



Operational/Financial Annual Report

For the period
1st of April 2019 – 31st of March 2020

Tirana, June 2020

Regional Development Programme Albania



**REGIONAL
DEVELOPMENT
PROGRAMME
ALBANIA**

Programme of:



Implemented by:



Operational/Financial Progress Report - Contract No. 81059522

Contractor/ applicant:

Name: ECORYS Nederland B.V.
Address: Watermansweg, 44 3067 GG Rotterdam The Netherlands
T +31 (0)10 453 88 00 F +31 (0)10 453 07 68 E netherlands@ECORYS.com
Contact person for the action: Carl Heller, Team Leader

Programme title:

Regional Development Programme Albania (RDPA)

Reporting period:

Reporting period: 1st of April 2019 – 31st of March 2020	
Due date: 30th June 2020	Report submitted on (date): 30th of June 2020
Planned programme duration: 1st of April 2019 – 31st of April 2023	

Table of Contents

List of Abbreviations	5
Project synopsis	6
1. Executive summary of the programme progress.....	8
2. Background Information	13
2.1 Context	13
2.2 Assumptions and Risks	15
2.3 Target Group, Beneficiaries and Local Project Partners	19
2.4 Indirect partners/target partners	20
2.5 Approach	21
2.6 Crosscutting policies to be applied during programme implementation	22
3. Results per outcome.....	26
4. Programme Management and internal monitoring	34
4.1 Set up of the Programme office.....	34
4.2 Programme organisation	34
4.3 Internal monitoring of the programme	36
5. Finances	37
5.1 Budget expenditure	37
5.2 Efficiency	39
6. Challenges encountered during the implementation	40
7. Conclusions and recommendations	42
8. Activities' plan for the upcoming implementation period	42
Annexes of the Annual Progress Report	43
Table 1: Assumptions and risks	16
Table 2: Experts' Man days spent for the period 1 st of April 2019- 31 st of March 2020	35
Table 3: Budget summary (in CHF).....	37
Table 4: Budget summary (in %)	38
Table 5: Updated forecast for the second year (April 2020-March 2021)	40
Figure 1: Proposed institutional set-up and functions	10
Figure 2: RDPA Project Management and Steering Structure	34
Figure 3: RDPA Foundation – Organisational Chart	35
Figure 4: Actual spending of budget funds related to budget positions of total budget	38
Figure 5: Actual spending of budget funds related to budget positions in percentage of total budget	39

List of Abbreviations

ADA	Austrian Development Agency
ADF	Albanian Development Fund
AMA	Albania Association of Municipalities
AWP	Annual Work Plan
CA	Contracting Authority
CB	Capacity building
CHF	Swiss Francs
CoM	Council of Ministers
DCM	Decision of the Council of Ministers
EU	European Union
GoA	Government of Albania
INSTAT	Albanian Institute of Statistics
IPA	EU Instrument for Pre-Accession, IPA II 2014-2020
IPS	Integrated Planning System
JMB	Joint Management Board
LGU	Local Government Unit
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoUD	Ministry of Urban Development
NARD	National Agency for Regional Development
NPRDC	National Plan for Regional Development and Cohesion
NGO	Non-Government Organisation
NSDI	National Strategy for Development and Integration
NSDI II	National Strategy for Development and Integration 2015-2020
NFRD	National Framework for Regional Development
NUTS	Nomenclature des Unités Territoriales Statistiques
NPB	National Partnership Board for Development
OPFDR	Operational Programme for Financing Development of Regions
PMO	Prime Minister Office
ProDoc	Programme Document
PSC	Programme Steering Committee
RD	Regional Development
RDA	Regional Development Agency
RDF	Regional Development Fund
RPB	Regional Partnership Board
SDC	Swiss Agency for Development and Cooperation
TA	Technical assistance
TNA	Training Needs Analysis
ToR	Terms of Reference
UNDP	United Nations Development Programme

Project synopsis

PROGRAMME TITLE	REGIONAL DEVELOPMENT PROGRAMME ALBANIA
Country	Albania
SDC domain	Democratic Governance Domain
Programme description	<p>The Regional Development reform in Albania has kick started its implementation at central and regional level. Capacities for successfully implementing the reform are to be further strengthened and the appointed institution needs comprehensive support to take over the implementation of the reform at central and regional level and, significantly contribute to the developing of the four regions.</p> <p>The first component of the programme tackles the successful implementation of NFRD through advancing of Regional Development planning and programming cycle, at national and regional level. Coordination mechanism, monitoring and evaluation tools have to be further developed and implemented in order to avoid inconsistencies in the application of the Regional Development Policy by the appointed institutions. The support to this reform is continued based on the backdrop and change of institutional context during the previous phase of the Programme (III). Furthermore, based on actual results and expectations, more efforts will be focused on enhancing the institutional capacities of National Body and Regional Development Units to ensure a solid management of RD Policy and to use the already initiated Planning process for the implementation of the Operational Programme.</p> <p>The second component of the Programme is related to the strengthening of RD Structures by ensuring a strategic use of increased funds based on the Partnership approach. Based on the results of RDPA III, the programme will further assist the overall implementation of the NFRD and the strengthening of Regional Development Institutions to fully implement the RD reform. The application of the partnership approach will largely involve interested actors in the direct implementation of the RD policy and support the four Regional Development Units to successfully develop community- level projects, based on local needs and potentials.</p> <p>The third component of the programme is related to the implementation of the Regional Grant Scheme of RDPA which follows the existing grant mechanism and procedures according to EU rules and standards, set – up and implemented as a pilot scheme during April- December 2018. This component addresses mainly the National, Regional and Local Institutions involved in Regional Development. The RDPA pilot regional grant scheme was based on two assumptions: i) design and implementation of grant schemes as far as possible compliant with EU rules and procedures, and ii) widening the number of actors involved in the implementation of grant schemes shall provide a valuable capacity building opportunity contributing to preparations for EU membership at all levels of the administration, including deconcentrated and decentralised levels. The above two assumptions are fully acknowledged also for the preparation of the second and third RDPA grant schemes. The scheme shall be supported by a capacity building component aiming to improve the quality of projects preparation through due-diligence techniques for assessment of consultancy outputs.</p>

Programme objectives	Overall goal (impact): Disparities in Albania are reduced by supporting the development of regions, which advance their potentials and provide better social and economic conditions for their citizens.
Outcomes	<p>Outcome 1: The central government successfully defines, coordinates and implements the institutional and legal framework for Regional Development;</p> <p>Outcome 2: The ADF as managing authority and other competent institutions and bodies for regional development prepare and approve the programming frame for regional development and make effective and strategic use of increasing funds for the development of regions through a partnership approach;</p> <p>Outcome 3: The socio-economic conditions for Albanian citizens are improved through the implementation of Regional Development projects reflecting regional needs and priorities.</p>
Outputs	<p>Output 1.1: Central government institution coordinates, plans, monitors and evaluates Regional Development Policy application (NFRD planning and implementation);</p> <p>Output 1.2: Central government institution coordinates and implements Regional Policy through a transparent and needs-oriented financing mechanism;</p> <p>Output 1.3: Development of monitoring system is adapted to the institutional conditions through design of tools for improving resource management for regional development;</p> <p>Output 1.4: Regional Identity - coherent and plausible futures scenarios examine potential development outcomes under assumptions of differing pathways of socio-economic development;</p> <p>Output 1.5: International exposure of Regional Development of Albania;</p> <p>Output 2.1: In its Managing Authority capacity, ADF prepares the Operational Programme for Regional Development;</p> <p>Output 2.2: ADF as Managing Authority establishes a management and control system to deliver the Operational Programme for Regional Development that is compliant with all applicable regulations and international good practice;</p> <p>Output 2.3: ADF is supported to implement the Operational Programme for Regional Development;</p> <p>Output 2.4: Support the ADF Regional Development Units to identify and develop community-level development projects and actions and enhance the capacity of beneficiaries/municipalities for identification and preparation of projects;</p> <p>Output 2.5: Support for building regional and national capacities to produce and communicate appropriate strategies for progressive regional development implementation at regional and local level;</p> <p>Output 3.1: Grant schemes are designed and implemented, based on the approved management and control system;</p> <p>Output 3.2: Project development capabilities strengthened at national and local level;</p> <p>Output 3.3: Grant management capabilities strengthened;</p> <p>Output 3.4: Communication and visibility of RDPA regional grant schemes.</p>
Duration	01.04.2019 – 30.03.2023 (48 months)
Overall Budget	CHF 7.575.000,00 CHF
Implementing agency	ECORYS NL
Direct beneficiaries	Prime Minister's Office – Deputy Prime-Minister Albanian Development Fund (ADF)

1. Executive summary of the programme progress

This report gives an overview of the activities, outputs and results achieved during the programme implementation period from 1st April 2019 until 31st of March 2020.

The progress of outcomes and the implementation of activities, according to the Programme Document work plan are summarised and commented in the following chapters and respective annexes.

The implementation of phase 4 of RDPA, considering the annual period 1st of April 2019 - 31st of March 2020, started progressively by organizing technical institutional meetings with the representatives of the official counterparts of the Programme, Albanian Development Fund and Deputy Prime Minister's Office. The purpose of the joint meetings was to set up an agreed work plan and timeframe which would allow for the main processes related to the RD reform to advance significantly.

Considering that phase IV is the uninterrupted continuation of RDPA phase III, the milestones of the first annual work plan, were in fact the progress and finalisation of deliverables already started during phase III such as: advancement of legal framework on RD, preparation and finalisation of planning and programming documents, support to ADF capacities through the set-up of management and control system and preparation of the RD grant scheme based on lessons learnt by the first pilot grant scheme, thus ensuring sustainability of the project's results.

To this end, during of the first year of RDPA phase IV, project activities were mainly dedicated to the final preparation and consultation of the legal package which includes the final version of the draft law on Regional Development and Cohesion together with the Regulatory Impact Assessment (RIA), the institutional set-up and draft bylaws that will support the implementation of the "*soon-to-be-approved*" draft law; the preparation and conduction of a baseline assessment on ADF capacities in order to draw-up a well-defined plan for the implementation of the "Management and control system" exercise as the basis for execution of future Managing Authority functions for implementation of Regional Policy; the finalisation and internal consultation of the National Strategy and Plan for Regional Development and Cohesion which will be considered as main backdrop and guidance for establishing the Operational Programme for Regional Development and Cohesion; and, last but not least, the preparation and adaptation of the Grant Scheme in the based on lessons learnt and recommendations issued by the previous implementation of the pilot RD grant scheme, successfully implemented.

The first year of RDPA Phase IV implementation was characterized by prioritisation of outcome 1 over the other two outcomes due to the counterpart's high demand to focus and bring forward the approval of the legal framework on Regional Development. Nevertheless, a clear line of work was delineated between RDPA experts and ADF staff in order to better organise the work for ensuring the balanced progress of all three outcomes of the project, in order to avoid significant backlog of activities. In fact encountered delays, due to various reasons, are recoverable within an acceptable timeline.

During the period 1st of April 2019 - 31st of March 2020, beyond any realistic assumption and calculated risk, RDPA's project activities were significantly slowed down because of the occurrence of two consecutive national natural disasters such as the earthquake of 26th November 2019 and the Covid 19 pandemic of March 2020. Due to these unexpected situations, the joint work team (RDPA and ADF) had to continuously readapt the work plan in terms of time and content.

Despite encountered difficulties, the main project activities were brought forward significantly.

Since the beginning of phase 4 of RDPA, a final package of documents was required together with a checklist of activities and respective outputs delivered under phase 3. The delivered documents, together with the checklist were subject to several technical meetings with the official counterparts in order to jointly agree on the final versions of the key outputs which had to be further approved by the Project Steering Committee.

On 10th of August 2019, the Project Steering Committee was held with the participation of the four members: Ms. Elda Bajraktari as representative of the Deputy Prime Minister's Office, Ms. Chantal Nicod as representative of the Swiss Embassy (SDC) and Ms. Simone Ungersböck as representative of ADA. Mr. Dritan Agolli as representative of the Albanian Development Fund. During the meeting the final outputs prepared and delivered under phase 3 were officially approved and members agreed to use such set of documents as key basis for the continuation of the work planned to be delivered under phase 4 in order to ensure sustainability and continuity of already started processes. Minutes, presentations and other documents are attached to this report in Annex 1.

As decided in the Steering Committee, during the first year of RDPA IV, main outputs such as legal framework and planning documents were revised, consulted and finalised in close collaboration with the Albanian Development Fund. By February 2020, the outputs were ready to be shared and consulted at larger scale, meaning at regional and national level. These processes are deemed as crucial for the unlocking of most of the planned activities in regards to defining, coordinating and implementing the institutional and legal framework for Regional Development.

In regards to the rest of outputs started during the first year of phase IV implementation such as baseline assessment on ADF capacities for setting the Management and Control System as well as the first grant scheme, preparatory work and technical meetings have been held in close collaboration with ADF staff, preparing the ground for immediate implementation.

Both, the official counterparts, ADF and the Deputy Prime Minister's Office, and RDPA team of experts, have encountered many unforeseen challenges which have slightly altered the agreed work plan, defined milestones and respective timeline. Despite those difficulties, all relevant working processes have progressed paving the way to:

- The consultation and institutional approval of the legal framework (Draft law on RD and bylaws) and institutional set-up;
- The consultation and approval of the final planning documents;
- The preparation and consultation of the first Operational Programme;
- The implementation of the Management and Control System within ADF;
- The implementation of an adapted second Grant scheme as a specific Post Disaster Recovery Grant Scheme.

These core working processes which contain many other planned intertwined activities ensure the sustainability of the project results and the efficiency of collaboration with the official counterparts.

Given the relevance of the RD reform, during the reporting period a clear and reinforced engagement by the institutional counterpart to deliver the Regional Development reform has been noticed. The commitment has been officialised by the signature of the bilateral agreement between the Confederation of Switzerland and the Council of Ministers of the Republic of Albania on 30th of April 2020, covering the whole Phase IV programme. The approval of this agreement by the parliament is still pending at the moment of providing this report.

Summary for Outcome 1

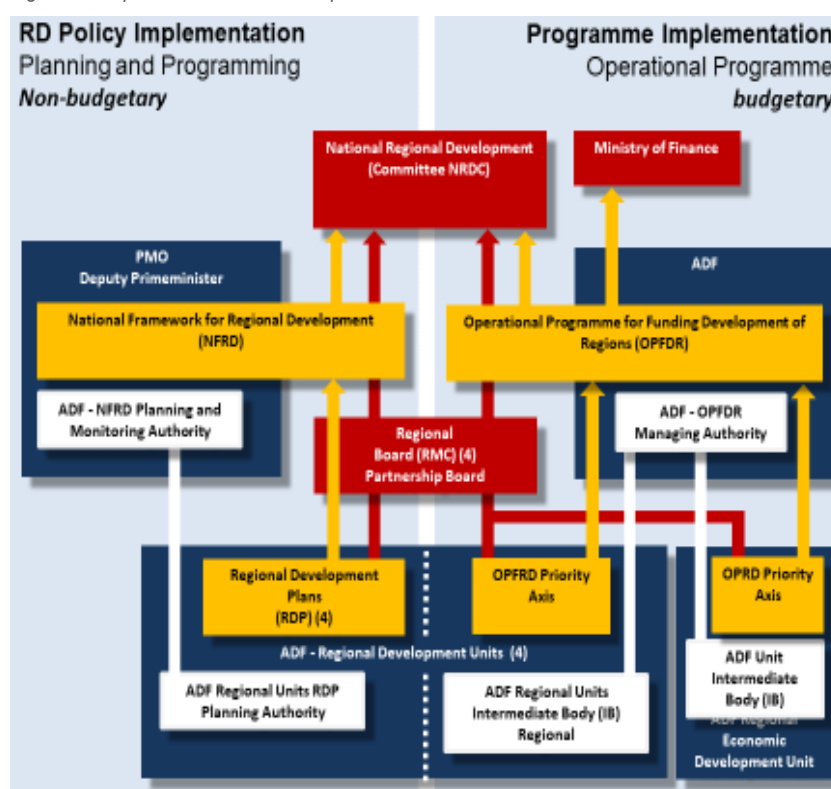
For outcome 1 - on the national level - the support to the reform on regional development is continued based on the results of the phase III of the Programme and is primarily addressed to the central government represented by the Deputy Prime Minister's Office, Albanian Development Fund and its Regional Development Units. It tackles the successful implementation and strengthening of institutional and legal framework of RD, coordination, planning, programming, monitoring and evaluation of the RD policy application. The support to this reform is continued based on the backdrop and outcomes of the previous phase of the Programme, such as the preparation of legal and institutional framework, draft law on "Regional Development and Cohesion", National Plan for Regional Development and Cohesion and the four Regional Development Plans. In addition, RD policy implementation will be closely accompanied by institutional capacity building, mechanisms and tools which shall guarantee efficient management of all resources in place for the RD reform advancement.

Based on the agreed milestones to achieve outcome 1, during the reporting period 1st of April 2019 – 31st of March 2020, positive progress has been made in preparing and finalising the legal framework and institutional set-up. Technical meetings, several workshops and continuous discussion have brought up a final version of the draft law on Regional Development and Cohesion, together with the respective by laws which complement and fill in and establish the main concepts and institutions briefly mentioned in the law.

Two versions of the draft law on Regional Development were considered by the joint team of experts. Thorough legal and institutional analysis were presented by RDPA experts on both versions and ameliorations were provided based on counterpart's suggestions and requests. On September 2019, based on the requests of the Albanian Development Fund, version 2 of the draft law prevailed as a structure, providing a more general legal framework and main principles of RD while leaving certain details to be further discussed and decided in following bylaws and Decisions of Council of Ministers.

As presented in figure 1, the institutional set-up and functions are mentioned in the draft law, giving a complete delineation of all institutions involved directly in the RD reform. On 6 March 2020, the final version of the draft law was published on the electronic public consultation platform as well as shared with the interested line Ministries for comments and feedback. The consultation process at central level was coordinated by the office of the Deputy Prime Minister, whereas later on, the consultation process at regional and local level was managed by the Albanian Development Fund.

Figure 1: Proposed institutional set-up and functions



Another important core process which has been discussed and brought forward is the structure of the planning documents and their consultation process at national and regional level. As agreed with the Albanian Development Fund, the planning documents, which were approved during phase 3 of the Programme, will be re-structured in one National Plan for Regional Development and Cohesion and 4 Regional Plans providing guidance for the future Operational Programme for Regional Development. Considering this final structure, consultations will be conducted specifically in order to provide per each of these relevant documents ownership and support by all actors involved in the process.

To this end, the planning documents will be consulted at national level, as such their endorsement will be provided by the National Committee for Regional Development (as foreseen in the draft law) and finally approved by the Government of Albania by Decision of Council of Ministers. The Regional Development Plans will be consulted at regional level, therefore, the endorsement of the RDPs is expected to be provided by the Regional Boards and approved by the Government of Albania by DCM, soon to be set up in compliance with the law. The consultation process has been postponed as it is based on the condition that the Law on Regional Development is approved, creating the legal and institutional basis for the further establishment of the planning and programming documents.

Summary for Outcome 2

The RDPA programme supports ADF as designated Managing Authority for implementation of Regional Development Policy and other competent institutions and bodies for regional development for preparing and approving the programming frame for regional development and making effective and strategic use of increasing funds for the development of regions through a partnership approach.

During April 2019 - March 2020, outcome 2 has progressed as planned in the work plan and programme document. Significant preparative work has been delivered towards two key working processes: *Preparation of the Operational Programme background and Establishment of the Management and Control System for ADF.*

In this regard, terms of reference for the preparation of 4 background studies which will be further finalised until June 2020, have been completed. These background studies will support and contribute to the preparation of the three first sections of the OP document, namely: Section 1- programming structure/work plan, section 2- programme context; section 3- programme objectives. The OP preparation will be also supported by the revised planning documents (National Plan for Regional Development and Cohesion and the Regional Plans) which have been re-structured and revised according to ADF's feedback and request.

Furthermore, in the frame of outcome 2, during the reporting period, ADF was subject to a thorough and detailed assessment on management and control which defined the gaps and needs the institution should fulfil to establish a Management and Control System in order become an *entrusted Managing Authority (entrusted with budget implementation tasks)*. To this end, specific terms of reference for the assessment were prepared, ADF documents were consulted, interviews and technical meetings were held with many ADF employees. The main findings of the assessment were further presented in a meeting and a final report was delivered to the beneficiary.

The Internal Control System (ICS) assessment of the Albanian Development Fund aimed to identify gaps vis-à-vis of internationally accepted standards and best practices in indirect management of funds, and applicable EU requirements for Internal Control Framework as set for EU funds management.

The scope of the assessment was the compliance of ADF rules and procedures related to (1) internal control system; (2) accounting system; (3) independent external audit, as well as rules and procedures for: (4) providing financing from EU funds through grants; (5) procurement; (6) publication of information on recipients; (7) protection of personal data.

Based on the assessment it could be concluded that ADF institutional and operations framework as such designed and implemented ensures the basis ADF arrangements for internal control, accounting, audit and procurement for national and donors' funds currently managed by ADF. However, there are gaps identified and clearly stated vis-à-vis majority of the requirements for pillar assessment. 35 recommendations are provided, of which: 14 major, 20 intermediate and 1 minor.

Based on the results and recommendations, a detailed follow-up common work plan with specific tasks has been finalised and is due to be implemented during April - October 2020.

Summary of Outcome 3

RDPA programme supports Regional Development Institutions to improve the socio-economic conditions for Albanian citizens through the implementation of Regional Development projects reflecting regional needs and priorities.

Since phase 4 is considered a follow-up continuation of phase 3, the first three months of phase 4, April - June 2019 were dedicated to inauguration events of the projects financed under the RDPA Pilot Regional Grant Scheme. Considering the limited time Municipalities had for the implementation of the projects, for most of them was not possible to arrange and organize the final events within March 2019. Consequently and in coordination with the Donor's for the participation of Swiss and Austrian Ambassadors, in April 2019 6 final events were organized in Mirdite, Diber, Shijak, Tirane, Librazhd, Kucove; 6 other final events were organised in May 2019, in Shkoder, Tropoje, Ura Vajgurore, Kelcyre, Patos and Vlore and one final event was organised in Durres in June 2019.

In parallel to the organisation of the final events, closing final reporting on the closure of grant contracts was also successfully delivered in collaboration with all 16 Municipalities which were awarded a grant.

With regard to the planned activities for the grant schemes foreseen to be implemented within the third outcome, the concept of the first grant scheme has changed in support to the recovery for the areas of Region 1 and 2 affected by the earthquakes of 26 November 2019, that caused major damages to at least 11 of the countries' 61 municipalities: Shijak, Durrës, Krujë, Tirana, Kamëz, Vora, Kavajë, Rrogozhina, Kurbin, Mirdita and Lezhë.

The preparation of the RDPA recovery grant scheme was required by Swiss and Austrian Embassy and SDC and ADA respectively to respond to and address at local government level in the aftermaths of the November earthquake and aims at improving the quality of recovery, emphasizing equity and inclusion, and promoting risk reduction. To this end a detailed concept note for this second grant scheme was drafted by end of March addressing the main issues.

Although the purpose of the grant scheme differs from the planned one, the proposed mechanism and implementation methodology are drafted mirroring EU rules and principles in regard to RD funds management. The proposed RDPA grant scheme mechanism intends to transfer funds to the Grant Beneficiaries (e.g. Municipalities) for these latter to conduct procurement of the services and/or works under ex-ante and ex-post control of both RDPA and ADF. This is grounded on the need of improving administrative capacity of both ADF and Beneficiaries (local authorities) for management of grant contracts. This approach shall allow the full enforcement of the partnership and subsidiarity principles that are at the core of EU cohesion policy.

2. Background Information

2.1 Context

During the previous political mandate, June 2013 - June 2017, the Government of Albania (GoA) undertook several ambitious reforms to address the efficiency of decentralisation and the re-organisation of the territory following up by a new model of development based on the local needs and potentials of functional areas of Albania.

One of the main reforms was the Territorial and Administrative Reform (TAR) for the first level of government, the first administrative territorial reform within decades. The reform aimed at tackling the inefficient and highly fragmented territorial and administrative division of the country. Furthermore, the reform addressed also the asymmetrical economic development of the country, which during the last two decades attracted a massive demographic movement towards the most developed west lowlands and the main urban centres, which at the same time saw a depopulation of many small administrative units¹.

The reform was formally adopted in 2014, reducing the number of municipalities/communes from 373 to 61 municipalities. The Government also approved a Decentralization Strategy and has revised different laws that subsequently increased the autonomy of Local Government Units (LGUs) by delegating more functions and potentially more funds to the newly created municipalities and by strengthening their role.

Following up the enormous structural and functional change, the Government initiated another major reform that focused on Regional development (RD) and refers mainly to regions within Albania, as well as potentially functional areas around the borders with neighbouring countries. Regional Development aimed at supporting regions in overcoming structural deficiencies and in developing their comparative advantages to be able to reduce poverty and improve the living conditions of people. The finalization of the territorial and administrative reform shed light to the imminent need of developing also a socio-economic cohesion (regional development) policy.

In 2013 the new Government Programme defined regionalization and regional reform as national objectives, which were advanced through the Territorial Administrative Reform (TAR 2014), and the Decentralization Strategy. The GoA recognized the need for horizontal coordination of both sectorial policies and investments. It explored options to reform institutional mechanisms that could play this role, and could coordinate developments and investments in the physical territory. In the process, it identified severe capacity and resource gaps at the policymaking level related to RD, and low absorption capacities with respect to donor funding.

On a positive note, the GoA since 2015 has given new impetus to regional development policy developing a Regional Management Mechanism (RMM), which intends to increase the effectiveness of public investment for economic and social development, as well as to provide predictable and sustainable financing to development projects of municipalities and regions. It establishes partnerships with diverse stakeholders and intends to align the RD policy of Albania to EU regional policy (EU Cohesion Policy). The objectives are also to fully use the potentials of all territories and all available resources, including EU pre-accession and post-accession funds. While the broad lines have been elaborated, the policy requires intensive support to transform it into practice at national and subnational level. Within the RMM

¹ STAR Project "Support to the territorial and administrative reform in Albania", 2014, UNDP Albania

framework, 4 development regions were designated, and new institutional structures were established, namely: National Agency for Regional Development (NARD) and 4 Regional Development Agencies (RDA), and a Regional Economic Development Agency (RED). The RMM is implementable through an array of legal, financing and programming instruments, which have been drafted during the RDP bridging phase, and have yet but have not been to be broadly discussed, and later and agreed by consensus.

National Elections which took place on June 25th 2017 determined a different political context and paved the way to the forming of a new government. The first decisions on the new structure of the government were taken only in August 2017, as a consequence a number of Ministries were removed, diminishing the number of line Ministries and re-distributing the portfolios and functions among the remaining ones. The institutional reorganisation created a vacuum in regards to the RDPA official counterpart, the Ministry of Urban Development, since it was incorporated within the Ministry of Transport and Energy.

One of the removed Ministries was the Ministry of Urban Development, which was also the main institutional counterpart of the Regional Development Programme Albania, creating a vacuum and an institutional limbo which have not been solved yet by the Government. At current state, it is still to be defined the role Regional Development will have at institutional level, which will be the new counterpart to the Regional Development Programme Albania and what approach the government will adopt to advance the aforementioned reform.

Until June 2018, DDGG from the Prime Minister's Office was the main institutional contact point at central level which acted at the same time as counterpart of the Programme and Coordinator of the four Regional Development Agencies.

On 18th of July 2018 a new DCM was approved by the Council of Ministers affirming that NARD, REDA and RDAs had to be integrated within the structure of Albanian Development Fund, thus transferring all functions. No further specification was given on the modalities of RDAs functions and role under the new national body which is currently revising its structure and work division.

At present, the official institutional counterparts of the RDPA Programme are Deputy Prime Minister's Office which represents the leading institution in Regional Development policy making and legal framework process and the Albanian Development Fund which will be directly involved in implementing and delivering the activities and obligations deriving by the policy direction and legal framework. The collaboration between RDPA and official counterparts is to be officialised by an Agreement ²between The Council of Ministers of the Republic of Albania represented by Deputy Prime Minister and The Swiss Confederation represented by the Swiss Agency for Development and Cooperation, within 30th of April 2020, covering the whole programme period April 2019 - March 2023.

The institutional collaboration is in place and consolidated through a joint work plan which has been shared and agreed by all counterparts. Based on this document core processes of the RD reform are being implemented as the Government of Albania has reiterated its high interest for having a successful reform on Regional Development. Despite challenges accentuated by the latest natural disasters and emergency situation which will be extended beyond March 2020, all counterparts of the project have adapted to the situation, based on the resilience principle and have proposed to adapt as much as possible the project and foreseen activities to the needs of affected areas, always considering the RD dimension as a territorial scope.

² At the moment of providing this report the final approval of the agreement by the parliament is still pending.

For the time being, the strategies owned in the programme documents are still in place as follows:

The NSDI 2015 – 2020, it formulates three strategic Regional Development objectives: (i) Increasing the competitiveness of regions, ensuring that the regions achieve sustainable socio-economic development of their communities through the use of resources unique to each of them, thus enhancing Albania's global competitiveness; (ii) Increasing regional cohesion and reduce existing pronounced inequalities in resource utilization, productivity and social / environmental standards; (iii) Increasing management effectiveness through a pragmatic approach to regional development by efficiently using limited managerial resources,

There are other national policies highly relevant to RD framework and practices such as:

- The National Crosscutting Strategy for Decentralization and Local Governance (NCSDLG) 2015-2020, which presents GoA vision for strengthening local democracy and advancing the decentralization process pursuant to standards of the European Union.
- Employment and Skills Strategy for 2014-2020 aiming to have by 2020 a competitive economy and an inclusive society that is grounded on higher skills and better jobs for women and men.
- Business and Investment Development Strategy for 2014-2020 for competitive Albania, which aims at a more dynamic economy with increased levels of foreign investment increased diversification of exports, and incentives that stimulate the creation of new businesses.
- Albania Public Finance Management Strategy 2014 – 2020, which paves the ground for reinstating the public finances in the long-term sustainability trajectory, thus creating the prerequisites for economic growth.
- Public Administration Reform (PAR) Strategy was approved in 2014. This reform is closely linked to Albania's aspiration of joining the EU; its focus is on the efficient and professional functioning of public administration structures and implementation of the Civil Servant law.

2.2 Assumptions and Risks

As mentioned in the Programme Document, several risks, internal and external, were identified during the programme planning phase that could have detrimental effects not only on the programme's success but also on its planned course.

The 4th phase of the RDPA programme started with a concrete and confident involvement of both official counterparts, DPMO and ADF, therefore foreseen risks were managed by building up a continuous collaboration, joint work plan and time table to keep track of the progress of each core process. Nevertheless during the reporting period, unexpected risks such as two consecutive natural disasters occurred, obliging all parties to work under emergency conditions. The project team, composed by both RDPA and ADF experts, had to change and adapt not only the timetable but also format and content of planned activities.

Referring to the table hereinafter, at present no identified risk has been materialised and no new risks have been detected.

Table 1: Assumptions and risks

Identified Risks	Probability	Impact	Risk management and mitigation
Contextual			
<p>There is no high-level commitment by GoA to advance the Regional Policy related reform or although high-level commitment is there, it is not accompanied by the necessary political dialogue.</p> <p>By its very nature, Regional Policy reform requires the participatory, inclusive involvement of both national and sub-national stakeholders, and full Government's backing.</p>	Moderately likely	Severe	<p>The RDPA shall provide the necessary technical support to GoA so that the benefits of the Regional Policy reform are fully understood within the GoA and the GoA on turn discusses them with all relevant stakeholders, thus advancing the reform on the basis of inclusive political dialogue.</p> <p><i>A joint milestone plan has been prepared by parties in order to mitigate the risk of further postponing key decisions or core processes. The milestone plan has been updated and agreed by all counterparts in terms of timetable according to the new emergency situation. The high level commitment have been showed once again by the Government because of the advancing of the process of approving the RD legal framework.</i></p>
<p>Postponing the opening of EU accession negotiations might decrease the interest of Albanian institutions to comply with EU regulations and best practices.</p> <p>Opening of the accession Negotiations is a hope and an expectation of many Albanians. Thus, further delays with the process may send a grave message to Albania.</p>	Minor	Moderate	<p>Regional Policy needs to be anchored to the overall EU cohesion policy but also to be aligned with several regional integration initiatives, including the commitment to the regional South East Europe (SEE) 2020 targets and the Berlin process. Therefore, in case this risk materialises, the RDPA shall continue fostering the interest of Regional Policy stakeholders in the process, within the wider EU policy framework for the Western Balkans.</p> <p><i>The EU opening of accession of negotiations process with Albania was officially declared by the European Council on 25th March 2020. The risk is mitigated completely as, in the follow-up, the EU Commission will submit the proposal for negotiating framework with the Albania. These framework establishes the guidelines and principles governing the accession negotiations with the country. The decision gives a new impetus to linking the RD reform in Albania with the required criteria and standards of the EU cohesion policy.</i></p>

Identified Risks	Probability	Impact	Risk management and mitigation
<p>The local elections in 2019 and the parliamentary elections in 2021 might cause delay to RDPA activities and defer the achievement of results.</p> <p>Given the need to involve local self-governments in the consultations on planning and programming, elections in 2019 mean that consultations shall have to be repeated with the newly elected representatives. Moreover, parliamentary elections shall be likely preceded by the electoral campaign, which again could cause delays to some of the RDPA planned activities.</p>	Moderately likely	Moderate	<p>RDPA shall support dialogue and consultations on planning and programming on a regular basis so that a very broad stakeholders' basis is involved, including new candidates to local self-governments.</p> <p><i>At present there is no sign of new local re-elections. Most of Mayors and Municipality Councils are in place, therefore RDPA in collaboration with ADF will be able to start consultative processes of Regional Development legal framework and Planning Documents at regional level accordingly.</i></p>
Programmatic			
<p>Stakeholders at regional and/or local level are not interested in the consultations on regional development related planning and programming documents.</p> <p>The territorial and administrative reform in Albania had 'redrawn the map' but effective functional and fiscal decentralisation is progressing slowly. Thus, the risk is that stakeholders at sub-national level do not feel that they can influence territorial policies and interventions. However, involvement of the regional and local level stakeholders in planning and programming is a must, therefore, lack of interest is a significant risk for the sound advancement of the programmatic framework.</p>	Moderately likely	Severe	<p>Regional development planning and programming document shall be consulted extensively including the general public. Strong leadership of the process by Deputy PMO and ADF shall be properly supported by RDPA, through information events in the regions, web and social communication etc.</p> <p>This risk is unlikely to happen since DPMO and ADF are convinced in leading the RD reform process by involving regional and/or local level actors into consultation processes. Legal framework and planning documents are soon to be consulted at regional level as well.</p>
<p>There is no consensus on demarcation between sectoral priorities and the territorial (sectoral and cross-sectoral) priorities under the Operational Programme for Regional Development.</p> <p>Demarcation between national and territorial level intervention is a very sensitive subject that may diminish line Ministries' power. This risk may hamper GoA approval of the Operational Programme.</p>	Very likely	Severe	<p>This is indeed a serious risk that requires sustained effort through provision of good practice examples, appropriate presentation of synergy and benefits etc. in order to smooth and accommodate the concern of line Ministries over a policy that they may see as jeopardising their own sector of action.</p> <p>The early framing of regional development policy within the EU integration process shall contribute mitigating this risk.</p> <p>The risk has been mitigated since the draft law on RD has been sent for consultation towards all interested line Ministries in order to collect comments and feedback,</p>

Identified Risks	Probability	Impact	Risk management and mitigation
			building wide institutional consensus.
The selection of projects proposals under the RDPA grant management scheme is challenged by political interference. With the complete control that Prime Minister Rama has over the Socialist Party and the comfortable majority he enjoys in Parliament, political interference in the selection of projects to the detriment of beneficiaries' form opposition parties, is expected from these latter and can represent, inter alia, a significant reputational risk for the Programme.	Moderately likely	Severe	Transparent procedures for projects selection enforced in professional manner shall be put in place, relying inter alia on independent assessors. RDPA shall ensure tight supervision of the entire evaluation process also allowing for appeals and whistle-blowing procedures.
Institutional			
The ADF as the main Programme counterpart, with the profile of an implementing agency, does not have or make available appropriate capacities and/or capabilities for the preparation/implementation of the RD policy.	Minor	Moderate	RDPA will make a substantive investment to build the necessary administrative capabilities of the main Programme counterpart. Hence, RDPA will agree with ADF on appropriate mobilisation of Programme's counterparts so that joint work between RDPA and ADF experts ensures also full sustainability of the capacity building investment. RDPA has presented the human capacities needed for the joint work to progress. A table of activities and required counterpart capacities to be engaged have been agreed with ADF. Impact might change to "likely" if management of ADF will further lead to changes in available managing capacities for RD.
Potential applicants to RDPA grant management are unable to allocate sufficient resources to preparation of their projects proposals.	Very likely	Severe	This risk shall be mitigated through dedicated capacity building activities and also by allowing sufficient time for submission of proposals by applicants. <i>This risk has not materialised until now.</i>

Under the current circumstances, RDPA shall continue working intensively with the Government and Albanian Development Fund in order to strictly follow the agreed activities' plan and push forward the main processes of RD reform such as legal framework and institutional set-up, planning and programming processes as well as the assessment of management and control system's assessment. The time-table is quite ambitious and capacities are needed to face the planned work load therefore RDPA will allocate all necessary expertise to assist and push forward the objectives discussed for the second year of programme implementation.

In regards to the external unforeseen risks which have materialised during the reporting period, RDPA in collaboration with ADF, will adopt a resilient approach by adapting the work plan, update the milestones table, time-wise, and re-shape activities based on the needs and opportunities created by the emergency situation in place at national level.

2.3 Target Group, Beneficiaries and Local Project Partners

As stated above and as it is further described in the document, the programme will collaborate with a wide array of beneficiaries and partners. Here below the main project counterparts and partners are presented with a thorough description of their expected roles and responsibilities within the frame of the project implementation:

Deputy Prime Minister's Office is the main programme counterpart, representing the Council of Ministers and plays a crucial role in initiating, preparing/coordinating, approving and monitoring of the regional development policy. According to the draft Law on RD the Deputy Prime Minister will also lead the Inter-Ministerial Committee for RD that will be established to initiate and to decide on regional policy related matters. On the other hand, the Inter-Ministerial Committee on RD is foreseen to endorse the Operational Programme for Regional Development before its submission for approval by the Council of Ministers.

Albanian Development Fund is the other direct programme counterpart, which will be responsible for the successful progress and implementation of the main outputs under the outcomes 1, 2 and 3 of the fourth phase. According to the draft Law on RD, ADF is foreseen to play the role of the Managing Authority for the Operational Programme on RD and also to prepare the National Framework for Regional Development and relevant Regional Development Plans. In the same line, ADF will also play the role of the technical secretariat for the National Committee for Regional Development as foreseen in the draft Law for Regional Development on all regional development related matters.

Within this framework the programme expects that ADF assigns technical staff both at ADF central office and Regional Units to directly work on the preparation/implementation of the foreseen outputs and deliverables since the ownership and the responsibility for the preparation of all foreseen documents and the leadership of the processes remains to ADF.

ADF Regional Units on the other hand, will be closely supported for building capacities in the region through a ToT (Training of Trainers) approach, but also for being anchored in the region as an important coordinator of local and regional development interests/agenda. This approach will be further discussed and detailed with ADF during the implementation of the programme, in line with the strategic vision of the institution to have autonomous bodies in the development regions – that can further play the role of the intermediate bodies for the implementation of the OP in the region.

Ministry of Finance though not directly addressed as the programme counterpart, is an important actor in defining the approach and financial instruments for the implementation of the regional development policy in Albania. The approach proposed in this document to support the Government of Albania and the competent bodies for designing and implementing the RD policy, requires a strong support and involvement of the Ministry of Finance and Economy (MoFE) to guarantee the establishment of a transparent, needs oriented financing mechanism. One of the main outputs within Outcome 1, directly addresses this institution. On the other hand, the preparation of the Operational Programme for RD and the set of instruments, mechanisms and systems that will need to be set up within the Managing Authority (ADF) will need to be closely coordinated and discussed with Ministry of Finance.

National Committee for Regional Development is a new body proposed within the frame of the draft Law on RD and Cohesion with the purpose of initiating and deciding on regional policy related matters. The composition, rules of functioning and overall competences of the Inter-Ministerial Committee for Regional Development is expected to be approved by a decision of the Council of Ministers, but it should guarantee the horizontal coordination needed within the process of RD policy preparation and implementation. Within this frame this Committee operating at national level becomes an important body for guaranteeing the successful initiation and implementation of the RD policy related matters.

Regional Boards (RBs): are proposed by the draft Law on RD and Cohesion as the main bodies where the partnership principle is applied at the regional level. As such they are seen as the bodies which promote the interest of the Development Planning Regions and work in cooperation with central government authorities and all other parties involved in planning, programming and implementation of regional policy. For the establishment of the RDBs, the ADF regional units are foreseen to play an important role into the region for creating awareness among local and regional stakeholders on the importance of the establishment of this bodies and their active participation in the consultation and implementation of the RD planning and programming documents.

National Territorial Planning Authority (NTPA): is the institution that coordinates stakeholders, processes and planning documents in Albania, both horizontally and vertically. It has built and guarantees the integrated information for the territory in collaboration with public and private institutions that produce it, including monitoring of the territory and of the development. It ensures the quality of planning documents and processes by assessing compliance with legislation and all existing planning documents under the statutory hierarchical system. It facilitates integrated territorial and development planning processes at the levels above-local government; and facilitates the process of capacity building in planning.

Within this framework, the project considers NTPA an important actor regarding preparation of RD planning and programming documents and will since the beginning of phase four establish close coordination with the institution.

2.4 Indirect partners/target partners

Institute of Statistics (INSTAT): The Institute of Statistics (INSTAT) is an independent institution under the authority of Council of Ministers. INSTAT is the key data provider in the fields of, for instance, national accounts, enterprise economic indicators, education, labour market, wages and labour costs and sector specific data.

Development partners: European Union, GIZ and Austrian Development Agency (ADA) are some of the international partners who have supported the intervention areas of regional development in the past and/or supporting interventions, which are actually contributing directly or indirectly to the regional development policy implementation.

Other Line Ministries: Line Ministries operate as part of the Operating Structure for management of National Public Investments, specifically as Implementing Authority for sectorial and inter-sectorial measures at national, regional, and local level, financed by the central budget line (not excluding donor co-funding). The decision making process is provided by the Council of Ministers in the MTBP and Yearly Budget, while the contracting procedures are performed by PMO (CFCU, Ministry of Economy, or PMO of Line Ministries for certain measures (such as investments in energy sector) depending on the financing agreement in case of foreign aid).

Council of Ministers (CoM): support is provided by considering RD relevant to the political agenda and governmental priorities. As such, CoM main support will be focused on supporting and approving legal measures needed for the implementation of RD at central and regional level.

Local Government Units (Municipalities): LGU's are usually beneficiaries - LGU's have to secure the project pipeline by generating project ideas/proposals and implement the projects.

Albanian Association of Municipalities (AAM) and Association for Local Autonomy (ALA): both associations are volunteer and independent unions of Albanian municipalities that contribute in the protection of common interests of the local government units. The associations have the status of non-profit organizations (NGO) with a geographical spread across the country and the involvement of both of them is important for guaranteeing the coverage of all local government units in Albania.

Associations of Qarks of Albania – The association contributes to the support of common interest of Qarks.

2.5 Approach

Regional Development Programme Albania introduces a ground-breaking approach in terms of institutional vertical and horizontal coordination as well as in terms of entrenching the “top-down and bottom-up” in the planning and programming processes in the field of regional development.

Being a national cross-cutting policy, Regional Development needs a Macro- Meso- Micro approach in order to address needs and potentials at all levels.

Implementation at system (macro) level: It is the ambition of this programme to introduce and advance system changes. The outputs and activities are consequently designed at a level that ensures their integration in national approaches, policies or in primary and secondary legislation. Particularly addressed are areas for which currently there is an RD policy designed (RDPA III), which needs to be further consulted, communicated and applied at all governmental level. This includes, for instance, the positioning of Regional Development Policy as cross-sectoral policy in line with the National Strategy for Development and Integration and the application of the Integrated Planning and Implementation system for development type of interventions in Albania, which in particular comprises the definition of processes and procedures with regard to the financing of Regional Development. Phase IV is mostly focused on ameliorating and concretely implementing the designed policy on RD by referring to the up-coming Law on Regional Development and Cohesion and the Operational Programme. Institutions involved at macro level are Deputy Prime Minister, Albanian Development Fund and Line Ministries. Coordination and monitoring mechanism will be set up to ensure the continuity and sustainability of the national efforts on governmental RD agenda.

Meso level: Expanding planning and programming of needs oriented development measures to regional areas, reforming processes of needs analysis and identification as well as prioritisation of interventions, improving administrative deconcentrated processes, transparency and quality assurance of development type of interventions level for socio-economic development beneficial effects and contribution to counter the socio-economic disparities and imbalances on a territorial level. Planning and programming processes are very much related to the regional needs and potentials, thus, bottom-up approach is needed by involving regional and local institutions, groups of interests, minorities, vulnerable groups and other relevant actors interested to the Regional Development planning and programming

process. Coordination mechanism at regional level will be set-up in order to ensure a proper bottom up approach which would contribute to the feeding of the National planning and programming processes and documents.

Micro level: Once set up the mechanism, improve and strengthen the structures for needs oriented, place-based and community based socio-economic development interventions and project identification, which will help to address the multiple challenges communities face and, enhance their potential prospects to escape from the problems in terms of low level of economic activities, social disadvantages and enhance quality of life. The programme addresses regional and local needs and potentials through financing good projects to the direct benefit of citizens and local communities all around Albania.

Application of partnership principle: The implementation of this principle is driven by the notion that existing resources are to be activated at different levels (national, regional and local) and, stakeholder groups capacitated to drive the reform processes towards implementation of an integrated Regional Development policy forward. Involvement of different stakeholders and the use and design of new development systems and mechanism will enhance the sustainability of the results that will be achieved by this Programme. Our approach is thus to institutionalise partnership principles and cooperation between public administrations, social and economic partners, private businesses, NGOs and professional associations in the form institutionalised cooperation for regional development programming and implementation. Future partnership mechanism, at national and regional level, will be gender responsive and support social inclusion by ensuring significant participation from all groups.

Application of a gender lens: Gender aspects will be given special attention in all three tasks of the Programme. This focus encompasses the appropriate design of the socio-economic analysis, programming, selection development type of measures and projects, training and learning schemes and systems that address the needs of gender equality.

The analytical tool for Regional Development proposed under this Programme will be gender-disaggregated whenever possible and meaningful, so that the data can be used to better identify gender-specific challenges, and to design appropriate measures.

European standards and good practice: Our approach is governed by the principle of providing advisory services and technical support that corresponds to European standards and good international practice – yet designed for the Albanian context, beneficial for Albania's preparation for European Union accession.

2.6 Crosscutting policies to be applied during programme implementation

Switzerland's Cooperation Strategy for Albania 2018 - 2021 aims at strengthening a functional democracy in Albania, with better services and a competitive economy. Gender, governance, social inclusion and environment are important mainstream issues and crosscutting policies of the RDPA programme. In the overall objective, it is clear that the strategy of the programme as a whole will aim to improve the gender balance thus adding up also to social inclusion, mitigate and/or avoid negative environmental impacts and improve the environmental situation and should set relevant actions for each level of governance and the regional territory.

The programme intends to tackle these crosscutting policies by integrating them in the core activities of each outcome planned for phase IV. The project approach and expected outcomes respond to the question: "What does this programme mean for gender balance, for good/multilevel governance, for social inclusion, and for environment?", since they are meant

to be based on the needs and potentials of regional areas, having gender, good governance environmental and social inclusion lenses.

Good Governance

The Regional Development Programme Albania has integrated the principles of good governance into all its activities since it largely deals with improvement of legislation, RD Policy and strategies at national and regional level for the set-up and successful implementation of the Regional Development reform in Albania. The RDPA expertise, which addresses the preparation of the central and local institutions in defining, coordinating and implementing the institutional and legal framework for RD (outcome 1) is based on the principles of:

Effectiveness and efficiency in fulfilling state obligations;

Participation in the decision making processes;

- Transparency;
- Accountability;
- Equality and non-discrimination;
- Rule of Law;

The main governance elements where RDPA is focusing its expertise and efforts are mainly in:

Enabling structural and regulatory framework by:

- Supporting the institutions, at central and local level in reviewing and adapting RD policy and legal framework to the EU criteria and terminology in order to facilitate Albania's integration process in this area;
- Helping to put in place an efficient institutional setup at multiple levels with effective cooperation and coordination mechanisms which ensure transparency and accountability.

These elements can be strongly identified in the activities planned within outcome 1.

Strengthening good governance processes by:

- Supporting better management of public resources and other funds available;
- Providing information and knowledge on management systems;
- Providing expertise on performance monitoring and control systems;
- Facilitating the creation of mechanisms for meaningful participation and multi-stakeholder consultation.

The above aspects of good governance can be identified in outcome 1, 2 and 3.

Empowerment and relationship building by:

- Promoting constructive collaboration and relationships of trust among key partners and stakeholders;
- Strengthening the capacities of domestic actors, at central and local level, through capacity building trainings, workshops and expertise service.

The over mentioned good governance elements which have been fully adopted and implemented by RDPA are necessary to address and improve the overall public management at central and local level concerning the Regional Development cross cutting policy in Albania,

in order to ensure the success and sustainability of the system, mechanisms and coordination among all actors involved.

Through the application of partnership principle, Good governance directly address also social inclusion, another relevant transversal issue which is widely tackled by regional development since it requires the involvement and participation of vulnerable groups and other groups of interest.

In specific, during the first year of project implementation good governance principles have been especially applied in outcome 1 which addresses the building up of a RD successful system at all levels, the legal framework and complementary bylaws. The consultation process on the draft legal framework ensures transparency and participation since it is organised in a wide platform of discussion involving many interested actors such as line Ministries, LGUs, local representative associations, etc.

Gender Mainstreaming

Switzerland's Cooperation Strategy for Albania 2018-2021 defines gender as a crosscutting theme, which should be mainstreamed in all SDC-financed interventions. Under the herein presented programme, gender issues shall receive due attention at all levels of project cycle management. Following up the third phase of the programme, the identification and scoping of potential partners as drivers of change shall continue to include a specific gender lens. The technical paper on Gender mainstreaming in the Regional Development Programme Albania³ specifically delineates the intervention lines, which have been designed in a gender-responsive way.

In regards to the gender balance, RDPA is committed to adopt a gender sensitive approach at all levels of project cycle management (design, implementation and monitoring and evaluation). Mainstreaming gender and equal opportunities is considered as a horizontal policy within the Regional Development policy, which involves being aware of the gendered dimensions of RD interventions based on analysis, information and consultations with both women and men as the beneficiaries of regional development policies and design gender sensitive interventions to improve the social and economic situation of men and women in Albania.

In the implementation phase, building on the insights of the gender analyses, the specific needs and requirements of (potential) female-run/oriented organizations shall be taken into consideration. Project monitoring should look into the differentiated, quantitative and qualitative effects of project interventions on women and men, if available data allows.

Supporting implementation of the Regional Development Policy and the implementation system for Regional Policy is a complex task. It calls for specific steering mechanisms, the provision of legal and organisational advice to the central institutions responsible for management and control/monitoring, the development of personnel capacity, and the strengthening of relevant institutions engaged in development intervention governance. By adding the dimension of gender equality and equal opportunities to these tasks, complexity is further increased. In response to this challenge, the focus on how to address gender equality at the systemic and institutional level and consist of (i) strategic gender sensitive activities to be undertaken; and (ii) accompanying support measures considered by integrating gender as criteria in foreseen grant schemes of this programme.

³ Technical Paper "Gender Mainstreaming in Regional Development Programme Albania", Phase III RDPA, prepared by Elira Jorgoni and Elida Metaj;

As for the first year of project implementation, gender cross cutting issue has been taken into consideration especially in the analysis of collected data for the finalisation of planning documents at national and regional level. In regards to the reporting period, even though implementation of activities have been limited, evidence on supporting gender mainstream can be found in the results of finalised projects supported under the pilot regional development grant scheme which were inaugurated during April- June 2019 and in the terms of reference of background studies which will support the preparation of the Operational Programme.

Environmental mainstreaming

Environment and sustainable management of natural resources is included as a transversal theme into the implementation of the Regional Development Programme Albania. Following up the environmental analysis during phase III of the Programme, the available data and identified environment needs will be further integrated in several components/outputs of the Programme, starting from baseline assessments, risk analysis and ending with impacts of the intervention. Particular attention will be given to the concept of green growth in order to ensure the use of natural resources in a sustainable manner. In regards to the reporting period, during the first year of project implementation environmental mainstreaming can be clearly found in the projects supported by the RDPA pilot grant scheme which were inaugurated during April-June 2019. The supported investments were all environmentally friendly, since it represented an added value in the evaluation of winning projects, whereas 8 of them were directly involved in the improvement of environmental areas such as requalification of urban or rural spaces, reconstruction of green and re-creative areas⁴ etc.

⁴ Supported projects can be found in the brochure of the pilot RDPA grant scheme annexed to this annual report.

3. Results per outcome

The present chapter describes in detail the activities carried out and their progress towards achieving the expected results during the reporting period 1st April 2019 – 31st March 2020.

Following the activities' plan proposed in the Programme document, during the reporting period, a detailed work plan was prepared by a joint working group composed by RDPA and ADF experts in order to better address the needs and priorities of the official counterpart in regards to the implementation of the RD reform. The work plan served as a basis for the preparation of a milestones' table and as a monitoring tool to better track the results of the project.

This chapter gives a comprehensive view of:

- Described activities and outputs which are either finalised or in progress, divided by Outcome;
- A complete plan of activities (as proposed in the programme document) accompanied by a tracking modality (Not started, in progress or completed) to have a general picture of the progress of the overall programme as Annex 2;
- A reporting table with delivered outputs per outcome which is based on the log frame of the programme attached to this report as Annex 3.

All specific main outputs which are mentioned will be attached as annexes to this report. Several outputs, which belong to the same specific thematic but are allocated in different outcomes or activities, have been addressed within one unified document, consequently, they are presented only once through a numbered Annex.

Outcome 1: The central government successfully defines, coordinates and implements the institutional and legal framework for Regional Development.

The overall aim of activities under this outcome is to establish an effective and efficient regional development policy in Albania that is consistent with National Development Strategies, in particular with the National Strategy for Development and Integration (NSDI) and EU accession requirements, and to support the Institutions responsible for Regional Development in developing and implementing such policy. In order to achieve this overall aim, several key milestones were agreed to serve as main guiding activities, such as:

- To finalise the approval of the draft Law on Regional Development and Cohesion together with all complementary bylaws;
- To increase awareness and institutional capacity, at national and regional level, for successfully implementing the integrated regional development policy by organising public and institutional consultations and other relevant activities to this matter;
- To raise awareness and support institutions responsible for RD to finally consult and approve the National Plan for Regional Development and Cohesion as well as the Regional Development Plans which would pave the way to a successful policy implementation and preparation of the Operational Programme for RD.

Based on the agreed milestones to achieve outcome 1, during April 2019 – March 2020, regular technical meetings have been held with the representatives of the official counterparts, respectively Department for Development and Good Governance at the Prime Minister's Office (April - July 2019) and Regional Development Department at the Albanian Development Fund (April 2019 - onwards).

The objective of the meetings was to provide and discuss the available versions of the draft Law on Regional Development and Cohesion together with the institutional set-up they would require to be rightly implemented. Comprehensive legal and institutional analysis/expertise were presented by RDPA experts on both versions and adaptations/ameliorations were provided based on counterpart's suggestions and requests. On September 2019, based on the requests of Albanian Development Fund, version 2 of the draft law prevailed, providing a more general legal framework and main principles of RD while leaving certain details to be further discussed and decided in following bylaws and Decisions of Council of Ministers.

While preparing the final version of the law, RDPA experts supported the preparation the RIA report, obligatory in case new legal initiatives and reforms are introduced to the Government and Council of Ministers. The Report on Regulatory Impact Assessment delivered with the draft law, gives a summarised analysis on the impact the implementation of the reform would have at national and regional level, as well as its alignment with all national and cross sectorial strategies already in place and the reasons why it's necessary. RIA, together with the rationale of the draft law on RDC provide a complete overview of the necessity of the reform.

In February 2020, the final version of the draft Law on RD together with the accompanying rationale and the Regulatory Impact Assessment Report (RIA) was sent to the Deputy Prime Minister's Office which approved the final draft to be sent out for institutional and public consultation.

On 6th of March, the draft law on RD together with the explanatory documents (RIA and rationale) were in parallel published online in the Electronic Register for Public Consultations⁵ and sent out for comments to the line Ministries and institutions, specifically to: (i) Ministry of Health and Social Protection; (ii) Ministry of Defence; (iii) State Minister for Protection of Entrepreneurship; (iv) Ministry of Justice; (v) Ministry of Foreign Affairs and Europe; (vi) Ministry of Culture; (vii) Ministry of Education, Sports and Youth; (viii) Ministry of Finance and Economy; (ix) Ministry of Tourism and Environment; (x) Ministry of Agriculture and Rural Development; (xi) Ministry of Infrastructure and Energy; (xii) National Agency of Information (AKSHI); (xiii) Ministry of Interior. The consultation process was organised based on the *Law 146/2014 on "Public notification and Consultation"*.

The consultation process with the line Ministries was welcomed by institutions and feedback /comments are expected to be sent within 22 May 2020. As for the online consultation, referring to the reporting period, no comments were published.

In the upcoming month, consultations at regional level will be organised with LGUs and local associations in order to discuss and collect comments/recommendations on the draft law, thus ensuring transparency and participation of all interested actors, at all levels. The process of regional consultations will be organised by ADF with the support of RDPA experts. The aim of the consultation process is to ensure a fair and open discussion and collect recommendations in order to prepare a well-designed draft law, based on wide consensus at central and local level.

Another important core process which has been brought forward during the reporting period is the finalisation of the structure and content of the planning documents and the organisation of their consultation process at national and regional level. As agreed with the Albanian Development Fund, the planning documents, which were approved during phase 3 of the Programme, have been restructured into one National Plan for Regional Development and 4 Regional Development Plans. Considering these final documents, consultations will be held

⁵ Electronic Register for Public Consultations, <http://www.konsultimipublik.gov.al/Konsultime/Detaje/262>, Draft Law on Regional Development, 06.03.2020.

accordingly in order to provide per each of these relevant documents ownership and support by all actors involved in the process.

To this end, the National Plan for Regional Development will be consulted at national level and regional/local level and its final endorsement will be provided by the National Committee for Regional Development (NCRD- as described in the draft Law and respective bylaw) and proposed for approval to the GoA by decision of Council of Ministers. Whereas, the Regional Development Plans will be consulted at regional level, therefore, the approval of the RDPs will be provided by the four Regional Boards (RBs as defined in the respective draft bylaw), endorsed by NCRD for further approval by government.

The consultation process for the planning documents will start immediately after the approval of the draft law on RD, since it represents the first concrete step which officially introduces the needed institutions such as NCRD or RBs, in legal terms. These institutions are the ones that will have full competences on approving the final consulted versions of the planning documents. Until then, consultations at national and regional level will be held in order to inform all interested actors, acquire comments/recommendations and build consensus for the finalisation of the planning documents which will be further on approved by the National Committee for Regional Development.

Summarising the above, the main outputs which are delivered or in progress during the first year of RDPA Phase IV implementation within outcome 1 are:

Output 1.1: Central government institution coordinates, plans, monitors and evaluates Regional Development Policy application (NFRD implementation), through the following activities:

- Supporting the institutional and organisational application of regional development policy coordination, monitoring and evaluation;
- Establishing the Regional Development Boards (at level of 4 regions) and support the institutional and organisational application of partnership principle;
- Supporting the legal framework - secondary legislation - for Regional Development regarding institutional, functional and organisational structure;
- Supporting ADF as managing authority and other competent institutions and bodies establishing the National framework for Regional Development (NFRD);
- Communication, visibility and information.

Outputs under outcome 1 finalised or in progress prepared during the annual reporting period April 2019 - March 2020 are the following:

- Final draft Law on RD(Annex 4);
- Final rationale of the draft Law on RDC (Annex 5);
- Report on Impact Assessment (RIA) (Annex 6);
- Presentation on Regional Development Policy for technical discussions with ADF. (Annex 7);
- First Draft Policy proposal to the Government of Albania. (Annex 8);
- Brochure on NFRD and Regional Development Approach. (Annex 9);
- National Plan for Regional Development (Annex 10);
- Regional Development Plans (Annex 11)
- Vox Populi for the presentation of the Regional Policy (Annex 12);
- Brochure on Final Draft of the Law on RD; (Annex 13);

Outcome 2: The ADF as managing authority and other competent institutions and bodies for regional development prepare and approve the programming frame for regional development and make effective and strategic use of increasing funds for the development of regions through a partnership approach.

As accurately described in the programme document of the RDPA phase 4, the Albanian Development Fund in compliance with its statutory mandate, is taking the lead on the preparation of a multi-annual Operational Programme for Regional Development which will develop and test the territorial integrated approach to development in Albania. This important goal has to be supported by several step-by step activities which intend to fully prepare ADF as a Managing Authority and responsible lead institution of the Regional Development reform implementation process.

To this end, RDPA experts and ADF have agreed to start the working process related to outcome 2 by assessing the Internal and Management Control System of ADF and providing technical assistance to comply with internationally accepted standards or international best practice, in view of its envisioned role in EU funds management and test the new system within 2020.

This task is based on the need of alignment of ADF internal control system with internationally accepted standards and good practices; and on the European Commission recommendations issued in the *Albania 2019 Report* [29.05.2019]: *“Regarding regional policy, the key implementing agencies are the Regional Development Agencies (RDAs), the Agency for Regional Economic Development (ARED), the Albanian Development Fund (ADF), and the National Agency for Regional Development (NARD). A decision of the Council of Ministers of July 2018 has transferred the functions of NARD, ARED, and RDAs to the ADF. The latter is expected to be the only implementing agency for regional development, at national and regional level. It is also expected to take overall responsibilities and fulfil functions of managing authority for regional development.”*

To this purpose, during the reporting year, a gap and needs assessment (baseline study) has been delivered for ADF, by screening all ADF available documents (reports, manual of procedures, structure, audit reports etc), interviewing key staff from different departments and organising technical meetings with high level officials. The assessment was based on specific terms of reference which were previously shared and agreed with ADF. The ultimate purpose of the assessment is to better identify the needs for ADF to become a certified managing authority, complying with all international standards and requirements. The assessment exercise is the first of many others to come which will, by the end of the year, have established a correct Management and Control system. The assessment will be accompanied also by a training map based on the results of the report.

The RDPA proposal on the control and management assessment, compliance to EU criteria and best practices and testing the new ADF system was based on 8 requirements:

Key requirement 1: Separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body

Key requirement 2: Selection of operations

Key requirement 3: Information to beneficiaries

Key requirement 4: Management verifications

Key requirement 5: System to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail

Key requirement 6: System for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries

Key requirement 7: Implementation of proportionate anti-fraud measures

Key requirement 8: Procedures for drawing up the management declaration and annual summary of the final audit reports and of controls.

The criteria for the assessment of ADF internal control systems vis-à-vis the international standards are the revised internal control standards for effective management C (2017) 2373 of the European Commission.

Based on the results of the baseline study a *Report* on key findings, conclusions and recommendations on ADF Internal Control, Accounting System, Independent External Audit, Providing Financing from EU and Donors' funds through grants, Procurement, Publication of Information on Recipients, Protection of Personal Data has been delivered.

Findings have been classified by reference to the level of importance and rated in three categories, i.e. Major, Intermediate and Minor:

- Major findings which require immediate action by ADF senior management before applying for entrustment with budget implementation tasks
- Intermediate findings which do not block the request for entrustment with budget implementation tasks but are significant in the context of the control environment of the audited organisation and for which action by senior management is essential within a fixed time-scale.
- Minor findings do not affect the request for entrustment with budget implementation tasks and for which action is not compulsory but nonetheless recommended.

The ADF baseline assessment has been accompanied also by other follow up expertise such as identification of ADF management modalities and presentation of the process of entrustment with budget implementation tasks, as well as by a specific step-by step work plan which include all tasks for gap plugging.

On the other hand, considering that the preparation of the *Operational Programme for Regional Development and Cohesion* is the next key work process which will be implemented during the second year of RDPA under outcome 2, preparatory work has already started.

This preparatory work during the reporting period was focused on preparation of contents and organization of the upcoming programming exercise, providing concrete introduction to the process for the preparation of the Regional Development Operational Programme (OPRDC) for Albania 2021-2027 and contains a work programme for the preparation process of the OPRDC that will be agreed and consolidated with the relevant authorities at the Albanian Development Fund (ADF).

This working document provides is structured around four main sections:

- The methodological approach for the operational programming;
- Aims and principles of the process;
- Description of the proposed process;
- A Framework for Action for the above proposed process.

In particular, a number of specific activities to be established are outlined as key processes in for the upcoming programming exercise:

1. Facilitation of setting up of a Task Force and a designated drafting team for the preparation of the OPRDC drawing its main lines of activities and actors to be involved (mainly from the Albanian Development Fund)
2. Facilitation of activities of the above mentioned Task Force by supporting the preparation of proposals, reports, analyses of data, background studies and any other information in view of triggering debate and feedback on relevant issues.
3. Continue and support the existing research work for the strategic analysis of the socio-economic development situation in the Albanian territory (including the preparation of the Background Studies for specific territories and sectors/topics)
4. Ensuring the adequate follow up of the work done in preparation of the draft National Plan for Regional Development and Cohesion (NPRDC).
5. Support the preparation of a description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, and risk prevention and risk management in the selection of operations;
6. Support the preparation of a description of the specific actions to promote equal opportunities and prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the Operational Programme, in particular in relation to access to funding taking account of the needs of the various target groups at risk of such discrimination
7. Support the preparation of a description of the contribution to the promotion of equality between men and women and where appropriate the arrangements to ensure the integration of gender perspective at programme and operation level.
8. Support the preparation of the subsequent draft versions containing the Programme context, needs and potentials, the Strategy, Programme Objectives, Priority Axis and Investment strategy, identifying the main typology of operations to be supported and a number of concrete projects (pipeline).
9. Support the launching, implementation and follow up of the ex-ante evaluation process in order to include possible adjustments and their conclusions and results in the OPRDC.

The guidance is facilitating the establishment of programming process within ADF and will be discussed further in the upcoming period.

Summarising the above, the main outputs which are delivered or in progress during the first year of RDPA Phase IV implementation within outcome 2 are:

Output 2.1: In its Managing Authority capacity, ADF prepares the Operational Programme for Regional Development through the following activities:

- Support to ADF to draft Operational Programme for Regional Development;
- Guidance document - process towards the preparation of the Regional Operational Programme Albania 2021-2027.

Output 2.2: ADF as Managing Authority establishes a management and control system to deliver the Operational Programme for Regional Development that is compliant with all applicable regulations and international good practice, through the following activities:

- Supporting establishment of OP Management and Control System;
- Capacity Training Needs Analysis;

➤ Design and establish of the control environment (MCS);

Outputs under outcome 2 which have been provided during the annual reporting period April 2019 - March 2020 are the following:

- ToRs of the ADF baseline assessment (Annex 14);
- Presentation on the Internal and Management Control Assessment (kick off meeting) (Annex 15);
- Debriefing with ADF staff on the baseline assessment requirements and structure (Annex 16);
- Finalised Baseline assessment (Annex 17);
- Report on Key findings and recommendations (Annex 18);
- ADF Management modalities – two page analysis (Annex 19);
- Process of Entrustment with budget Implementation tasks – Two page analysis (Annex 20);
- Work plan with specific tasks and estimate external expertise needed for gap plugging (Annex 21);
- Draft structure of the Operational Programme (Annex 22);
- Guidelines for preparation of the Operational Programme (Annex 23).

Outcome 3: The socio-economic conditions for Albanian citizens are improved through the implementation of Regional Development projects reflecting regional needs and priorities.

During April 2019 - March 2020, Outcome 3 has been mainly related to the finalising of inauguration activities of projects financed under Pilot RD Grant Scheme implemented during phase 3, preparation of the work plan for the first grant scheme under phase IV and drafting of the post disaster recovery grant scheme proposal. Since phase 4 is considered a follow-up continuation of phase 3, and considering also the short time Municipalities had at their disposal to properly finalise the awarded projects most of final events were planned to be organized during April- May 2019, considering also the short timetable the Municipalities had at their disposal to properly finalise the awarded projects.

To this end, 6 final events were organised in April 2019, with the participation of both Swiss and Austrian Ambassadors to Mirdite, Diber, Shijak, Tirane, Librazhd, Kucove.

During May 2019, 6 other final events were organised with the participation of both Swiss and Austrian Ambassadors to Shkoder, Tropoje, Ura Vajgurore, Kelcyre, Patos and Vlore.

In 6th of June 2019, one final event was organised in Durres.

In parallel to the organisation of the final events, closing final reporting on the closure of grant contracts was also successfully delivered in collaboration with all 16 Municipalities which were awarded a grant.

With regard to the activities for the grant schemes foreseen to be implemented within the third outcome during the reporting period, the concept of the first grant scheme has changed in support to the recovery for the areas of Region 1 and 2 affected by the earthquakes of 26 November 2019, that caused major damages to at least 11 of the countries' 61 municipalities: Shijak, Durrës, Krujë, Tirana, Kamëz, Vora, Kavajë, Rrogozhina, Kurbin, Mirdita and Lezhë.

The preparation of the RDPA recovery grant scheme was required by Swiss and Austrian Embassy and SDC and ADA respectively to respond to and address at local government level in the aftermaths of the November earthquake and aims at improving the quality of recovery,

emphasizing equity and inclusion, and promoting risk reduction. To this end a first concept note was drafted by end of March addressing the main issues.

Although the purpose of the grant scheme differs from the planned one, the proposed mechanism and implementation methodology are drafted mirroring EU rules and principles in regard to RD funds management. The proposed RDPA grant scheme mechanism intends to transfer funds to the Grant Beneficiaries (e.g. Municipalities) for these latter to conduct procurement of the services and/or works under ex-ante and ex-post control of both RDPA and ADF. This is grounded on the need of improving administrative capacity of the Beneficiaries and the capacities for management of the grant contracts by the ultimate grant Beneficiaries. This approach shall allow the full enforcement of the partnership and subsidiarity principles that are at the core of EU cohesion policy.

Outputs delivered under outcome 3 are the following:

- Photos and agendas of all final events organised during April, May and June 2019 in the frame of the Pilot Regional Development Grant Scheme. (Annex 24);
- Brochure of final projects financed under the RD pilot Grant Scheme. (Annex 25);
- Note on Lessons Learnt by the implementation of the Pilot Grant Scheme. (Annex 26);
- Concept note on the Post Disaster Recovery Grant Scheme (Annex 27).

4. Programme Management and internal monitoring

4.1 Set up of the Programme office

The programme office is situated at “Dervish Hima” Str, Kulla ADA, Ap. 14, Tirana, Albania. The office was made available on September 2017 by the Programme Partner, Co- Plan, throughout a rental contract. At current stage, this is the only operative office for the programme, since an ad hoc office within the institutional counterpart has yet to be decided.

The programme team has rendered the above offices operational and equipped with computers, printers, fax machine, scanner, telephones etc.

4.2 Programme organisation

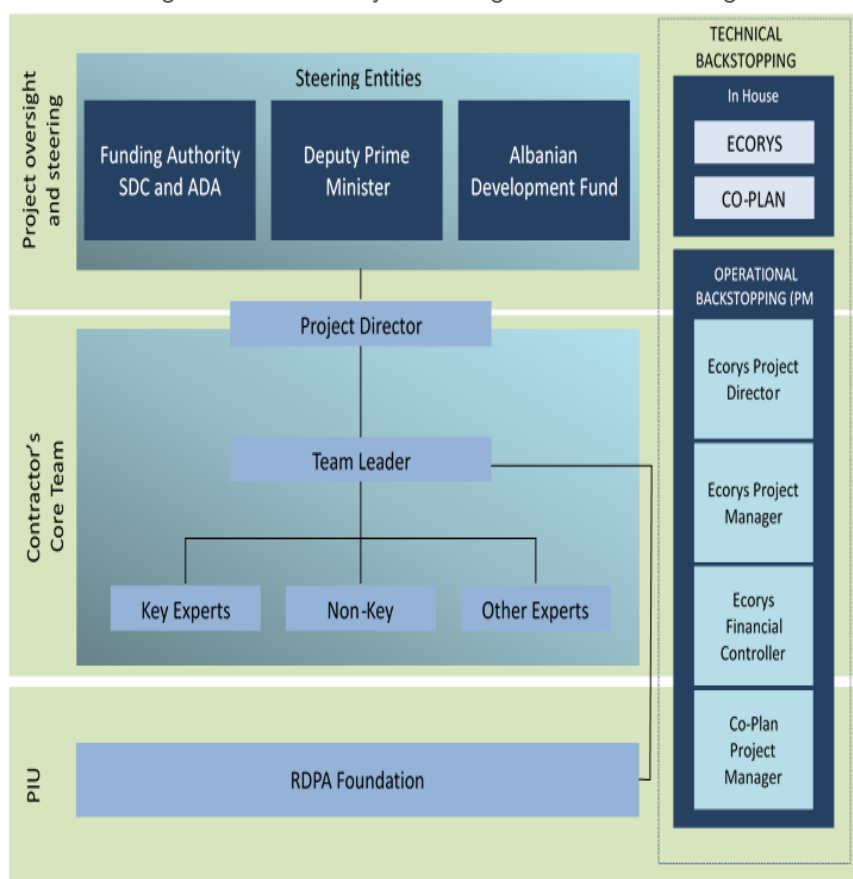
The programme Management Team is managed by the Programme Director from ECORYS. The day-to-day management of the programme is the responsibility of the ECORYS Project Manager.

The Management and steering structure is presented in the diagram below:

Figure 2: RDPA Project Management and Steering Structure

The Regional Development Programme Albania Foundation (RDPA Foundation) is constituted as a non-profit organization without membership. It does not pursue political purposes. Its activity is based on its respective legislation in the Republic of Albania, human rights principles, as provided in the Constitution of the Republic of Albania, its Article of Association and programme.

ECORYS and Regional development Programme Albania Foundation, have countersigned an Implementation Agreement that determines RDPA Foundation as subcontractor for the Regional Development Programme in Albania project.

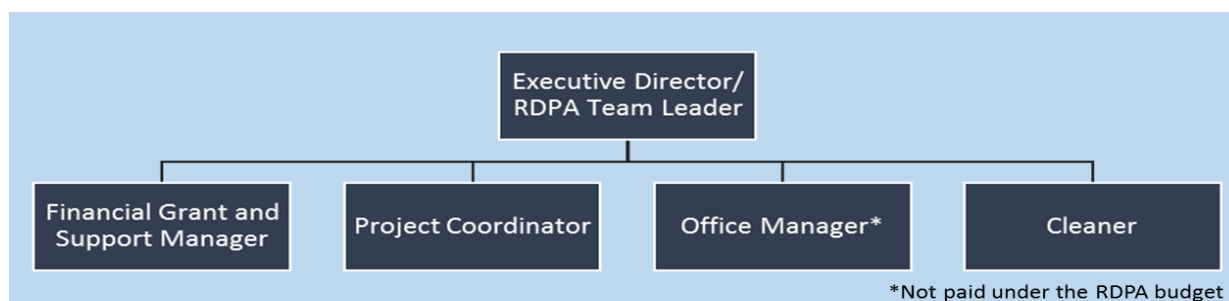


ECORYS provides RDPA Foundation with operational instalments to cover the cost of project activities. RDPA Foundation makes the financial resources available to the project in

accordance with ECORYS instructions, Project Implementation Manual (PIM) and the overall project budget as agreed with the Donor.

The organisational structure of RDPA Foundation is presented in the diagram below:

Figure 3: RDPA Foundation – Organisational Chart



In terms of internal coordination, the appointed programme Team Leader, also Key expert for component 1, Key Expert for component 2 and Key expert for component 3, coordinate and monitor the work of all experts in terms of delivering specific outputs, working in teams, follow-up programme processes. This coordination and management work is reported to the Team Leader throughout monthly reports and daily meetings with the Programme Manager.

In regards to the reporting period, 1st of April 2019 the RDPA Programme has engaged the following human resources:

Table 2: Experts' Man days spent for the period 1st of April 2019- 31st of March 2020

Name	Position	Total man days spent until 31 st of March 2020	Programme Outcome/ or Management
Long Term experts, Part 3a, 3.1			
Carl Heller	Team Leader/ Regional Development Advisor	210	Management/ Outcome 1,2,3
Anila Gjika	RD Capacity Development Coordinator	198	Outcome 1 & 2
Ada Bedini	Grants Management Expert	194	Outcome 2 & 3
Fiona Imami	Programming and Monitoring Expert	185	Outcome 1 & 2
Short Term experts, Part 3b, 3.4			
Sylvia Indjova-Vassikova	Management & Control System Expert	70	Outcome 2
Nadya Topolova	Regional Development Management and Control system	7	Outcome 2
Rudina Toto	Expert (nat.) programming/financial/ budgetary	24	Outcome 1 & 2
Dritan Shutina	Expert (nat.) (on demand)	5	Outcome 1
Merita Toska	Economic development Expert	17	Outcome 1

Name	Position	Total man days spent until 31 st of March 2020	Programme Outcome/ or Management
Lorena Gjana	Participation/ Public Relation and Media Expert	28	Outcome 1 & 3
Javier Fernandez	Short Term TA Experts (international) (ex-ante) (programming)	12	Outcome 2
Local Support, Part 3c			
Erinda Toska	Project Coordinator/ Communication	187	Management
Orjana Thoma	Financial Administrator/ Grant Support	206	Management
Ecorys Service Headquarters, Part 1			
Atze Verkennis	Project Director	19.5	Management
Maargret Leijdekker	Financial Project Officer	9	Management
Sander de Vos/ Dejan Gjorsoski	Project Manager	10.5	Management

4.3 Internal monitoring of the programme

Progress towards achieving the objectives and specific indicators have been monitored by the RDPA Team Leader and Programme Manager through three main internal monitoring mechanisms to share and collect information on implementation of activities on monthly weekly and monthly basis.

- (1) Weekly meetings - Every Monday of the week, a joint staff meeting is organised in the premises of the RDPA office. The purpose of the weekly meeting is to discuss the implementation of current activities, share information and discuss challenges. Each meeting is accompanied by minutes which will follow up all relevant issues concerning the programme.
- (2) Monthly report - Experts also deliver monthly report which is a summary of all activities, meetings, travelling realized during the month. The report is extensive and give information on the status of specific outputs or content of meetings that have to be delivered or/and shared with the rest of the team. The monthly report also monitors the spending of man days per each expert, in order to ensure the expected distribution of indicative man days per each expert throughout the whole implementation period of the programme.
- (3) Monthly notes - Monthly reports are summarised in monthly notes which is prepared by the programme manager and shared with the Team Leader and two key experts. This monthly note serves to follow up and monitor the progress of specific outputs of the programme.
- (4) Timesheets - Timesheets are delivered monthly, viewed and signed by the Team Leader. The format monitors the summary of the monthly work and also gives a view of the distribution of man days per each expert involved.

All administrative paperwork has been thoroughly detailed in a document entitled Administrative guidelines which has been discussed and overlooked with each expert involved. The paper work is collected and coordinated by the Programme Manager.

The overall financial monitoring is done by the Project Financial Controller in the ECORYS HQ. The local financial administration is done by the local Financial and Grant Support Officer in

cooperation with the Team Leader (who is also the Executive Director of the RDPA Foundation) for compliance with ECORYS instructions and for monitoring spending.

On a monthly basis updated financial management spreadsheets (cash book and bank sheet), reports and soft copies of the administration are sent to the Project Financial Controller in the ECORYS HQ in Rotterdam.

The Internal Control System is organised in accordance to the principles as set out by the FDFA/SDC:

- Adequacy and effectiveness of the Internal Control System;
- Principles of orderliness (financial regularity);
- Conformity with the project objectives and adherence to the contract condition;
- Economical conduct of business and effective use of financial resources;

All the financial transactions are duly checked ex-ante to ensure legality, regularity and cost-effectiveness. The four-eye principle applies to all ex-ante checks. Ex-post control is performed by ECORYS HQ.

An effective system is in place to ensure that all documents regarding expenditure are held to ensure an adequate audit trail and eligibility and also all procurement procedure are made in conform to specific pre-defined rules and procedures.

The initial yearly plan is monitored regularly on a semi-annual basis in order to understand from the budget point of view where the programme currently stands as well as where it's heading to.

5. Finances

5.1 Budget expenditure

Attached to this report, as separated excel file, the overall project budget breakdown is reported, but a budget summary can be found in Table 3 and Table 4 below:

Table 3: Budget summary (in CHF)

Budget Part		Total funds in CHF	Actual spending 1st period APR19-SEP19 in CHF	Actual spending 2nd period OCT19-MAR20 in CHF	TOTAL Spending APR19-MAR20	Leftovers in CHF
Part 1	Services Headquarters [HQ]	181,440	7,841	27,606	35,448	145,993
Part 3a	Long Term Experts	1,959,695	176,568	208,914	385,482	1,574,213
Part 3b	Short Term Experts	1,068,160	2,970	92,782	95,752	972,408
Part 3c	Local Support	400,704	33,247	32,840	66,086	334,618
Part 4	Administrated Project funds	4,065,001	1,030	487	1,518	4,063,483
Total Project Funds		7,675,000	221,656	362,629	584,285	7,090,715

Table 3 (and Figure 4) shows the value of spending for the first year of the Project up to 31 March 2020 and also the value of leftovers from Phase 4 in CHF. This values have also been showed as percentage in the table 4 below (and Figure 5).

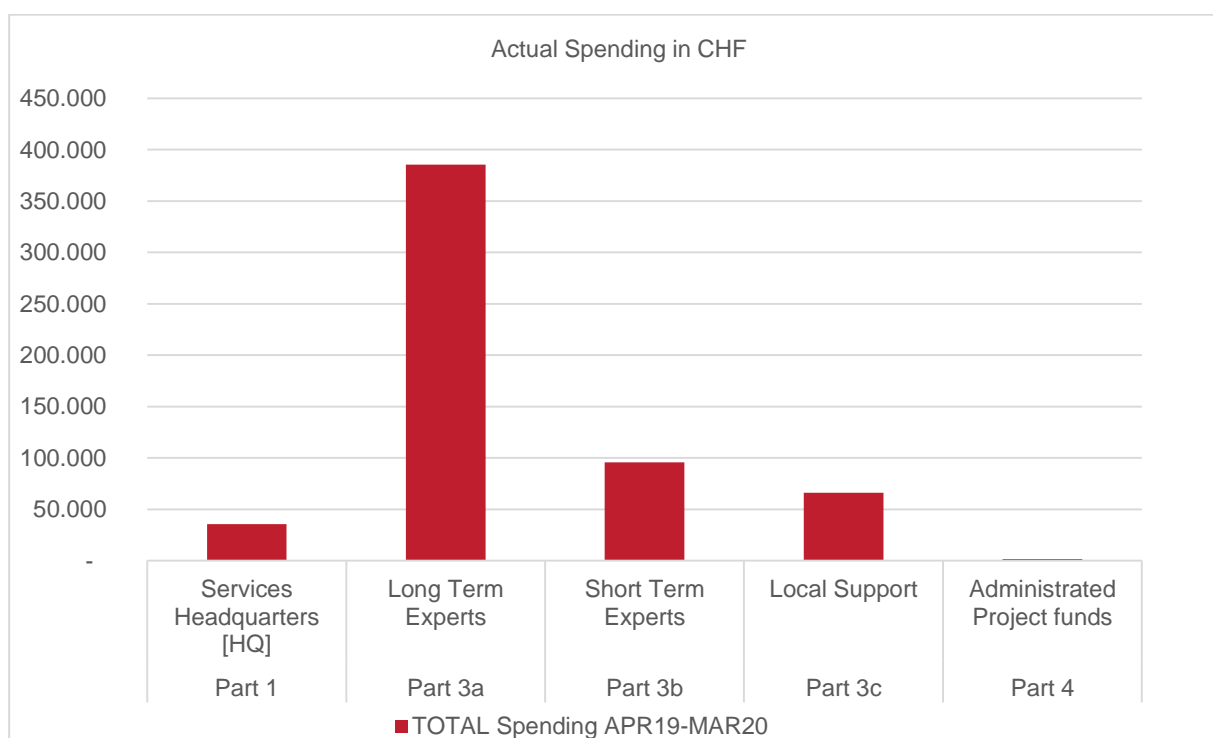
Table 4: Budget summary (in %)

Budget Part		% of spending over total funds APR19-SEP19	% of spending over total funds OCT19-MAR20	TOTAL % of spending APR19-MAR20	TOTAL % of leftovers
Part 1	Services Headquarters [HQ]	4%	15%	20%	80%
Part 3a	Long Term Experts	9%	11%	20%	80%
Part 3b	Short Term Experts	0%	9%	9%	91%
Part 3c	Local Support	8%	8%	16%	84%
Part 4	Administrated Project funds	0%	0%	0%	100%
Total Project Funds		3%	5%	8%	92%

The tables above shows that the overall spending up to 31st of March 2020 have been 584,285 CHF which represents 8% of the total funds available.

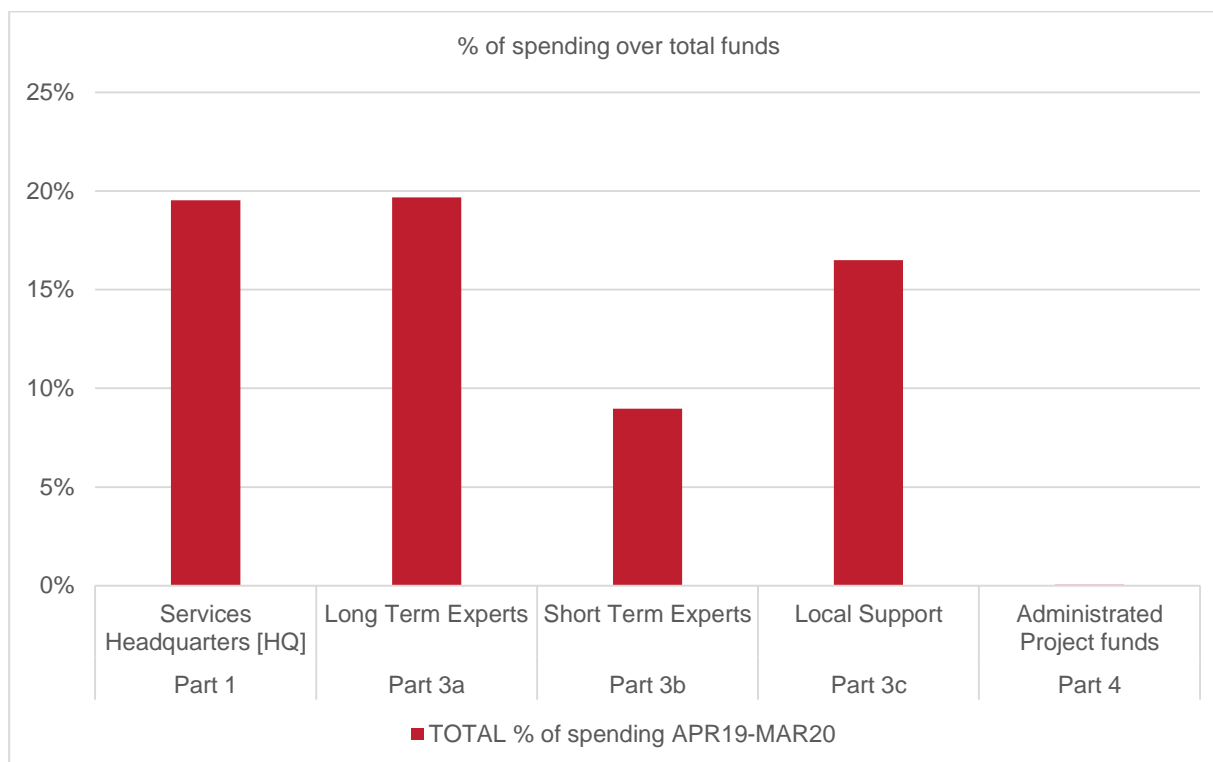
Based on the narrative report of this document, during April 19 – March 20, activities planned under Phase 4 started at a slow pace because of the need of RDPA experts and official counterparts to have several technical meetings in order to rearrange the plan of activities and agree on key processes to push further.

Figure 4: Actual spending of budget funds related to budget positions of total budget



During April 19 – March 20, the progress of outcomes 1, 2, 3, as defined in the programme document, did not started in parallel, since it has been considered as a main priority to firstly proceed with the legal process and then continue with the remaining milestones. At current stage, all deliverables which have been prepared, finalised and approved under phase 3 of RDPA are to be used as the basis for the preparation of deliverables planned to be finalised under phase 4 of RDPA, thus ensuring sustainability of all core processes brought forward under phase 3.

Figure 5: Actual spending of budget funds related to budget positions in percentage of total budget



Based on the agreed timeline and work plan between RDPA and ADF, activities will intensify in regards to all three components of the programme, therefore the overall spending is expected to increase significantly during the second year of the Project.

5.2 Efficiency

As mentioned previously, due to the need of RDPA experts and official counterparts to have several technical meetings in order to rearrange the plan of activities and agree on key processes to push further, the planned activities faced a slow-down throughout the 1st implementation year (1st April 2019- 31st March 2020).

These influenced the progress of the programme as forecasted in the Programme Document and required several shifting of the activities' plan which will reflect in an increase of spending during the second year of the programme (1st April 2020 - 31st March 2021).

The table hereinafter reflects a summary of the realized spending during the first year (1st April 2019 – 31st March 2020) (Table 4).

Table 5: Updated forecast for the second year (April 2020-March 2021)

Budget Part		Total funds in CHF	Initial Forecast APR'19-MAR'20	Realized spending APR'19-MAR'20
Part 1	Services Headquarters [HQ]	181,440	45,360	35,448
Part 3a	Long Term Experts	1,959,695	587,441	385,482
Part 3b	Short Term Experts	1,068,160	454,840	95,752
Part 3c	Local Support	400,704	100,176	66,086
Part 4	Administrated Project funds	4,065,001	540,649	1,518
Total Project Funds		7,675,000	1,728,465	584,285

As reflected in Table 4, RDPA has some underspending compared to the initial forecast during the first year of implementation. Anyway, this underspending are expected to be spent during the second year of the programme due to the shifting of the timetable of activities. The values of underspending varies from one budget part to the other but the most significant differences comes from Budget Part 3a, 3b and 4.

Budget Part 1 - Services Headquarters (HQ): We had some small underspending in the position “Financial Project Officer” and “Project Manager” since only reduced administration support was required in the first year of the programme. The remaining days are planned to be spend during following years.

Budget Part 3a - Long Term Experts: We had a considerable amount of underspending in this budget line mainly due to the fact that the position “Regional Development Programming and Grants Manager” did not start during the first year. This reflected some underspending which will be spend during the following year.

Budget Part 3b - Short Term Experts: Even on this budget part we had some differences from the initial forecast due to the fact that the days of international experts are shifted and planned to be spent during the second year.

Budget Part 3c - Local Support: We had a small difference from the initial forecast for the first year for this budget part which comes mainly from the Audit costs which will be paid during the following year and in a small percentage from small underspending in regard to utility costs.

Budget Part 4 - Administrated Project Funds: The underspending under this Budget Part are directly related to the Grant Scheme. The Grant Scheme predicted to be in place during the first year was shifted to the second year. This shifted even the planned activities and events related to the Grant Scheme.

6. Challenges encountered during the implementation

The first year of implementation of RDPA Programme-Phase IV was characterized by confrontation of simultaneous challenges which had a remarkable impact on planned activities and respective outputs. Even though certain challenges were unexpected and overwhelming, the RDPA team in close collaboration with ADF, managed to bring forward the core processes of the RD reform, ensuring the finalisation of important milestones such as the draft Law on RD

and Planning documents ready to be officially consulted at central and regional level; the assessment of the ADF capacities for establishing a future management and control system based on EU criteria and standards; and the designing of a Post Disaster Recovery Grant Scheme which reflects the present needs of Albanian citizens and institutions, due to the disastrous consequences caused by the latest earthquake of 26th of November 2019.

RDPA Programme – Phase 4 kick started on 1st of April 2019 with the intention of using phase III results and main outputs as backdrop for the continuation of Regional Development core processes previously established with the official counterparts.

It is relevant to highlight that the starting of phase 4 as a continuation of phase 3 of RDPA is considered in itself as a relevant challenge because of the fact that many finalised and approved outputs during the previous phase had to be reviewed in terms of structure and content. In this regard, both the draft law and planning documents (key milestones of phase III) went through a process of comprehensive revision based on the new requests of the Albanian Development Fund. Most of the changes had to do with ameliorating the content or changing the structure of documents without compromising the core concepts of existing documents. Both draft law and planning documents are to be soon consulted and discussed at national and local level in order to ensure as much as possible common ground with interested actors and strengthen ownership of the regional development reform for the official counterparts, ADF and Deputy Prime Minister's Office.

The first implementation year of RDPA Phase IV is considered also a preparatory period since the Albanian Development Fund required time and technical meetings to re-visit and exchange views in regards to the whole RD approach, the relevance and impact it will have at national and regional scale. These discussions were of paramount importance in order to establish common ground with the official counterpart and agree on bringing forward the defined core processes of the Regional Development reform. Being on the same page in terms of key concepts, processes and actions to be further taken, facilitated the working process at all levels.

RDPA team considers the first year of programme implementation as a preparatory/taking stock phase, since it was important to bring ADF (a new counterpart) into the picture of the RD reform, including previous, present and future steps to be followed up. Despite the fact that ADF is fully aware of the importance of the RD reform, it was deemed necessary to raise awareness on the relevance of each core process required for the RD to be a successful reform, such as the planning & programming, multi-level governance system based on partnership principle, involvement of social and economic actors at regional and national level and many other issues.

On the other hand, the lack of the legal agreement between the donor and the institutional counterparts, to some extent, hindered the working process since the legal basis in place would have been a key document to further continue with several activities, such as grant scheme and other relevant planned actions. Nevertheless, RDPA team and ADF decided to continue working in parallel in the awaiting of the final signature of the agreement which is due in April 2020.

On top of all specific challenges related to the implementation of the programme during the reporting period, two major unexpected events affected the agreed work plan, shifting the activities several times. The earthquake of 26th November 2019 and the Pandemic of March 2020 determined the timeline changes of many relevant activities which were due to be delivered during December 2019, January and February 2020, such as the consultation processes at central and regional level of the RD legal framework and planning documents. Considering the circumstances and the importance of the consultation process, RDPA and ADF

shifted the activities by two months. Despite all challenges, the timetable of planned activities remains ambitious and requires considerable human resources by all counterparts.

7. Conclusions and recommendations

Building upon lessons learned from the implementation of the programme in the previous phase and considering the challenges occurred, RDPA will ensure continuity of activities in collaboration with ADF and Deputy Prime Minister's Office having as a primary objective the consultation and finalisation of the legal framework and set-up of the institutional structure. This will definitively ensure the footing of Regional Development reform in Albania and will pave the way towards finalising planning and programming processes together with other milestones set for phase 4.

Differently by the third phase of RDPA, during phase 4 the official counterpart ADF will be fully engaged and active in pursuing the realisation of milestones and programme outputs, therefore the work plans are to be agreed upfront and outputs delivered jointly.

Additionally, the project will continue to show flexibility in piloting new measures and identifying the best possible solutions based on counterparts' requests and input, which address the needs of the regional development reform, regional development actors and other stakeholders in preparation for joining EU and absorbing of Cohesion funds under EU Structural instruments. Adaptation to current needs and opportunities is deemed necessary considering also the latest challenges the country has faced.

In conclusion, RDPA ought to be upfront providing all information and technical discussions to the official counterparts in order to make them continuously and progressively aware in regards to the step-by-step processes related to the legal framework, institutional set-up, planning and programming and other key issues.

Since it is clear that ADF demands the ownership of all core processes of the Regional Development Reform, is deemed crucial to agree and provide a well-built work plan which maps out the responsibilities and tasks for each counterpart of the Programme.

Last but not least, flexibility into shifting, advancing or accelerating certain activities is necessary to build upon the working processes and to base upcoming steps on ADF and Deputy Prime Minister's needs and requests.

8. Activities' plan for the upcoming implementation period

As stated in other sections of this Report, phase 4 of RDPA has a well detailed plan of activities which is also indicatively accompanied by a timeframe previously agreed with the official counterpart. The activities plan is in line with the Yearly Plan of Operations for the period 1st of April 2020- 31st of March 2021. As it can be seen in the activities table (Annex 28), during the next implementation year, many activities which are directly related to the approval of the Law on RD get unlocked and contribute to the set-up and application of the legal and institutional framework.

Furthermore, the annexed timetable includes the recovering of certain activities which were planned to be delivered within the first year of implementation, but due to several challenges, have been planned to be delivered during the first half of the second implementation year, avoiding any backlog of planned activities.

Annexes of the Annual Progress Report

The annexes to this report are compiled on a DVD which contains the documentary evidence referred to in the present report and are related to the RDPA implementation during the current reporting period. The set of documents includes deliverables as well as work in progress. The following gives a list of all annexes compiled on the DVD.

List of Annexes

- Project Steering Committee of 10th of August 2019 (Annex 1);
- Status of Activities up to 31st of March 2020 (Annex 2)
- Rating of results (Annex 3);
- Final draft Law on RD (Annex 4);
- Final rationale of the draft Law on RDC (Annex 5);
- Report on Impact Assessment (RIA) (Annex 6);
- Presentation on Regional Development Policy for technical discussions with ADF. (Annex 7);
- First Draft Policy proposal to the Government of Albania. (Annex 8);
- Brochure on NFRD and Regional Development Approach (Annex 9);
- National Plan for Regional Development (Annex 10);
- Regional Development Plans (Annex 11);
- Vox Populi for the presentation of the Regional Policy (Annex 12);
- Brochure on Final Draft of the Law on RD; (Annex 13);
- ToRs of the ADF baseline assessment (Annex 14);
- Presentation on the Internal and Management Control Assessment (kick off meeting) (Annex 15);
- Debriefing with ADF staff on the baseline assessment requirements and structure (Annex 16);
- Finalised Baseline assessment (Annex 17);
- Report on Key findings and recommendations (Annex 18);
- ADF Management modalities – two page analysis (Annex 19);
- Process of Entrustment with budget Implementation tasks – Two page analysis(Annex 20);
- Work plan with specific tasks and estimate external expertise needed for gap plugging (Annex 21);
- Draft structure of the Operational Programme (Annex 22);
- Guidelines for preparation of the Operational Programme (Annex 23);
- Photos and agendas of all final events organised during April, May and June 2019 in the frame of the Pilot Regional Development Grant Scheme. (Annex 24);
- Brochure of final projects financed under the RD pilot Grant Scheme. (Annex 25);
- Note on Lessons Learnt by the implementation of the Pilot Grant Scheme. (Annex 26);
- Concept note on the Post Disaster Recovery Grant Scheme (Annex 27);
- Timeline of Activities for 1st of April 2020- 31st of March 2021 (Annex 28);

- Annual Financial Report;
- Annual Audit Report.