this access is reduced to less than estimated 50% of the rural population. The quality of this service in those areas that do have piped water supply is very poor. Water is usually only available in few hours a day with certain areas receiving virtually no water during the entire summer period. The poorest segment of the population is hit the hardest. In average their accessibility is lower and their cost of water is higher in relative and absolute terms. The dilapidation of water supply and sanitation facilities has sparked several water born disease epidemics in the last decade and is thought to be done one of the major contributing factors infant mortality in Albania.

The pitiful state of the Albanian rural water system sector is the result of

Lack of revenues: Tariff far below the true cost of water sector and lack of tariff collection enforcement since the need of nineteen's having cut the water utilities from the necessary resources to provide maintenance.

Over consumption: The tariff structure resulted in massive water waste creating such high demand on the water supply system that was pushed to the brink of collapse and beyond. The shift from cooperative irrigated agriculture to subsistence agriculture on garden plots on one hand and the collapse of the irrigation system from the other hand resulted in massive use of domestic water for irrigation. This further compromised the technical integrity of the water and sanitation system

Inadequacy of the physical infrastructure: During the eighties efforts were made to improve the access to piped water supplies in the rural areas. Due to the lack of appropriate materials and insufficient consideration of the economic aspects during the design the existing systems are expensive to run and maintain. Quite often proves more economical than rehabilitation of the existing system.

4 EVALUATION

4.1 Relevance

ADA accurately recognized the need to implement activities to improve the public water supply system in northern rural areas. The project is relevant at many different levels:

- The project area has an insufficient water supply system: In the communities of Barbullush, Bushat and Ranxa no public water supply system was in place. The inhabitants got their water

³⁴Instat Instituti i Statistics „Living condition and inequality in Albania“ Population Census 2001 published 2004 www.instat.gov.al/repoba/english/researches

mainly from private wells. The community of Ana i Malit had a water supply system which needed to have improvements and extensions.

- The northern region of Albania is “traditionally” neglected by either Government or international (Donor) Agencies which tend to be active in central, coastal or southern parts of the country.
- The local authorities demonstrated a high interest and willingness to contribute with own resources (in kind or labour – force) to the implementation of the activities. The prior needs assessments have been done by the communes.
- Any improvement of the living conditions is a form of prevention of migration from the northern parts to central or coastal regions or even to abroad.
- Water is vital not only for private consumers but also to stimulate economic self-sufficiency among the rural communities.

With the governmental decentralisation and reform process, responsibility for rural water, for both drinking and irrigation, is being transferred to community groups, with decision –making based on local level and empowerment. The emphasis is on cost-recovery and sustainability, and on creation of an enabling institutional framework. Taking these strategic objectives into consideration, the project corresponds fully to actual and future governmental policies in Albania.

4.2 Efficiency

The project has been implemented according to the tripartite agreement of the Austrian Government. The working structures and mechanisms are designed in a way to ensure the supervision of the implementation of a mainly technical – oriented project. Partner of the project are the national authorities and the local municipalities (communes). Engineers supervising the construction work are mandated by iC-Consultants, an Austrian Engineering and Expert Group within the sector of Water Sanitation Systems. The project is monitored by Kommunalkredit Austria on regular basis every 3 months

Two bodies were set up to successfully contribute to the implementation of the project: The Steering Committee and Operating Project Team.

Steering Committee: This group supervised the overall implementation with representatives from Albanian Ministry, the regional Administration of Skodra, the respective heads of the targeted communes, the implementing agency, the Monitoring Agency and OBTZ Tirana (today ADA). Several meetings were held during the implementation period in which the progress or the delays of the project were discussed. This group was useful in times of dissents between the various project stakeholders.

Operating Project Team: As the main task of this group is focused on the concrete implementation of the project, members are strictly from the operational level (Project staff and experts of iC Consulting). There has been a strong steering of iC Consultant to ensure good technical results.

4.3 Effectiveness

The project has been implemented in 2 phases with an on-going extension. The outputs of the activities are as follows:

Phase 1:

- As outlined a workshop has been held in the beginning of the project. The planning and design has been discussed and agreed upon with all relevant stakeholders involved.
- All stakeholders agreed upon the form of tendering of materials and works.
- Construction work has been done according to the plan. As a result, approx. 4'000 inhabitants in Barbullush village and over 500 inhabitants in Bushat have access to clean drinking water from the installed public supply system. In Ranxa the Community successfully drilled the well; approx. 4'000 inhabitants are supplied with clean drinking water from the installed public system.
- Public awareness activities were started aiming at reducing domestic waste.

- The employees of the commune helped with some maintenance works.
- A billing system has been established and water consumers started to pay willingly their bills. The value was fixed on 80-100 Lek per person in month as there were no water meters installed.

Phase 2:

- The improvement of the water supply system in the communes of Barbullush, Petugol, Gradec, Bri Mali, Ana I Malit, Bushat and Ranxa has been completed.
- The technical training for enabling the employees to adequate maintenance of the system has been successfully held. Further, trainings to empower the local counterparts have been carried out (e.g. elaboration of business plans)
- The PIU facilitated the coordination between the donor and governmental bodies. Further, it worked on communal level to communicate the governmental strategy on decentralisation within the water supply.
- Voluntary contribution of the communities (open up the distribution channels, fixing the house connections and similar).

On-going Extension of Phase 2:

- Trainings are held on communal level to improve the managerial skills of staff responsible for the maintenance of the water supply system.

The planned installation of water meters is still under process. Only half of the planned installation has been done. Lack in own resources within the communes hamper the successful implementation of this project component.

4.4. Impact

With regard to the achievements of the project purpose, the situation is as follows.

- The targeted households in all four villages have access to the water supply system.
- The design of the water supply system was needs based and according to the demographic growth of the population.
- The targeted communes have now a 24 hours water service.
- The quality of the water is proofed to be good.
- The community have contributed with labour work

In the Household interviews, people stated that the living situation has considerable improved. Having access to clean water means a reduction of health risks due to better hygienic standards. Women stated a big release from the time consuming water fetching.

It has to be mentioned no distinction has been made between various groups of water users on household level that during the planning process of the activities. The inhabitants of the communities were perceived as homogenous units without any variation in needs, interests, and habits or similar. Neither a target group analysis has been done (beforehand or during the project implementation) to collect data according sex, family size, ethnicity, age, religion, etc.. Subsequently, all monitoring data are focused on the technical implementation only and can not give any information about positive and/or negative impact of the project activities.

4.5. Sustainability

The long term objective of the governmental decentralisation policy is to achieve sustainable water supply and sanitation corresponding to EU standards in rural areas. With this, the communes become to central stakeholder within the water supply system. Basically, the reform builds on the entrepreneurship of the Albanian people. At the moment, communes, municipalities and governmental bodies are not able to fully ensure the maintenance of the water supply system with own resources. There is

a great reluctance on side of the communes to take over full responsibility as the fear to be overburdened with the responsibility. Therefore, the sense of ownership can be regarded as rather low.

The communes have set a fix fee for water supply service (around 80-100 Albanian LEK per person per month). People do readily pay as this amount is perceived as rather low. However, the maintenance costs of the services (incl. salaries) are not covered yet. The communes want to revise the pricing system after having installed all water meters. At the same time, it is feared that the private household will reduce their water consumption in order to avoid any increase water bill. People tend to divide the consumption according to private (personal) purpose and agricultural demands: whereas tap water is used only for drinking and washing, the irrigation of the land and watering the plants is secured by small wells.

5 CONCLUSIONS

This project contributes to an important area within the development of Albania while ensuring water supply services to benefit the poor in remote rural areas. The living situation of those connected to water supply has improved considerably.

Due to the decentralisation process, the project focuses not only the technical aspects but also on capacity building through training for improved managerial skills on community level. Still, the project concept is based on a supply – driven approach. The question should be raised whether this is adequate to meet nowadays challenges. Neither the communes nor the above governmental level have sufficient resources to ensure an adequate maintenance on middle- to long term basis. To avoid considerable resulting costs, more conceptual thoughts are needed.

Examples from a recent review of World Banks water supply services show that local community involvement in decision-making about services and in implementing and managing those services is linked to greater beneficiary satisfaction with services, and thus a greater willingness to pay. Significant involvement by stakeholders correlates with better replicability and sustainability in outcomes and impacts. A lesser degree of participation is associated with a lower likelihood of sustainability.

The fears of the communes about a reduced consumption of water show the different perception in water use. In rural areas, water supply is more of a common good, whereas sanitation is handled as a private good at the individual household level. Various development aspects come together and lead to a complexity of the project(s) and the need for a longer-term presence during implementation. A Community Driven Development (CDD) could be helpful in finding ways to promote the sense of ownership within the communes.

6 RECOMMENDATIONS

The evaluators recommend

- to continue the project (extension) as planned
- to put more emphases on the aspects of sustainability while seeking for better ways to integrate the CDD-approach into the current project concept
- to plan for a long term presence as the capacity building of local institutions is not a short term process
- to harmonize the approach with the approaches of other stakeholders in the water sector.

Annex 3 / (3)

Steps towards the Urban Rehabilitation and Integration of the Communities in the Informally Developed Neighbourhood of Keneta, Durres

edited by KEK CDC Consultants

August 2005

EXECUTIVE SUMMARY

The project has started in May 2004 and is at the end of the first phase. The project concept is considered to be relevant for the community in terms of legalisation and integration into the formal social security system, and for the municipality in terms of the specific and practical handling of this complex issue. Further, the concept is relevant for the further development as it includes pre-requisites for sustainable development.

Critical points are reflected as the concept focus mainly on the technical implementation and ignore the dynamics of community reality. This led to a temporarily stand-still of the project as such. Nevertheless, the project shows specific results within the first phase (preparation for legalisation) that a continuation should be pursued but with some amendments. Changes have to take place also on the monitoring level to measure the impact and to enhance the better involvement of ADA.

1 METHODS

The evaluation mission was carried out in Albania from KW 28 to KW 30 including a field trip from 12th-17th, July. The review involved the following steps:

- Review of available documents in English
- Interviews with the Implementing Agency, Representative of the Municipality and beneficiaries
- Field visit to the informal settlement Keneta with household visits, interviews with project staff, partner organization, local authorities and other relevant stakeholders
- Briefing respectively de-briefing sessions with the evaluation team

A first draft of this report was elaborated by Eriola Shingjergji (Tirana) and afterwards revised by KEK CDC Consultants. To simplify the reading process, a legible short version of the report has been edited by KEK CDC Consultants and added as Annex to the overall report. The original report can be requested by KEK CDC Consultants.

2 BRIEF OVERVIEW OF PROJECT

Project Name	Steps towards the Urban Rehabilitation and Integration of the Communities in the Informally Developed Neighbourhood of Këneta, Durrës – Albania
Implementing Agency	Co-Plan
Local Partner	Durrës Municipality
Project Number	7688-00/2003
Duration of project	1 May 2004 – 30 April 2007
Target Group	Approximate 4.200 – 5000 residents of the 50 ha pilot area
Project Objectives	<ol style="list-style-type: none"> 1. Social development and urban rehabilitation of the area, through the work for community development and community initiatives for infrastructure improvement. 2. Capacity building of the local government for preparing the urban plan through community participation. 3. Community development through the improvement of human and organizational resources of community structures. 4. Stimulation of the local government – community partnership through the urban planning process with participation. 5. Intervention in infrastructure through contribution and co-financing of the community.
Expected Results	<ol style="list-style-type: none"> 1. Preparation of the partial Urban Plan of the area. 2. Preparation of the Guidelines on Legalisation. 3. Direct interventions in infrastructure, through co-financing of the community. 4. Preparation of the Neighbourhood Development Agenda
Project Budget	<p>Total 566,415 Euro,</p> <p>Co-PLAN = 38,000 Euro in project and 24,342 Euro as guarantee fund for the project</p> <p>Durrës Municipality =52,500 Euro</p>
ADA Contribution	451,848 Euro

3 CONTEXT

“Keneta” in Durres Municipality constitutes countrywide the 2nd largest informal settlements in Albania. The area, located by the edge of Durres Municipality, counts in total almost 35,000 people, spread all over the south-eastern periphery of the second largest city of Albania. With this size of the occupied territory, Keneta led virtually to a doubling of Durres in terms of surface and population. Keneta is evidence of a high intensity of migration in Albania. At the same time it shows the incapacity of local governments to manage the new social, economic and political realities. As situation deteriorates in the rural/peripheral regions of the country (especially north-eastern region), new arrivals come every day into the neighbourhood, of Keneta.

Specifically, the settlement of Keneta community in Durres is undergoing a continuous process of urbanization that follows the “rules” of informal development as it could be seen also in Latin America.

Lacking basic infrastructure, spreading of mud and garbage all over the area, deteriorating environmental/sanitation conditions characterize the settlement. Poverty is clearly present all over. Local authorities lack the very basic skills and instruments to deal with such reality. As the new arrivals continue to come, the situation in the existing area is further deteriorating, leading to considerable environmental and social hazards.

The existence of Keneta as a settlement has a strong meaning for thousands of people living there, and struggling to ensure a minimum of living conditions. The total absence of roads access, water supply, sewerage, and solid waste collection systems, of public transport and telephones, of social infrastructure such as, schools, kindergartens, health care and community centres, playgrounds, etc, is a serious risk for a clear social segregation. However, it must be underlined that the inhabitants themselves have done a lot of investments.

The area of Keneta is one of the new informal settlements developed in the periphery of Durres, where lack of basic facilities such as physical and social infrastructures is strongly present, including a functioning sewage system, a waste management system, access by roads, and a continuous electricity supply.

4 EVALUATION

4.1 Relevance

The project activities are of high relevance on the following levels:

Inhabitants of Keneta: In the mind of the inhabitants, the area is going to be a permanent settlement. The project activities initiated and facilitated the process of legislation. The formal acknowledgment of the area and of land-ownership respectively house-ownership is an important pre-requisite for inclusion into the formal system and to be entitled to have access to basic social services of the municipality.

Municipality of Durres: The informal settlement of Keneta led to a doubling of the town – both in terms of area and number of inhabitants. To prevent a social and political crisis, the municipality has to look for ways of how to practically cope with the situation. Although the law gives the appropriate legal frame for the legalisation process, the municipality has to implement the project. Major constraints are the relative lack qualified human resources with operational experiences in the areas of legalisation and urban planning as well as inadequate application of existing tools. The project activity contributes to a systematized handling of this sensitive issue while focusing on solutions rather than on the problems itself.

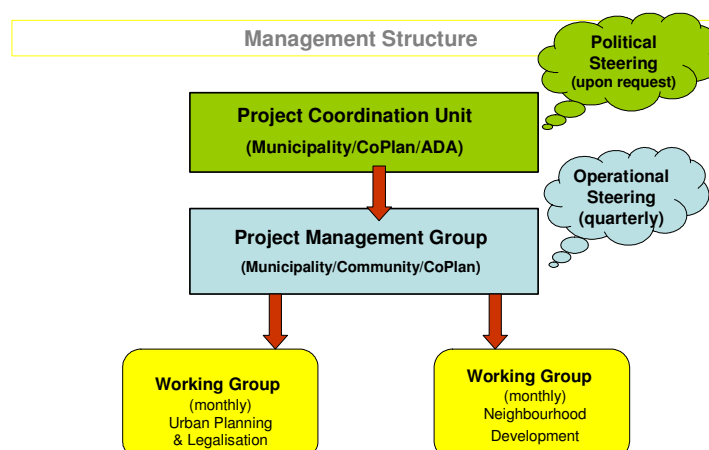
Development level: It is often asserted that ownership of land and housing is fundamental to the reduction of poverty, to improving living conditions and to enhancing livelihoods. On the political level, the project is in accordance with the intent of the Stability Pact which actively promotes affordable housing and sustainable urban planning / management in Eastern Europe. It is increasingly recognised that addressing of existing (as well as prevention of) informally-developed settlements in and around the major urban centres will have to be major part of any housing programme in the region during the next five to ten years.³⁵ Further, it has been internationally acknowledged that legal access to land and provision of basic urban services are strategic prerequisites for the provision of adequate shelter for all – especially vulnerable and marginalized groups – and for the development of sustainable human settlements.

4.2 Efficiency

Working mechanisms: The institutional set up and the working mechanisms of the project are determined by the concept of the people centred urban planning. Central element is the involvement of the stakeholders, the municipality at one side and the targeted community on the other side. Beside its

³⁵ compare *Stability Pact for South Eastern Europe, Ministerial Conference on informal Settlements in South Eastern Europe*, Vienna 28. September – 01 October 2004.

technical expertise in urban planning, the role of CoPlan is also that of a facilitator and mediator between those two groups.



The set up is based on the principles of partnership and ownership in interventions. The community is represented in those bodies where they actively participate in the planning process. The higher political steering mechanism is represented mainly by donors and responsible bodies.

The working mechanisms correspond to aspects of internal management issues (e.g. strategic planning, budgeting, staffing, structuring etc.). During the evaluation, the project was at a stand still because of political stakeholder's interests at this special moment (election period). This emphasizes the strong political character of the project and shows a certain vulnerability towards external factors. The project has to face the management of a complex and diverse range of issues.

4.3 Effectiveness

Although a young project, the following tangible results were achieved:

Expected Results	Achieved Results
Preparation of the Guidelines on Legalisation	The first phase of the Legalization process is successfully completed.
Preparation of the partial Urban Plan of the pilot area	The base line study and draft ToR are successfully completed
Direct interventions in infrastructure, through co- financing of the community	<ul style="list-style-type: none"> - 1,2 Km of paved road has been constructed - improvement of school playground - wall paintings
Preparation of the Neighbourhood Development Agenda	<ul style="list-style-type: none"> - CBOs are established - Women participation is enhanced - Municipality treats the Keneta issue as priority - Media reports about Keneta community

Further, the temporarily stand – still of the project raises the question of the effectiveness of the concept-application in this project. Community – based action is a policy and part of a strategic shift that an NGO should have made in their relationship with the people that they work with and for, the beneficiaries. A NGO moves in its role of welfare and delivery to roles of strengthening people's organisations and movements. The project has been interrupted in the moment when the municipality demanded an extension of the activities for the whole Keneta-Area. This demand was directed towards the NGO (and indirectly to the donors) and blocked the whole proceedings.

4.4. Impact

The project concept follows a two-fold strategy:

- Strong participation of the stakeholders
- Sensibilisation of the public ("going public").

The project is comparatively young. Therefore, the impact level can only be commented as follows:

- Family bonds – especially as a clan – are relatively strong in Albanian society and determine the social life. A common collective sense as it is embodied in most of the western European societies is rather unknown respectively a new demand appeared recently within the transition phase. Taking this into consideration, it is not strangely that people rather prefer to seek for individual solutions than to join together into a group to pursue common interests. However, the establishment of the community based organisation (CBO) as a working structure within Keneta a new communication tool for shaping a broad based opinion has been created. According to the inhabitants of Keneta, this tool is appreciated among them. At this stage of the project it is too early to state whether a fundamental change within the decision-making structure took place.
- Basically, there are two different procedures visible how to realize an intervention in general: First, an intervention can be based on own experience and tradition ("we have done it always like that") or secondly, a procedure can be based on rationality and planning. The latter is a regulative form which is predominantly applied in Western Europe. More often it is declared to be a general rule which appears to be more effective and efficient than other forms - despite the fact that other societies might have their own rules and consider them as correct. According to CoPlan, the regulatory work provided by the project should have impact on the *mentality* of people as they should be convinced with the concrete outputs of the advantages of planning beforehand. It will be difficult to find any evidence for this impact level in the course of the project as the central aspect in the project is less the "urban planning and management" but the issue whether and how to integrate people from an informal system into a formal system. Hence, this focus is less technical but political and should be dealt as such.
- According to CoPlan, the strategy of awareness raising shows impact on the level of frequency in reporting. Press and television coverage about the issue "Keneta" has been increased since project start. However, there are no monitoring indicators set up to measure qualitatively whether the image of the inhabitants of Keneta has changed in favour.
- Gender balance is an explicit concern within the project concept. As the participation of women was rather low to the beginning of the project, CoPlan changed the implementing procedures while approaching women and men separately. Further, one of the (compulsory) criteria for the representation of the community was a gender balanced composition of the CBO. This has been fulfilled. There is the intention to carry out a gender - study during the course of the project. However, in the initial phase no monitoring system has been established for measuring the project impact on women (and/or vulnerable groups) yet.

4.5. Sustainability

Financial Sustainability: The involvement of the community implies also the mobilisation of own resources and reduces the infrastructural and social activity costs. The municipality earmarked 17'500 EURO/per year as co-financing. Those contributions show the stakeholders commitment towards the project. Likewise it must be mentioned that CoPlan has basically only two donors (ADA and – to a considerable smaller extent - NOVIB). This bears a high risk on keeping up the *operationality* of the project in case of pre-financing.

Sustainability of project results: The legalisation process is not only pre-requisite for the urban planning and integration of the settlement within the formal security net. It means also:

- Remove the possibility from arbitrary eviction
- Provide households with an asset which can be used as security for credit later on if required
- Provide space for an home-based economic activities
- Foster better living conditions, a better environment (especially space, sanitation and water).

5 CONCLUSIONS

The informal settlement Keneta is not a temporary phenomenon: People who settled down will stay. It is therefore sensible to find solutions within the urban structure of Durres.

The course of the project shows that there is not only a technical issue to cope with (the Urban Planning and Development). The project is also determined to a large extent by the political interests of the various stakeholders. Here, the specific interests of the municipality lead to a temporary stop of the project. This changed automatically the intermediary role of CoPlan from a (more or less) service delivery to a Project stakeholder with own interests.

The project demonstrates that community-based action is extremely difficult to achieve. The implementation, realisation and management of development which has the concept "community" at its heart have proved problematic. It would be important to record the solution-finding process (in the sense of lessons learnt about e.g how to mobilize and organize people on the basis of a community welfare) as it gives some important insight views on the ways how NGOs in Albania can fulfil their role.

An extension for the project activities on the whole area of Keneta would not only exceed the capacities of CoPlan as the implementing Agency, but it would change the project concept totally. The content and the procedures/working mechanisms must be revised according the new demands. A elaboration of a blueprint for the legalisation process and the urban planning has its limits as it obviously ignores community dynamics.

6 RECOMMENDATIONS

On level CoPlan:

- CoPlan should revise the application of the CBO-Concept in order to define the extent of the empowerment strategies. Accordingly, the CBO has to be integrated into the decision-making process.
- Likewise CoPlan should revise its own role and clarify whether they focus on the service-delivery only or on an active involvement while taking over an advocacy role for the interests of the inhabitants of Keneta.
- CoPlan should work out the underlying factors of success for the establishment of new community-based organisations in Albania. They could provide interesting insight views on the civil society aspect in Albania. The lessons learnt should be disseminated among those agencies working within the development sector in Albania.
- CoPlan should revise the existing monitoring system and should add indicators and a mechanism for impact monitoring.
- While elaborating a model for the legalisation process and the urban planning, CoPlan (and the monitoring expert) should consider mechanisms of how to respond to (unforeseen) community dynamics.

On level ADA:

- ADA should review its involvement with all due care. As the project is highly political, a stronger involvement of the COOF is necessary. This involvement should not be limited to being the (only) donor of CoPlan but should aim at the innovative character of the project activities.
- Therefore, more capacities are needed on level COOF. The person in charge should contribute through well founded knowledge of project management, steering and coordination and less expert knowledge about (e.g.) urban planning or legalisation. For this – and also because of his contacts to various donor platforms – the Head of COOF is most suitable.
- The COOF should elaborate how (conceptually) link the project activities to macro level and to national policies. This task should not be outsourced to consultants. ADA should take the advantage of gaining institutional knowledge which could be used also in other areas.

Annex 3 / (4)

Vocational Education Programme in Albania
Hotel Tourism Schools in Tirana and Saranda
Agricultural School in Fieri

edited by KEK CDC Consultants

August 2005

EXECUTIVE SUMMARY

The Albanian-Austrian Vocational Education programme, co-funded by the Austrian Development Agency and under the mandate of KulturKontakt, has brought tangible results in tourism and agricultural education, which are very much appreciated by both, beneficiaries and partners.

The needs and problems of education within tourism and agriculture are well addressed, because of participation of stakeholders in the planning process. There are visible results in infrastructure, curricula development, professional and didactic training of teachers and teaching materials' development. Schools supported by the projects, have been identified as "models" for vocational schools in Albania. The Project management was efficient. Main factors, which have contributed to the efficiency, were the good cooperation and contribution with the Albanian government and other donors. The management of the project and good communication between partners has supported the achievement of good results.

Yet, there are still some more challenges. The quality of teaching and the professional skills of graduates are still low. There are some positive results concerning the cooperation between the involved schools and the local business community as well as other parties, but legal aspects of internships still need to be improved and adopted. Today, the mayor challenge is to assure the sustainability of programme achievements.

1 METHODS

The evaluation mission was carried out in Albania from 7 July to 11 August. Different methods were used to collect relevant data and information for the assignment:

- *Questioning*: Individual interviews and small group discussions with present and previous project partners and beneficiaries in Tirana, Saranda and Fier; interviews with ADA and KulturKontakt staff in Tirana.
- *Field visits*: The evaluation team visited also several institutions that benefited directly and indirectly from Austrian support (such as H-T School Tirana and H-T School Saranda, the Agricultural School in Fier, businesses, etc.).
- *Discussions*: Discussions with the main VE sector stakeholders and representatives. Particular attention has been paid to gather their views on the Austrian intervention in the VE sector needs and priorities.
- *Analysis*: The analysis of available project documents and additional papers collected by the evaluators contributed to a better understanding of the local context.

- *Team work:* Regular briefings/debriefings took place within the evaluation team and at the ADA office in Tirana.

A first draft of this report was elaborated by Edlira Muedini (CIVET, Tirana) and afterwards revised by KEK CDC Consultants. To simplify the reading process, a legible short version of the report has been edited by KEK CDC Consultants and added as annex to the overall report. The original report can be requested by KEK CDC Consultants.

2 BRIEF OVERVIEW OF PROJECTS

Project Name	Development and support for hotel, catering and tourist management schools (H-T Schools) in Tirana and Saranda, Albania.
mandated Agency	KulturKontakt Austria
Local Partner	Ministry of Education and Science, Institute for Pedagogical Studies
Project Number	7580-00/98
Duration of project	1.11.1998-31.12.2000 (extended 15.11.2002)
Target Group	Hotel and Catering Schools Tirana and Saranda
Project Objective	<ul style="list-style-type: none"> - Refurbishment of two vocational schools (Saranda) - Development and implementation of curriculum for tourism management/travel agency (Tirana and Saranda) - Training of 15 to 20 teachers according to hotel/catering and tourism management/travel agency curricula. - Development of teaching material (in Albanian)
Project Budget	EURO 229.806,40
Austrian Contribution	EURO 218.018,53

Project Name	TOUR-NET- Tourism Education and Training in South Eastern Europe Economy - Relevant Education, National Networks and Cross-border Cooperation (Regional Project, within the framework of Stability Pact)
mandated Agency	KulturKontakt Austria
Local Partner	Ministry of Education and Science, Pilot hotel-tourism schools Tirana and Saranda
Project Number	7832-02/00
Duration of project	29.09.2001-30.09.2003
Target Group	Pilot H-T schools in Albania
Project Objective	<ul style="list-style-type: none"> - Support of teaching material - Improve infrastructure - Support schoolteacher team-building - Introduce new marketing ideas
Project Budget	EURO 312.485,56 (for the region)
Autrian Contribution	EURO 218.018,53

Project Name	Model for the Support of Agricultural Vocational Education in Albania (pilot school in Fier)
Mandated Agency	KulturKontakt Austria
Local Partner	Ministry of Education and Science
Project Number	7925-00/02
Duration of project	October 2002-September 2004 (extension March 2005)
Target Group	Agricultural School, Çlirimi, Fier
Project Objective	To transform Fier School into a competence centre, through the development of school profile
Expected Results	<ul style="list-style-type: none"> - Improve curriculum based on practice - Improve practical and professional knowledge of school teachers - Optimal use of agricultural school business to train students - Rise awareness of ecological agricultural economy - Design qualitative teaching/didactic materials - Active participation in regional agricultural developments
Project Budget	EURO 227,624
Austrian Contribution	EURO 226,868

3 CONTEXT

Today, Albanian Vocational Education and Training (VET) system's quality and quantity are weak. There is a lack of adequate infrastructure, insufficient funding, and low level of human resources, outdated curricula and old management habits. More concretely:

- Vocational Education (VE) relation to the labour market is still very weak.
- Enterprises in many cases are unable to respond to technical and professional school demands for internships of their seniors. This fact significantly complicates youth integration into labour market.
- Vocational Education and Training still act as two totally independent sub-systems.
- Several different guidelines on VE development, but no full, comprehensive and strategic document.
- Much piloting in the VE sector is funded and implemented by different organisations/institutions. There is no generalization of the achievements or failures, and no definition of a well-adopted VE pattern and its implementation at a wider scale.
- Main investments have been done at school level; changes at system level have been of minor importance.
- Lack of stability in change process: Donor support interruption makes positive changes gradually get "lost".
- Big difference among vocational schools. There is considerable inequality from the human, financial and infrastructure resource point of view. In general the material infrastructure of the vocational schools is poor.
- VE curricula are in general still traditional and far from realities. There is a shortage of textbooks and materials supporting didactics.
- Teaching in general is old-fashioned, and the continuous training is sporadically done only in pilot schools.
- Vocational training is not supported by the government (e.g. provision with equipment and/or raw material).
- Vocational Education is still overburdened with too much theory.
- Existing normative acts limit practical and productive activities of vocational schools. They also limit their ability to offer services for the benefit of the school or third parties.

4 EVALUATION

4.1 Relevance

The projects are of great relevance for the direct involved schools, teachers, and students. They benefit from the project activities (training, materials, curricula, equipment, etc.) in their daily teaching and learning. The products (like teaching material or teaching programmes) elaborated during project duration were also disseminated to other schools, eg in Durres and Pogradec. However, the project activities were focused mainly on school level and were therefore of minor relevance for the development of the Albanian Vocational System as a whole.

4.2 Efficiency

According to our experience, the use of the available funds corresponds with the usual expenditures of educational measurements within the technical cooperation. A precise benchmarking is not possible as the data is not available and projects can not be compared within its details.

4.3 Effectiveness

Achievements of Project Goals:

Hotel Tourism School in Tirana and Saranda

Planning	achieved Results
- infrastructural improvements (equipment)	- rehabilitation of schools including equipping (reception, kitchen, restaurant, bar, and training offices for travel agencies); 8 new computers (incl. installation), 16 second-hand PCs installed;
- development of curricula	- adaptation and use of Austrian curriculum to local requirements; use of Austrian didactic material (translated)
- Training	- Training of 14 teachers (incl. directors of Pedagogic Institute) in financial accounting, tourism geography, management, marketing, catering.
- development of further training material	- training material elaborated for tourism (4 th year), accounting, and business management

TourNet

Planned Results	achieved Results
- Support of teaching methods & material	20 training seminars in all countries (professional training, project management, school marketing, Informatics, etc. Development of teaching materials based on the Austrian model.
- Improve infrastructure	- new school kitchen equipment
- Support local schoolteam-building	- 13 school projects in all countries presented. This has increased school teamwork, initiative, creativity and school image. Ex. The tourist leaflet for Saranda and Tirana, Mediterranean kitchen of Albania, etc.
- Introduce new marketing idea	- Development of schools home page - Development of contacts between Tirana school and Rogner hotel (Tirana).

Agricultural Vocational Pilot-School

Planning	achieved Results
- Improve curriculum (strengthening practice-orientation)	- Ministry of Education and Science approval - elaboration of reports with recommendations
- Improve practical and professional knowledge of school teachers	- employer reaction (no graduates yet) - employment level in the profession (no graduates yet) - annual student survey
- Optimal use of agricultural school business to train students	- increase in profit - Lucerne productivity 300qv/ha/year
- Rise awareness of ecological agricultural economy	- periodical questionnaire targeting farmers of neighbouring areas are filled out (no graduates yet) - voluntary groups have meetings to discuss environmental issues
- Design qualitative teaching/didactic materials	- CCSD evaluation of didactic material
- Active participation in regional agricultural developments	- Questionnaires of participants on offered courses or classes - Invitation of school in commune, agricultural department meetings to analyze agriculture development

4.4. Impact

The direct affected schools experienced a modernization thrust and were able to improve the quality of individual courses and the theoretical and practical lessons. The involved teachers are sensitive towards modern teaching methods. They had the opportunity to teach within a contemporary educational context.

There might be a modest contribution of the projects in the sectors development of Albanian Tourism respectively Albanian Agriculture due to the fact that modern methods and inputs are used. But this is difficult to measure as there is no overview on the level system or sector.

4.5. Sustainability

- The further implementation of the curricula in other schools makes for a stable benefit for Ministry Education and Science (MES) and the schools themselves.
- The teaching materials developed as teacher portfolios are a stable and utilitarian product of further use. They have been and are still being used by similar schools. Now, under the TOUR REG, the preparation of lectures that could be used by both teachers and students is being done.
- The teaching methods such as “the work in projects” are aspects that have a high possibility of remaining there even after the project termination. The number of “work in projects” has increased, thus also lowering the financial support through international donors. The schools have managed to assure some of their funds independently (recently in the activities of TOUR REG project). On the other side, the work in projects has strengthened the contacts with the business community, increasing, this way, the reputation of the schools.
- The trained teachers are a strong asset of those schools. Their contribution either in project school or other education institutions remain an asset.
- The school infrastructure, the supply of new equipment and the maintenance by the government is still a challenge due to insufficient funds.

5 CONCLUSIONS

Relevance: Based on the project design and the way the needs were addressed, the V.T. programme has targeted two important elements of vocational education – i.e. vocational training in tourism and agriculture. Because of participation by stakeholders in the planning process, the needs and problems of those fields were addressed. Local government interest in cooperation is still on low level as the schools are administered and supervised on national level.

Tourism and agriculture are important fields for the development of Albania and education in such fields is a need and a priority. On the other hand, the state V.T. sector support is still weak. This way, the programme remains actual and relevant.

Efficiency: The projects were efficient as a result of a good cooperation and contribution with the Albanian government, e.g. Ministry of Education and Science: This cooperation though made with the minimal capacities at Ministry of Education and Science results as successful in fulfilling all demands of the cooperation agreement.

There are some results on schools generating incomes. There is lack of knowledge and experience in cooperation with third parties and/or difficulties of not having the national status, which gives to the school more autonomy.

Effectiveness: Positively, the changes that those projects brought to the schools are visible. To mention:

- the rise and strengthening of infrastructure
- curricula and teaching material development
- HR development
- support in the relations with the business community
- regional and European experience exchange
- school PR activities.

Nevertheless, the cooperation between the schools and the local commercial community (relevant local stakeholders) has been only partially improved. The following reasons explain partially this deficit:

- Business is willing to cooperate with schools, but there is a strong need for better practical skills of students and know-how in hotel management.
- Business also lack training in hotel management and services, which becomes often a problem for the mutual cooperation.

Impact: The Projects have had a positive impact on service in tourism and production in agriculture in the whole country, but it is hard to say in how far this has been the influence of the evaluated projects in this, because other factors enter into play here as well.

Sustainability: The realization of teaching materials, the development and implementation of the curriculum, the teaching methods and HR development are results that show the sustainability of the projects. On the other hand schools, as part of the project, were more like expecting what would happen and do not feel yet as an active part of the project.

The Austrian V.T. projects have brought novelties especially with new ways of work in schools, like the work with projects, which has enriched the knowledge of teachers and students, has promoted group work and activities that bring revenue. Though the Austrian projects have been smaller financially than those of other donors, they have left behind much more documentation that could be used further, like the teaching materials and the curricula.

6 RECOMMENDATIONS

If ADA decides on further contributions to the V.T. sector, the following aspects should be taken into consideration.

- Special emphasis should be put on intensifying cooperation with local business community and enhancements of commercial activities with the intent to generate income and to create closer relations with the private sector. Such a recommendation is in line to the Ministry of Education and Science priorities, the ADA 2004-2005 strategy (support of employment) and other donor's initiatives such as CARDS Programme, PARSH, SC, where synergies could easily be found.
- By adequate legislation and appropriate legal framework, Ministry of Education and Science should facilitate the internship practices with the enterprises and the income generating activities.
- KulturKontakt has an outstanding experience in vocational education in Albania and in the region. Contribution and cooperation with the new VET institutions, like the NCVET, and support in the creation and functioning of the NAVET³⁶, in cooperation with the CARDS programme, could be interesting. This would be a necessary step towards linking the micro level with the macro level.

³⁶ National Agency in VET

Annex 3 / (5)

**Capacity Building for Women Leaders
in Local Government**

edited by KEK CDC Consultants

August 2005

EXECUTIVE SUMMARY

The evaluation examines the project “Capacity Building for Women leaders in local Government” in regard to its relevance, efficiency, effectiveness, impact and sustainability. The project was implemented between July 2003 and June 2004. It is a contribution to the development of the Albanian civil society. The project focused on the promotion of female participation in political decision making on the following two levels:

- on the individual level: Empowering women through specific training to increase professionalism
- on the societal level: Raising public awareness about gender inequalities.

Project measurements involved various training sessions for female politicians (representatives of ten different Albanian parties), contributions for the local television and publications in different print media, and the translation and dissemination of international information material to a selected target group. Further, a limited number of project participants had the opportunity to travel to Austria for an exchange visit.

The project shows high relevance on the individual level: the participants of the training seminars stated that their skills improved significantly due to the trainings and the discussions. It has been also stated that the women function as a “multiplier” as they were able to apply the new knowledge also in the working environment (e.g. application of project cycle management or modern leadership methods)

It is recommended towards ADA to continue the project support as the project represents one of the few local contributions towards the development of Albanian civil society. Small adaptations could be made with regard to a better financial sustainability while commercializing the training seminars. Such a step would strengthen the own resources of the Women’s Centre and would lower the dependence of international support.

In summer 2004, the project has been evaluated by Dr. phil Caroline Milow, OCZE Advisor for Civil Society Development and Gender (present in Tirana). No new (or different) insight views have been gained in the frame of the ADA evaluation. The Women’s Centre followed nearly all recommendations made by Dr. Milow (e.g. elaboration of a log-frame with indicators, inclusion of men). In a kind of back-stopping procedure, Dr. Milow still accompanies the project as an external gender expert. The project has reached now a second phase while targeting female politicians at governmental level. This on-going project was not subject of the ADA evaluation.

1 METHODS

The evaluation mission was carried out in Albania from 7 July to 11 August. Different methods were used:

- Desk study of available documentation
- Interviews with project partners and participants of the training.

A first draft of this report was elaborated by Eriola Shingjergji (Tirana) and afterwards revised by KEK CDC Consultants. To simplify the reading process, a legible short version of the report has been edited by KEK CDC Consultants and added as annex to the overall report. The original report can be requested by KEK CDC Consultants.

2 BRIEF OVERVIEW OF PROJECTS

Project Name	Capacity building for women leaders in local government
Partner Austria /Implementing Agency	Horizont 3000
Local Partner / Actual Project Implementers	Center of Gender Alliance for Development (formerly known as Women's Centre)
Project Number	8000-00 / 2003
Duration of project	1 July 2003 – 30 June 2004
Target Group	<ul style="list-style-type: none"> • Albanian broad audience for Public Awareness Campaign. • 40 women from 10 Women Political Forums participants in the training session. • 16 women participants in the Study Visit in Vienna from 10 Women Political Forums.
Project Objectives	<ul style="list-style-type: none"> • Strengthening the role of women leaders in policy making structures. • Raising the awareness of women leaders to stimulate gender perspectives within the Albanian society and to increase their capacity to integrate gender issues into several institutions and community projects. • Building the capacity of women leaders elected into local and central government.
Project Budget	Total = 81,72252 Euros Horizont 3000 = 19.493,56 Euros
ADA Contribution	62.228,96 Euros

3 CONTEXT

Despite intensive efforts by the government and the civil society the situation and the social position of women in Albania has not changed significantly. There is an increasing gap between the rich and the poor, existing opportunities and benefits between men and women, and the rural and the urban sec-

tors of society. Gender inequality finds expression in the inadequately representation of women in leadership and decision – making structures, differences in employment opportunities and payment modalities, domestic violence, trafficking of women, and unequal access to educational and health facilities. Behind this stand traditional societal attitudes which aim at keeping women in a secondary place in society, and out of active public life and management.

In 1998, a new constitution was approved, which guarantees rights and defines duties according to modern standards. Nevertheless, one of the main gender concerns in Albania seems to be the correspondence between theory and practice with regards to access to employment, business, health and educational services. Despite important legislative processes to adapt, and ratification of international conventions, important reforms have not been fully realised.

Despite the ongoing efforts of democratisation the number of women represented in decision making is still low: Only 70 (3.5%) of the 1,949 candidates for mayor or chair of commune of the 384 local government units were women, and of these only 10 were elected. The main political parties also failed to implement quota provisions in their statutes guaranteeing 25 to 30 percent female candidacies in the 2003.

In the parliamentary elections of July 2005, only 12 women (8%) (with only 5 women elected directly) are elected members of parliament. In the direct candidates list only a total of 7.7% were women, and in the proportionate list only 8% were women.

Various efforts for gender equality focus on institutional capacity building activities (e.g. guidelines, checklists, action plans etc.). Emphasis is laid also on the elaboration of specific and practical strategies to empower women individually or collectively.

4 EVALUATION

4.1 Relevance

The project activities show high relevance rather on the individual level of the single beneficiary (participant) than on the overall societal level. The training led to an increased competence among women to cope better with the various demands and challenges within the professional life as a politician. Further, the participants of the trainings covered a broad spectrum of the political scene (altogether 10 parties). Therefore, it can be assumed that the project has a widespread effect in the sense that the participants are acting like multiplier within their respective parties.

Secondly, the working environment of the participants (institutions in which the trained women work or are actively involved) do also benefit from the enhanced skills of the women concerning modern change management (application of PCM, modern leadership methods etc).

Relevance on societal level seems to be rather limited. Especially nowadays, the public is overwhelmed with gender issues and its medial treatment. This provokes a kind of satiation rather than a promotion of fundamental change.

4.2 Efficiency

According to our experience, the use of the available funds corresponds with the usual expenditures of educational measurements within the technical cooperation. A precise benchmarking is not possible as the data is not available and projects can not be compared in detail.

Synergies were created while the Women's Centre closely collaborated with the *National Committee for Equal Opportunities* (established in 2001). The Committee works mainly on national level being

responsible for the implementation of governmental policies for equal opportunities. Among other tasks, the committee coordinates assistance programmes of international agencies that deal with gender issues. The *National Committee for Equal Opportunities* contributed to the initial phase of project design and planning. Furthermore, representatives were invited to participate as a guest speaker in the trainings.

4.3 Effectiveness

The long-term objective of the project aims at an improved participation rate of women in decision taking processes and, as a consequence, the strengthening of the capacities of women elected to central and local decision making structures. All project activities addressed the gender disparities in the Albanian society.

These project goals were achieved while having a clearly determined selection of beneficiaries. 40 women from 10 different parties were selected on the following criteria:

- They must be elected in the local government.
- They must be active in politics.
- They must be members of government staff.
- They must be possible candidates, even though they haven't been elected in October 2003 elections.
- They must be selected upon the geographic spreading. For parties with 4 representatives, at least 2 of them must be from other districts than Tirana. For parties with 3 representatives, at least 1 must be from another district.
- Throughout all the project duration the participants must be involved within local government.
- Selected participants must provide Curriculum Vitae.

The following activities have been successfully implemented:

- Public discussion of gender related issues at national TV (4 round tables)
- Publication of six articles on the issue "women participation in decision making processes" and dissemination to politicians
- Production of a toolkit for the trainings with selected material, eg translation and dissemination of the handbook *Campaigning to Win*
- Publication of a comparative analysis of European Women in Politics
- Publishing and dissemination of brochure *Woman and Decision Making* to women active in politics
- Carrying out of practical training courses for 40 female politicians in
 - *Advocacy and Lobbying*
 - *Gender and Development*
 - *Project Cycle from Idea to Implementation*
 - *Communication as a key for Human Development*
 - *Leadership and Modern Leader*

- Exchange visit for 16 female politicians in Vienna and Graz

All the activities were carried out as planned.

4.4. Impact

To assess the impact of the project activity, statements are also based on the findings of a previous evaluation carried out by the OSCE.³⁷

The training shows impact particularly on the individual level:

- The women who participated within the trainings acknowledged that they gained more knowledge, especially on gender issues, competing skills, lobbying and advocacy skills. The women stated also an increased self-confidence which enables them to participate stronger in political discussions and increased their readiness for taking over political tasks and positions.
- The participants considered the training as very valuable in their political campaigning and overall personal intellectual furthering. Several discussion partners stated to have used training material during their political campaign. The high quality of training resulted in the election of a participant as a prefect, another participant was appointed as deputy minister, and another participant received a parliament seat during the 2005 elections.
- All interviewed heads of women's forums and training participants stated the need of such qualitative and relevant training to be extended to their colleagues within the parties, especially in small town and rural areas where the gender discrimination is more prominent. The Center and its partner were considered to be very suitable for further training.
- The invitation of smaller parties to the training was assessed as a very democratic ingredient of the Project. It is very positive that women from different political parties, with diverse education background and coming from different Albanian regions participating in the training. The training sessions, group work and meals together contributed to creating an unexpected female solidarity by establishing / improving relationship among different political parties' representatives. Participants recognised the need for similar events since women still have problems in organising themselves, be it officially or unofficially.
- The training topics were practically - orientated, which made them useful for the everyday political work of the participants. Several discussion partners stated to have used training material during their political campaign. The publications created during the project were very good and considered to be useful. At continuous requests by women's political parties forums and other women organisation, The Centre had given out all the copies of every publication created during the Project.
- The awareness campaigns through TV were assessed with certain scepticism as round tables are "an overused tool" for discussing political issues and attract therefore only a very limited number of people.

³⁷ Evaluation report on the project *Capacity Building For Women Leaders in Local Government, Albania* by Dr. phil. Caroline Milow, Civil Society Development and Gender Advisor. Tirana, June 2004

4.5. Sustainability

The training met the actual needs of the participants and can be considered as tailor made. It can be assumed that those women who participated in the training seminars will make use of the knowledge to either strengthen their position or to achieve a certain position.

Within the project, there is the issue of institutional sustainability (of the Women's Centre). For the moment the dependence of external funding is relatively obvious. An internal process should be initiated to sort out future perspectives of the Women's Centre.

5 CONCLUSIONS

The project concept seems to adequately address the two main gender issues: To empower women directly and to contribute to a gender mainstream in certain areas of society. The main components combined training offers, public awareness events, documentation of specialist literature and the study visit to Austria was useful and appreciated by all stakeholders within the project.

The project contains the potential of creating a basis for own resources of the Women's Centre while partially commercialize the training seminars. Training seminars which aim at the practical strengthening of individual competences have a strong demand in Albania. In order to reduce the financial dependence of international support, ways of commercialisation of particular these seminars could be useful for the long term sustainability. Further, adult education is a sector in which people are most willing to spend money on. The Women's Centre could establish an own source of income.

6 RECOMMENDATIONS

The evaluators recommend to the Women's Centre

- to elaborate on the perspective of commercialization of training seminars while taking reasonable fees from the participants.
- to establish a set of self-evaluations in between to collect information about some impact aspects of the project activities.

The evaluators recommend to ADA

- to continue the support of such a programme focusing on important aspects within the development of the Albanian civil society..

Annex 3 / (6)

School Reconstruction in Albania*(Schulsanierungen)*

edited by KEK CDC Consultants

August 2005

EXECUTIVE SUMMARY

The project "School Reconstruction" is one of the oldest project activities of the Austrian Cooperation and is the result of the commitment of various private and governmental Austrian stakeholders towards Albania. The involvement of the Federal Chancellery started in 1995 after political assurance on highest political level. Purpose of the Austrian Cooperation was to make a visible contribution to the rehabilitation of national schools in Albania.

Since 1995, 14 primary schools in rural areas and in Tirana have been successfully rehabilitated or were newly constructed, ensuring regular schooling for about 4'000 pupils in remote and poor rural areas. Whereas the quality of the reconstruction work was rather low in the beginning of the project, a considerable improvement took place during phase 2 due to better monitoring.

The relevance of the project is considered to be high. It corresponds to the governmental Regional Educational Plans and represents clearly a direct improvement of the living situation in rural areas usually not in focus of relief assistance. Taking this into consideration, the activities contribute to the socio-economic development in Albania while ensuring access to educational services for those who are marginalized.

However, the project follows a selective technical approach which does not meet fully today's requirements for sustainability. It is recommended to promote a stronger involvement of community members to improve the maintenance of the buildings and to stipulate a sense of ownership by local self-management. Specifically, parents association could actively manage some small funds for various school activities.

ADA has already decided to phase of this engagement. Therefore, the recommendations are directed towards those actors which might continue the project (e.g. the Vorarlberger Landesregierung, CAFOD).

1 METHODS

The evaluation was carried out from 7th of July to 11th of August, 2005. Different methods were used:

- Desk study of available documentation
- Interviews with project partners and beneficiaries
- Transects of selected schools.

The following schools were evaluated:

- in Tirana: De Rada
- in Malesia e Madhe: Bridje, Gradec, Grabon, Goraj
- in Lushuja: Eskaj, Karavasta, Balaj, Mucaj

Due to the holidays, most schools were closed. Therefore, no technical check from inside could be done.

A first draft of this report was elaborated by Edlira Muedini (CIVET, Tirana) and afterwards revised by KEK CDC Consultants. To simplify the reading process, a legible short version of the report has been edited by KEK CDC Consultants and added as Annex to the overall report. The original report can be requested from KEK CDC Consultants.

2 BRIEF DESCRIPTION OF PROJECT

Overview

Project Name	Rehabilitation and Construction of School Buildings in Albania
Implementing Agency	CAFOD Albania
Local Partner	Ministry of Education and Sciences, Regional Education Directories
Project Number	Phase 1: 7310 Phase 2: 7415 Phase 3: 7536
Duration of project	Phase 1: 1995/96 Phase 2: 1997/98 Phase 3: 1998/99
Target Group	Rural Communes of Northern Albania
Project Objective	to contribute to adequate schooling within the rural areas to contribute to the prevention of further migration from land
Expected Results	Functional schooling facilities in selected villages
Project Budget	Phase 1: ATS 1'000'000.00 Phase 2: ATS 1'250'000.00 Phase 3: ATS 2'700'000.00
BKA Contribution	Phase 1: ATS 1'000'000.00 Phase 2: ATS 1'250'000.00 Phase 3: ATS 2'700'000.00

3 CONTEXT

During the early 90ties, the frustration and aggression of people against all signs of the former government did not make a stop when it came to public goods. Especially during that time, many school buildings were destructed and looted. It has been estimated that at least 5'330 school building have been burnt down or damaged in the first two years. Others just decided to usurp existing buildings to use them in other ways. Headmasters and school teachers just left in search of other jobs and better sources of incomes.

Those school buildings still in use were badly maintained, the construction and the equipment were below every standard. Especially affected were all school buildings in the remote rural areas. Numerous international private aid initiatives started support while funding the reconstruction of buildings the

refurbishment of schools. In 1996/97 the schools system experienced its second great shock in the course of the country-wide unrests and turmoil's. The overall damage of that time is estimate to be at least 35 million dollars.

Only since the period after 1998, some positive progress in developing the schools took place. However, until today the Albanian government is not able to upkeep the support and the maintenance of school facilities. Many of the schools – especially in rural areas – are in critical state. As neither the central government nor the municipalities can secure all the financial requirements, the main input is based on external assistance.

Improvements in the system of compulsory education have become an important issue and is today on the top of the priority list of the regional stakeholders (local government and communities, business, teachers, etc.). Activities in this area are perceived as leverage for poverty reduction and modernisation.

The school drop out rate within the northern areas is comparatively high. Main reason is emigration of young family members in order to secure living expenses for the whole family through remittances. Also, children have to participate within the family economy (working in the fields, on the market or taking care of the livestock). The traditional attitude towards girl education is still prevailing while restricting their "radius" to the inner family circle. The existing poverty and the restricted future perspective is a potential ground for trafficking.

4 EVALUATION

4.1 Relevance

The project activities are highly relevant for those directly involved: the selected communities with its community members. As neither the community nor the government can ensure a regular schooling out of own resources, the Austrian contribution is of fundamental importance for enabling the targeted communities in their own development while helping to establish this basic educational services.

Also on national level, the rehabilitation of schools is of high priority and a pre-requisite for any further socio-economic development of the country. Lack of access to and low quality of educational services especially in rural areas is among the main indicators of poverty in Albania. As the schools have been selected according to the Regional Development Plan, the rehabilitation is an important contribution to the development in usually neglected areas.

4.2 Efficiency

Cost efficiency

Based on the available building plans for the re-/construction of the targeted schools and the related cost estimates, the expenditures correspond with a balanced input/output and are appropriate to local market conditions. Generally, the project is based on rather low material costs. Further, in rural areas the labour services have been provided by the targeted communities as own contribution.

At project start, certain problems occurred with quality of the raw material and the pricing of the involved companies. A reason can be found in the rather low developed construction business within the mid 90ies. Professionalism within the construction business took place after the "construction boom" in 1998 with a quality increase in the provided labour service and material.

Project Management & Steering

The project is designed within the tripartite agreement. Parties of the contracts are the Albanian Ministry of Education and Science (MES) as the recipient of the subsidy. Local Implementing partner is

CAFOD Albania, a catholic based NGO. The specific construction work is done by private local companies which are subcontracted after a tendering process for each project. The main donators are the Federal Chancellery and the Regional Government of Vorarlberg which holds also the overall responsibility of the monitoring and controlling.

This project set-up has been appropriate for a flexible and timely project implementation.

4.3 Effectiveness

During the project period the following schools benefited of the support:

School	Phase I	Phase II	Phase III	Figures Beneficiaries
<u>Tirana and surroundings:</u> De Rada	Rehabilitation of sanitary facilities	Installation of water pump		1'050 pupils
26. Nentori-School	Roofing, Rehabilitation of sanitary facilities	Doors, water supply improvements		726 pupils
Primary school Zall-dajt	Partly reconstruction of building	Water connection Included		n/a (10 classes)
Mamurras	Rebuilding and Reconstruction	Gymnasium, enclosures (wall)		n/a (44 classes)
Malesia e Madhe: Brigje	New construction of school building	Toilets, fencing		n/a (1 class)
Budish	New construction of school building	Fencing		40 pupils
Goraj	New construction of school building	Fencing		40 pupils
Gradec		Extension building		80 pupils
Dobre		New construction		70 pupils
Grabom		New construction		n/a (2 classes)
Lushnja: Balaj	New construction of school building	Fencing		72 pupils
Mucias	New construction of school building	Fencing		80 pupils
Eskaj		New construction		100 pupils
Kadiaj		New construction		150 pupils
<u>Skodra & Mirdita:</u> Golem			Renovation	n/a
Kartund Vjeter/ Mirdita			Renovation	n/a (9 classes)
Bardhaj & Arrez / Mirdita			Renovation	ca. 1'500 pupils

It is assumed that around 4'000 pupils have benefited from the project activities since 1995.

All schools visited during the evaluation mission were in reasonable and partially good condition. Some schools had broken glasses or the furniture, doors or fences have to be renewed. The schools in or close to Tirana experience a better maintenance than the schools in the far north. This is partially due to additional support of other donors.

4.4. Impact

The project has considerably contributed to the ensuring of schooling on primary system level. Often, the activities were the only one implemented in these partially very remote rural and mountainous areas. The community members experience the project as a real change in their living conditions and show their appreciation.

The activities have great impact on the specific area while ensuring schooling for the moment. There is no impact on the educational system level recognizable.

4.5. Sustainability

The project provides good synergies between various (Austrian) donors on private and governmental level. However, to reach sustainability local engagement and/or funds are needed. For the moment, the municipalities are not in the position to secure the running and maintenance costs of the school facilities.

The fact that phase II involved extension and/or supplementary work to phase I confirms that the communities are not able to guarantee the maintenance on their own. There are no efforts from the communities to actively search for further support beside the given support from Austria. The cooperation with the Regional Educational Directories is limited to a stock taking of the deficit situation and the regional coordination of external Technical Assistance. The role of CAFOD Albania is restricted towards a "service deliverer" for the communities.

THEREFORE, THE PROJECT BEARS A HIGH RISK OF HAVING A RELAPSE INTO OLD CONDITIONS AS SOON AS THE IMPLEMENTING PARTNER PHASES OUT AND THE MONITORING/CONTROLLING MISSIONS STOP. EXPERIENCES FROM THE DEVELOPMENT SECTOR SHOW THAT A DIFFERENCE CAN BE MADE WITH A STRONGER INVOLVEMENT OF THE RESPECTIVE COMMUNITIES. IN MOST CASES THIS PROCESS IS STIPULATED BY NGOs WHO COME AS AN OUTSIDER TO WORK ON THE "SOFT" COMPONENTS OF THE PROJECT IMPLEMENTATION (INCREASING THE SENSE OF OWNERSHIP, VOLUNTARY WORK OF PARENTS ASSOCIATIONS, SOCIAL ACTIVITIES FOR FAMILIES, SMALL ACTIVITIES TO BRIGHTEN UP THE SCHOOL BUILDING(S) LIKE WALL PAINTINGS, PLANTING OF SOME FLOWERS AND SIMILAR). THE FOCUS LAYS ON AN ENHANCED PARTICIPATION ON COMMUNITY MEMBERS WITHIN THE IMPLEMENTATION BUT ALSO ONGOING PROCESSES OF THE PROJECT.

5 CONCLUSIONS

The project recognizes the importance of focusing on education on post-disaster situations. Education, though oftentimes neglected in relief and recovery efforts, is vital to the social and economic integration of future generations. The project has started in a time when Humanitarian Relief with Technical Assistance (TA) was most appropriate to cover the existing needs and local demands. Further, these activities have successfully mobilized external private and governmental support.

However, the project design is rather limited to this form of TA only. By doing this, it promotes and maintains the beneficiary mentality rather than to stimulate potential own resources within the community/region/country or to pave the way for other forms of solutions. Projects developed to restore educational services in conflict-ridden areas involve a wide-range of activities including rebuilding and rehabilitating damaged schools, constructing new schools, teacher training programmes, providing books and classroom furniture to under – resourced schools, and – where possible – establishing parents associations to create self-managed activities.

Today there is a shift in donor support while giving more priority towards the involvement of local structures. The project might benefit to a considerable degree while leaving the assistance approach

in favour of a combined TA with strong capacity-building components on local (community/regional) level.

6 RECOMMENDATIONS

If further project contributions are considered, the following aspects should be taken into consideration:

- The project design should be adapted to existing standards of community-involvement.
- The local NGO CAFOD should newly assess the current project sites (phase 2 and 3) while focusing on those project components which enhance participation of the community. Capacity-building components could be integrated on level of parents association. The set-up of a small grants fund – managed by the parents association – could be one option among others for school improvement.

ANNEX 4**Characteristics of Programme Evaluation**

Dimension/Level	Project Evaluation	Programme Evaluation
Period	Focus on short – term / middle – term objectives	Focus on long – term objectives
Objectives	Focus on efficiency, effectiveness, outputs	Focus on sustainability, structural impact, outcomes
Strategy	less complex	normative and strategic alignment is an distinguishing feature of a programme
Link to politics	no central issue	significant issue
Accountability	towards at least two partners (donor, project partner)	usually towards a large number of partners
Main audience	Sector / Implementing Agencies	Management / Politics
Coherence / Consistence	No central issue	Central issue
Method	Measuring of achievements of targets Qualitative and quantitative methods	Interpretative, diagnostically, qualitative methods

Source: Own English compilation based on "SEVAL Arbeitsgruppe EZA, Thesenpapier zu Programm-Evaluationen" Pierre Walther et. al. January 2005