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**ANNEX II**

to the Commission Implementing Decision on the Annual Action Plan in favour of the Republic of Albania for 2024

**Action Document for EU for Local Governance**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23(2) of NDICI - Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>Title</b>	Annual Action Plan in favour of the Republic of Albania for 2024 EU for Local Governance
<b>OPSYS</b>	OPSYS business reference: ACT-62388
<b>ABAC</b>	ABAC Commitment level 1 number: JAD.1354182
<b>Basic Act</b>	Financed under the Instrument for Pre-accession Assistance (IPA III)
<b>Economic and Investment Plan (EIP)</b>	Yes Good governance as the foundation for sustainable economic growth
<b>EIP Flagship</b>	No
<b>Team Europe</b>	No
<b>Beneficiary(y)/(ies) of the action</b>	The action shall be carried out in Albania.
<b>Programming document</b>	IPA III Programming Framework
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>Window and thematic priority</b>	Window 2 “ <i>Good Governance, Acquis Alignment, Good Neighbourly Relations, and Strategic Communication</i> ” Thematic Priority 1 <i>Good governance</i>
<b>Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): Goal 11 <i>Sustainable cities and communities</i> ; target 11.a: <i>Strong national and regional development planning</i>
<b>DAC code(s)</b>	Main code 151 Government Sub code 15112 Decentralisation and support to subnational government

<b>Main Delivery Channel</b>	European Commission - Development Share of Budget – 42001			
<b>Targets</b>	<input type="checkbox"/> Climate <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity			
<b>Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>
EIP		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship		YES <input type="checkbox"/>		NO <input checked="" type="checkbox"/>
Tags:		YES		NO
Transport		<input type="checkbox"/>		<input checked="" type="checkbox"/>
Energy		<input type="checkbox"/>		<input checked="" type="checkbox"/>
Environment and climate resilience		<input type="checkbox"/>		<input checked="" type="checkbox"/>
Digital		<input type="checkbox"/>		<input checked="" type="checkbox"/>
Economic development (incl. private sector, trade and macroeconomic support)	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Human Development (incl. human capital and youth)	<input type="checkbox"/>		<input checked="" type="checkbox"/>	

Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Rule of law, governance and Public Administration reform	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tags	<b>YES</b>	<b>NO</b>
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>
digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tags	<b>YES</b>	<b>NO</b>
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### BUDGET INFORMATION

<b>Amounts concerned</b>	Budget line: 15.020101.01 Total estimated cost: EUR 10 000 000 Total amount of EU budget contribution EUR 10 000 000
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### MANAGEMENT AND IMPLEMENTATION

<b>Implementation modalities (management mode and delivery methods)</b>	<b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1.
<b>Final Date for conclusion of Financing Agreement</b>	At the latest by 31 December 2025
<b>Final date for concluding contribution / delegation</b>	3 years following the date of conclusion of the financing agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation

<b>agreements, procurement and grant contracts</b>	
<b>Indicative operational implementation period</b>	72 months following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the financing agreement

## 1.2. Summary of the Action

This Action contributes to the improvement of local governance and local economic development. More specifically, its purposes are to improve the quality, coverage or access to the infrastructure and service of the local governments, to strengthen political dialogue among the local and central government on accession process and to strengthen local and central government accountability and transparency through proactive policy dialogue between central and local government and active participatory engagement of citizens<sup>1</sup>.

The Action is in line with the Thematic Priority 1 “*Good governance*” (and to a lesser extent, Thematic Priority 2 “*Administrative capacity and EU acquis alignment*” and Thematic Priority 4 “*Strategic communication, monitoring, evaluation and communication*”) related to Window 2 “*Good Governance, Acquis Alignment, Good Neighbourly Relations, and Strategic Communication*” of the IPA III Programming Framework.

Moreover, it is aligned with the five pillars of the Green Agenda for the Western Balkans<sup>2</sup>, supporting local economic development and services and aims to contribute to the following European Investment Plan (EIP)<sup>3</sup> initiatives: Renovation Wave for energy-efficient buildings, Waste and Wastewater Management for sustainable management, Digital Infrastructure for better technology usage, and Youth Guarantee for quality employment, particularly for young people. In addition, this action contributes to the Sustainable Development Goals (SDG), since local governance play a vital role in fostering sustainable and inclusive development at local and regional levels through delivering essential services, economic development and environmental sustainability. This is also aligned with several Development Assistance Committee (DAC) and internal markers in the context of local governance such as enhancing decentralisation and local autonomy, supporting capacity building in particular, and public administration in general. Since decentralisation has a cross-sectorial nature, this AD falls under other DAC markers, such as general environmental protection and climate change, gender equality and democratic participation at local level.

## 1.3 Beneficiar(y)/(ies) of the Action

The action shall be carried out in Albania.

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<sup>1</sup> The term 'citizens' used in this document denotes individuals of all gender identities and diverse backgrounds, emphasizing the importance of promoting inclusivity and gender balance in policy dialogue and decision-making processes

<sup>2</sup> [factsheet green agenda oct2023 final 0.pdf \(europa.eu\)](#)

<sup>3</sup> [EIP \(wbif.eu\)](#)

## 2. RATIONALE

### 2.1. Context

In line with the EU accession agenda, the Government of Albania (GoA) expressed its commitment to implement several reforms aimed at improving good governance. These reforms address various complex issues, including public administration reform, public finance management, the fight against corruption, decentralisation, and digitalisation. To this end, the GoA has continued to implement the National Strategy for Development and Integration 2015-2020 (NSDI II) as the main strategic document outlining its vision for development and EU integration that is regularly updated through its action plan extension. The NSDI II vision for decentralisation and local governance aims to empower local government and enhance the efficiency of the decentralisation process. This vision is supported by enhancing the efficiency of local governance structures, strengthening local finances and promoting fiscal autonomy, promoting local sustainable development, and strengthening good governance at the local level.

On February 2023, Albania approved the new National Strategy for Development and European Integration 2022-2030 (NSDEI)<sup>4</sup>. The NSDEI 2022-2030 vision for “decentralisation and local government empowerment” aims to empower local governance for sustainable economic development towards European standards. This vision is supported by strengthening and promoting sustainable local development; improving the provision of local services in order to increase their quality and standards for citizens; digitalisation of local services and improvement of their delivery infrastructure; increasing local financial autonomy through the consolidation of its own income system; improvement of local democracy and advancement of the European integration agenda at the local level; and strengthening of central and local capacities in support of local government, as well as local self-government associations.

The 2014 Territorial Administrative Reform (TAR) aimed to improve services offered to citizens at the local level, maximize efficiency and good governance, and empower local and regional governments. The reform consolidated and eliminated unnecessary fragmentation, resulting in 12 districts and 61 large municipalities. The adoption of TAR marked a significant administrative reform in Albania, aiming to improve efficiency and effectiveness in service delivery, as well as local fiscal autonomy. The Administrative and Territorial Reform was followed by the adoption of the: (i) "National Crosscutting Strategy for Decentralisation and Local Governance 2015-2020 (NCSDLG)"; (2) Law No. 139/2015 "On local self-government" which among others transferred to municipalities several new functions; (iii) Law No. 68/2017 "On local self-government finance" which guarantees the right of LSGUs to generate income independently, to benefit from an unconditional transfer from the State Budget, and benefit from the division of revenues from national taxes. LSGUs have full autonomy in using their incomes, unconditional transfer, and incomes from allocation of shared taxes complemented by Law No. 106/2017 "On some amendments and additions to Law No. 9632, dated 30 October 2006, "On the local tax system".

Currently, the GoA adopted a new Cross-Cutting Strategy for Decentralisation and Local Governance 2023-2030<sup>5</sup>. The strategy aims to strengthen local governance for sustainable economic development toward European standards; it includes consolidating the decentralisation process, creating an encouraging environment for sustainable local economic development, strengthening local income municipalities, digitalizing services and their online provision, providing an open government, increasing transparency, accountability, and extending e-government at the local level as well as advancing the EU agenda at the local level.

In addition, Albania is also participating since 2023 as an observer in the Technical Support Instrument\* pilot for enlargement countries and follows a multi-country project of Portugal, Spain and the Netherlands on “Civic participation and emergent technologies” which provides insights on how Member States are trying to regain citizens trust through the development of common digital solutions for democratic participation.<sup>6</sup>

The IPA III Programming Framework presents a policy-driven approach, with a strategic and dynamic deployment of assistance that puts the "fundamentals" at its core. It focuses on the rule of law, respect for fundamental values, and the strengthening of democratic institutions and public administration reform. In line with the Thematic Priority 1 “*Good governance*“ (and to a lesser extent, Thematic Priority 2 “*Administrative capacity and EU acquis alignment*” and Thematic Priority 4 “*Strategic communication, monitoring, evaluation and communication*”) related to Window 2 “*Good Governance, Acquis Alignment, Good Neighbourly Relations, and Strategic Communication*”, this Action aims to improve the quality and accountability of administration, increase professionalism, depoliticize and increase transparency, improve management of public finances and provide better services for citizens, women and men in all their diversities, in compliance with EU rules and standards.

In this respect, the Action contributes directly to the implementation to the new Strategy for Decentralisation and Local Governance 2023-2030 as well as to the implementation of new National Strategy for Development and European Integration 2022-2030, particularly its section on “decentralisation and local government empowerment”. The Action aims to strengthen and promote sustainable local development, improve the provision of local services to increase their quality and standard for citizens, improve local democracy, advance the European integration agenda at the local level, and strengthen central and local capacities in support of local government and self-government associations. It will also mainstream environment and climate change in local governance.

This Action aligns with the five pillars of Green Agenda for the Western Balkans, supporting local economic development and services and aims to contribute to EIP initiatives: Renovation Wave for energy-efficient buildings, Waste and Wastewater Management for sustainable management, Digital Infrastructure for better technology usage, and Youth Guarantee for quality employment, particularly for young people. Furthermore, this action builds on the existing contribution of EU through various project in local governments (either as the sole contributor or co-financing) through direct grant support, policy alignment, capacity-building efforts, and promotion of good governance, consequently, contributing to the strengthening of local governments and the country's path toward EU integration. In addition, the action document has placed special emphasis on building upon the existing and future activities of various other projects in the local governments in Albania and ensuring complementarity. Overall, all activities of this Action are fundamentally based on the Cross-Cutting Strategy for Decentralisation and Local Governance 2023-2030.

## 2.2. Problem Analysis

Despite many challenges that the 2019 earthquake and COVID-19 pandemic created, Albania has performed well, recording higher than the regional average values for the six key area of SIGMA indicators for the reform of public administration (PAR). Notwithstanding this relatively strong performance and progress, several weaknesses and challenges remain which call for a more coordinated and purposeful planning and implementation of reforms to fill in the gaps in the regulatory and methodological frameworks, strengthen capacities and ensure better and more consistent application of existing tools and procedures.

The EC 2022 Country Progress Report states that Albania is moderately prepared in the area of public administration reform. Explicitly, the territorial administrative reform needs to be further consolidated as part of the wider decentralisation agenda. LGUs still lack sufficient financial resources and administrative capacity to effectively exercise their greater policy-making powers. The LSGUs’ fiscal autonomy remains at risk as most of their budget depends on national transfers. The financial situation of municipalities has become more

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<sup>4</sup> Council of Ministers Decision no. 88 dated 22.02.2023 “For the approval of National Strategy for Development and Integration 2022-2030” as published in Official Gazette no.31 date 24.02.2023. See: <https://qbz.gov.al/eli/vendim/2023/02/22/88/59519cb2-2180-4e7e-9d91-68545a68e008>

<sup>5</sup> Council of Ministers Decision no. 252 dated 20.04.2023 as published in Official Gazette no.68 date 26.04.2023. <https://qbz.gov.al/eli/vendim/2023/04/20/252/ea30c5f2-a4bc-4ee4-b826-22afbe1bbaf9;q=strategjia%20ndersektoriale%20per>

<sup>6</sup> *Technical Support Instrument (TSI) (europa.eu)*

complicated due to economic shocks, leading to a reduction in own resources available to LSGUs. The delivery of quality public services at the local level remains limited.

The NCSDLG 2023-2030 highlights several challenges faced by municipalities in fulfilling their duties. These challenges include the need for more fiscal autonomy, the lack of minimum standards for service provision, human resource sustainability, legal and administrative uncertainties, digitalisation, and the need to strengthen local democracy. To address these challenges, the NCSDLG endorses implementing shared taxes to support the LSGUs and the establishment of instruments and mechanisms to monitor service provision and performance, according to well-defined standards and ensure sustainability and inclusion in digitalisation.

Other reports issued by EU and by other donors, confirm that for decentralisation processes to yield effective results, it is not enough to simply empower the supply side. Effective local governance requires responsive and accountable local governments that have strong institutional systems in place to engage citizens in local affairs. This aspect of local governance is still underdeveloped in both institutional setup and civic engagement levels.

The Consultative Council continues to operate as the main forum for institutional dialogue and coordination between central and local governments. However, according to the Local Government Status Report 2021 issued by the Association of Albanian Municipalities, even after five years of operation, this Council has not been able to change the course of various policies.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

Overall coordination and management of Public Administration Reform (PAR) is led by the Integrated Policy Management Group on Good Governance and PAR (IPMG-PAR). The Thematic Group of Decentralisation within IPMG-PAR is led by the Ministry responsible for decentralisation agenda (Minister of State for Local Governance), supported by the Agency of Self-Government Support (ASLG). All main institutional actors are represented in the IPMG thematic group for decentralisation.

The Minister of State for Service Standards is responsible for ensuring that good governance principles are upheld.

The State Agency for Strategic Programming and Assistance Coordination (SASPAC) is responsible for coordinating foreign assistance for development programmes and projects, assisting decision-making structures in developing the National Strategy for Development and European Integration (NSDEI), and monitoring its implementation. It also provides methodological support in the development of inter-sector and sector strategies, with the aim of harmonizing them with the NSDEI, as well as monitoring their implementation. In addition, SASPAC coordinates the process of administering projects of national interest and provides support to state administration institutions to increase their capacity in the field of development programmes and projects.

Other stakeholders include the Albanian School of Public Administration for capacity building and local government units (LGUs) as the institutions closest to citizens. The Associations of Local Authorities, at local and regional level, are key stakeholders in fostering cooperation among municipalities and advocating for their interests. Their role in empowering local authority and strengthening the dialogue between central and local governments is instrumental. Non-state actors involved in PAR include civil society organisations (CSOs), think tanks, academia, research institutes, universities, the private sector, donors, development partners, and the media. These non-state actors are usually utilized to ensure a well-rounded and effective approach to local government projects not only in terms of representation of various actors, but also expertise, advocacy, community engagement, innovation and dissemination. Key stakeholders in the field addressed by this action document are the donor agencies, the Swiss Agency for Development and Cooperation (SDC) and the Swedish International Development Cooperation Agency (SIDA).

### **2.3. Lessons Learned**

Cooperation and coordination with all involved actors are necessary to further advance and consolidate the decentralisation agenda. Legal and administrative harmonisation is crucial to ensure efficient implementation

and quality provision of services by the local governments. Interinstitutional and central government-local government dialogue is also important, particularly regarding policies, strategies, and legal harmonisation. Prioritizing a list of local services for citizens is critical, with particular focus on women, in all their diversity and on marginalized communities in society suffering from intersectional and multiple discrimination, in this process. Moreover, cross-local agreements are a means of fostering cross-local economic cooperation and should be revitalized and utilized to increase service quality for citizens. To deliver services uniformly, regardless of municipality size differences, service standards must be established and updated by LSGUs responsible for managing and organizing the delivery of public services. The government's initiative to digitalize services and provide them online is a visionary and transversal strategy that increases the transparency, efficacy, and quality of public services, resulting in eventual cost reduction for citizens and businesses.<sup>7</sup>

So far, the EU has played a crucial role in supporting Albania's decentralisation process. The EU's approach was aligned with national priorities and EU goals, resulting in increased relevance and appropriateness of EU support. Efforts to strengthen dialogue and coordination with the EU have had limited consequences, but aligning support with national priorities has brought strategic and mutually reinforcing results. The EU's proactive engagement with the government and development partners has ensured internal and external coherence and synergies, resulting in more comprehensive support for decentralisation efforts. The EU's support to local governments included targeted interventions and capacity-building projects, including cross border cooperation (CBC) with neighbouring Countries. However, these efforts were not always streamlined or integrated into local institutional structures or municipal development plans, making it difficult to understand their cumulative contributions and sustainability.<sup>8</sup>

The EU has delivered external assistance to local government through various programmes, such as the IPA II "Good Governance 2014-2020 Action Programme," which is the first LG dedicated Action Programme. Other Programs and Projects have targeted local government through specific objectives and dedicated interventions, such as the Sector Reform Contract (SRC) on PAR (2016-2020), which aimed to contribute to enhanced transparency, accountability, and efficiency of Albania's public administration, with a focus on citizen and business needs. Other EU support has been delivered through the IPA 2017 and IPA 2018 Actions, and the IPA 2020 "EU for Good Governance Action Programme." The latter responds to the gaps and recommendations outlined in the NCSDLG AP 2018 and 2019 EU-OECD SIGMA assessment and recommendations for Albania. This programme aims to contribute to a more capable and responsive public sector towards citizens' needs and businesses and improve public administration's efficiency, accountability, transparency, inclusivity, and effectiveness at the national and local levels.

It has been noticed that the EU's support for decentralisation in Albania was effective especially when it was aligned with national priorities, engaged with local governments, and involved intensive interaction. Nevertheless, flexibility can limit sustainability, and more targeted support is needed to address challenges in promoting integrity, consultation policies, and vulnerable populations' needs. The EU assistance needs to improve the integration of gender issues, increase grants focused on environmental protection, and better integrate the SDGs and Leave-no-one behind principles.

Lessons learnt include the importance of hands-on, intensive interaction with local governments for EU support to be effective. The EU's support for training, capacity building, and grant support for socio-economic infrastructure has had transformative potential despite challenges. This resulted in increased ownership of EU-related activities and improved trust among municipal leadership in the importance of EU integration at the local level. However, some areas of insufficient transformative sustainable results were identified, such as challenges in promoting integrity of local governments and local consultation policies. Sustainability has also been problematic in some domains, particularly capacity-building results challenged by staff turnover, lack of institutional memory, changing policies, and reprioritisation of procedures. Limited resources and understanding of the role of European Union Integration Units (EUIUs) within municipalities pose challenges.

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<sup>7</sup> GoA, Draft NCSDLG 2023-2030, March 2023

<sup>8</sup> European Commission, Evaluation of Local Governance Portfolio Interventions Final Report, February 2023



While the role of municipalities in the EU integration processes is well recognised at the local administration, more needs to be done to induce EU integration process at the municipal decision-making process. More targeted support and empowerment of EUIUs, training to wider local government administration and the local elected people on EU accession, as well as awareness-raising of their potential added value and engagement are needed for local governance development and EU accession vision. Similarly, information and capacity building activities on gender mainstreaming are needed for local government administration, especially for the EUIUs staff, as well as for decision-making staff and local elected people; they need to understand that their road to EU accession means also the intensified and dedicated efforts to address gender inequalities (so to be aware and try to implement EU Gender Equality *acquis*).

The EU's support efforts did not consistently integrate gender issues. The only exception here is “EU for Gender Equality in Albania: Implementation of the EU Gender Equality *acquis*” (EU4GE), a United Nations Joint Programme (UNJP) implemented by UN Women and UNFPA and funded by the European Union (EU) through the UN Albania SDG Acceleration Fund (2021-2023). This intervention reflects the EU commitment on gender equality as a principle underpinning its external relations within the framework of Albania’s accession to the EU and with a focus on the negotiation process, however it covers only a small number of municipalities. On the other hand, environmental concerns were well incorporated into the design and implementation of the EU for Municipalities (EU4M) project. However, there was a low rate of grants focused on environmental protection, despite alignment of environmental elements in all infrastructure-related proposals. The SDGs and Leave-no-one behind principles were not explicitly integrated, though some grants and interventions helped to promote access and protection for vulnerable populations. Municipal capacity building did not directly address the needs of vulnerable groups, as evidenced by the lack of facilities for persons with disabilities at One Stop Shop premises and the absence of requirements for such facilities in EU4M guidelines. The situation is similar even in specialist support services under the responsibility of municipalities, or which are functioning at municipality level aiming at providing support for women and girls victims/survivors of violence – they either lack the required facilities for women and girls with disabilities, and/or lack trained staff to support cases of violence against women and girls with disabilities, mental health problems, etc.

The SDC and SIDA are working towards establishing a central government-managed performance-based grant scheme and defining national standards for local public services, particularly in waste management and pre-school local services sectors. To support these efforts, this action document aims to conduct a mapping and gap analysis for standards in LG-related services and develop updated and new standards in coordination with the central government, with a focus on services that are not covered by these agencies. By supporting the definition standards and promoting citizens' participatory governance, this action document complements and builds upon the programs supported by SDC and SIDA by adding a more focus on citizen participation in local governance. While the two agencies focus on establishing performance-based grant schemes and defining national standards for local public services, particularly in the waste management and pre-school local services sectors, this action document emphasizes the importance of defining local standards and citizens having a voice in decision-making processes at the local level.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Intervention Logic

The **Overall Objective** (Impact) of this Action is *to improve local governance and local socio-economic development.*

The Specific Objectives (Outcomes) of this action are to

1. *Improved quality, coverage and access to the infrastructure and services of the local government, responsive to citizens' needs and conducive to socio-economic development.*
2. *Strengthened local governance capacities to advance and respond to demands of the European integration process through proactive policy dialogue between the two tiers of government, along with active participatory engagement of citizens.*

The **Outputs** to be delivered by this Action contributing to the corresponding Specific Objectives (Outcomes) are:

**Output 1.1** (contributing to Specific Objective 1) Empowered LSGUs to plan, design, implement and monitor actions for the improvement of the quality, coverage or access to the infrastructure and service of the local government through integration of environment, social and gender aspects and enhanced socio-economic opportunities for local communities ..

In this respect, this Action would see LSGUs further financially and technically capacitated to continue to plan and implement interventions for the improvement of the quality, coverage or access to the infrastructure and service of the local government.

**Output 2.1** (contributing to Specific Objective 2) Enhance LSGUs capacities and awareness to contribute to and benefit from the EU accession process, to perform efficiently their functions based on EU values and standards, to strengthen intergovernmental policy dialogue, coordination and cooperation on local self-governments and to engage efficiently with local stakeholders and communities in the EU accession process..

More specifically, the LSGUs are familiarized with the EU cohesion policy framework, in particular with the European Code of conduct on partnership, including specific policy objectives and funding priorities, and the importance of engaging with local stakeholders to ensure that EU policies and programmes implemented are responsive to community needs. Additionally, local government units are technically capacitated to increase their coordination role in Albania's EU accession process. To further enhance the performance management system of local government functions based on EU principles of local democracy and self-governance, central and local government institutions are also technically capacitated, with a focus on adequate financial resources, subsidiarity, and citizen-oriented governance. To ensure complementarity and avoid duplication of efforts, this activity is synergized with other donors working in the same area.

#### 3.2. Indicative Activities

Activities related to **Output 1.1** Empowered LSGUs to plan, design, implement and monitor actions for the improvement of the quality, coverage or access to the infrastructure and service of the local government through integration of environment, social and gender aspects and enhanced socio-economic opportunities for local communities.

- *A.1.1.1 Assess the needs of local governments and identify the most pressing infrastructure and service priorities, as per municipal strategic development objectives and plans.*

This activity will involve conducting a survey with municipalities on their capital investment, reviewing available data from the implementing partner and engaging with LSGUs, Local Government association(s), local communities and key local stakeholders. A special focus should be given to the need for integration of environmental, social, and gender aspects.

- *A.1.1.2 - Develop and implement a grants scheme to support financially the municipalities to develop quality of and access to municipal public infrastructure and services via capital investments.*
- The activity will involve:
- a) preparation of the grants scheme, including development of the grant guidelines for sub-grants scheme as per the needs and priorities of municipalities and their local communities, the development of the grant application rules, procedures and templates, evaluation rules and procedures; b) outreach and communication on the grant scheme; c) launching of the calls for proposals; d) management of the grant selection process; e) contracting and disbursement of the Grants Scheme; f) monitoring and evaluation of EU grants.
- The grants scheme shall include a major component focused on capital investments (between 70-80%) and a smaller component focusing on improved municipal institutional capacities and governance for service delivery at local levels (20%-30%). The grants scheme priority areas will be aligned with municipal responsibilities in Albania and other EU initiatives in Albania and in the Western Balkans. Gender and social inclusion will be mainstreamed.

- *A.1.1.3 Develop institutional awareness and capacities at municipal level for planning, delivering, monitoring and evaluating municipal services.*

- The activity shall include coordination of capacity building activities at sub-grant level (by the municipalities themselves as part of their efforts to strengthen municipal capacities for planning, delivering and monitoring and evaluating service delivery) and at action level. The support may include thematic trainings, exchange of regional know how and good practices, peer to peer learning, networking of municipal officials through the technical committees of the local government association(s) to ensure sustainability of capacity building measures, support for community engagement in planning and evaluating services and development of service improvement action plans.

Activities related to **Outputs 2.1** Enhance LSGUs capacities and awareness to contribute to and benefit from the EU accession process, to perform efficiently their functions based on EU values and standards, to strengthen intergovernmental policy dialogue, coordination and cooperation on local self-governments and to engage efficiently with local stakeholders and communities in the EU accession process. *A.2.1.1 Strengthen institutional capacities at central and local governments' level to contribute to the EU accession process*

A.2.1.1.1. Facilitate the work of the Negotiation Structures (i.e. Office of Chief Negotiator with EU and Working Groups) to keep the local government officials informed about the progress of negotiations, increase their awareness and information;

A.2.1.1.2 Provide capacity building, legal advice, research materials, and data analysis to better support the local government qualitative and substantial feedback/contributions in the negotiation process;

A.2.1.1.3 Provide support to central government to enhance the capacities to continuously coordinate, monitor and evaluate the effectiveness of local government engagement in the EU integration process, identify areas for improvement and develop specific policies and programmes for local government support to meeting EU integration obligations.

A.2.1.1.4 Provide support to increase capacities of cooperation between public authorities at national, regional and local levels and with social partners, NGOs and other relevant stakeholders to progressively put in practice the EU partnership principles as set in the European Code of Conduct on Partnership.

*A.2.1.2 Strengthen intergovernmental and regional policy dialogue on the role of local authorities in the EU accession process*

A.2.1.2.1 Facilitate regional high-level policy dialogue, networking and knowledge sharing on the role of local authorities in the EU accession process. Facilitate exchanges of good

practices and innovative approaches with EU Member States and candidate countries mobilising notably TAIEX assistance.

A.2.1.2.2 Enhance intergovernmental dialogue on municipal development and EU accession facilitating the active engagement of local authorities in the negotiation process and ensuring that local interests are well-represented in the negotiation of different negotiation chapters/clusters.

*A.2.1.3 Strengthen municipal institutional capacities and preparedness to benefit from the EU accession process*

A.2.1.3.1 Expand the capacity building programme to increase the information, knowledge and capacities of the local administration and elected officials on the EU funding opportunities and strengthen the LSGU capacities to absorb and manage EU financial assistance;

A.2.1.3.2 Facilitate peer-to-peer exchange of information, knowledge sharing and networking between the local government units themselves, and between the local government units of Albania with other EU Member States and Western Balkan Countries on how to improve access to EU funding and in particular related to Regional Development and Cohesion funds.

A.2.1.3.3 Provide support to the central government and local government administrations to enhance their capacity for monitoring and reporting on EU and other donor-funded projects, ensure that information is regularly reported, available, opened and transparent for the public and other interest groups.

A.2.1.3.4 Provide support to local government administrations to enhance their capacity for transparency, accountability and integrity, in particular to develop, up-date and implement the integrity plans.

A.2.1.3.5 Provide support to local government administrations and to develop and implement mechanisms that ensures that local polices and initiatives are implementing through an open process of consultation, participation and dialogue within partners and communities.

*A.2.1.4 Strengthen municipal capacities to engage with local stakeholders and communities on EU accession process and benefits*

A.2.1.4.1 Develop and implement a communication strategy to effectively inform and raise awareness on the role of municipalities on the EU values and accession process, on the negotiation objectives, progress, and outcomes to local stakeholders and the wider community.

A.2.1.4.2 Provide training and resources to local government officials to help them effectively communicate information about EU financial support to their constituents, enhance the communication skills, provide access to communication tools, and support in organizing outreach events within their community.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

In line with the EU environmental policy, this Action will contribute to the environmental agenda of the country by promoting environmental policies and practices by enabling the planning and implementation of infrastructure and public service measures that prioritize environmental protection. Furthermore, the measures encourage the adoption of environmentally friendly policies by municipalities and the implementation of measures that consider environmentally friendly approaches. Additionally, the Specific Objectives of this

Action will advocate to municipalities the economic benefits of transitioning to an environmentally friendly and low-carbon economy.

Additionally, the action promotes environmental accountability and transparency by engaging citizens in the decision-making process; by facilitating public consultations or creating platforms for citizens to provide feedback on public services including environmental policies and initiatives; involving citizens in the process, the action can ensure that environmental concerns are addressed and that the local governments are held accountable for their actions.

The Action will support the strengthening of the administrative capacity of municipalities, which will support the implementation of all international and national commitments, including those linked to environmental protection, climate change and biodiversity. The action address environmental challenges through investments and capacity-building efforts, including a better mainstreaming of the environment and climate change agenda in local policies.

### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1.

This Action will contribute to the Objective 4 of the EU gender equality strategy 2020-2025: Gender mainstreaming and an intersectional perspective in EU policies, putting equal opportunities between women and men as an integral part of its design, implementation, monitoring and evaluation.

This implies that the action will promote gender equality and ensure equal opportunities by empowering LSGUs to plan and implement actions for the improvement of the quality, coverage or access to the gender responsive infrastructure and service of the local government including gender aspects. In addition, this Action is in line and with pillar 5 of the EU Gender Action Plan III (GAP III)<sup>9</sup>: “Reporting and communication on results, putting in place a quantitative, qualitative and inclusive monitoring system to increase public accountability, ensure transparency and access to information, and achieve better EU outreach on the impact of its work worldwide”, tailored to the country context and specifically fine-tuned to the local governance level.

This Action will also contribute to improving implementation of the Law No. 68/2017 "On local self-government finance", especially by using Gender Responsive Budgeting as a tool for gender mainstreaming in all policies, plans and services at the local level.

### **Human Rights**

This Action takes into consideration the country's commitment to advance the human rights agenda in practice. It will support Albania in enforcing the right of its citizens to have an efficient and accountable public administration that delivers services to all citizens and enterprises. The protection of human rights will be integrated specifically in activities that support the drafting and implementation of Integrity Plans in municipalities, as well as in activities of the EUI in municipalities that advocate for EU values and standards.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1.

The action will help support the country's commitments to human rights, with a focus on the rights of people with disabilities. By improving the effectiveness and efficiency of the public administration, this action is expected to positively impact the way the state functions and addresses the concerns of its citizens, including vulnerable groups. The principles of 'leave no one behind' and rights-based approaches will be explicitly integrated into the implementation of each envisaged activity. Additionally, Specific Objective 1 will prioritize accessibility for all as a critical element in improving infrastructure and public services. Specific objective 3 will further support the strengthening of municipalities' administrative capacity by building their capacity and better mainstreaming the principles of 'leave no one behind' and rights-based policies and public services.

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<sup>9</sup> See: [https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf)

## Democracy

Supporting infrastructure investment and setting service standards contribute to local democracy by ensuring that citizens have access to basic services and resources, such as clean water, sanitation, and transportation. This can help to improve the quality of life for residents and promote greater civic engagement and participation. Additionally, by establishing clear service standards, local governments can increase transparency and accountability, which can help to build trust between citizens and their elected officials by creating a more responsive and equitable system of governance.

## Disaster Risk Reduction

The Action can support the strengthening of the administrative capacity of municipalities, in planning local policies which address disaster risk reduction challenges through investments and capacity-building efforts, including the planning and financing disaster risk reduction based on national and local standards through active engagement of participatory citizens.

### 3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
Risks related to the external environment	Lack of cooperation between the government and LSGUs may hinder the implementation of local governance and economic development initiatives.	Medium	High	Maintaining clear and structured communication channels, and ensuring the equitable distribution of resources
Risks related to planning, processes and systems	Dependence on external funding may be unsustainable and create risks for long-term sustainability.	Medium	Medium	Establishing mechanisms for domestic resource mobilisation and capacity building, and technical support
Risks related to people and the organisation	Poor and gender-blind implementation, maintenance, or monitoring may lead to incomplete or suboptimal outcomes of the infrastructure and services.	Medium	Medium	Establishing clear implementation plans and performance and gender indicators, ensuring effective monitoring and evaluation mechanisms, and building the capacity of LSGUs
Risks related to planning, processes and systems	Inadequate financial support may lead to incomplete or insufficient implementation of EU integration initiatives and hinder political dialogue between local and central government	Low	Medium	Establishing sustainable financing mechanisms, capacity building programs, and promote political dialogue with a gender lens.
Risks related to legality and regularity aspects	Lack of alignment with legal basis may hinder the effectiveness of the performance management system and undermine accountability and transparency.	Low	High	Ensuring compliance with the legal basis, establishing clear performance (and gender) indicators, and implementing effective monitoring and evaluation mechanisms.
Risks related to communication and	Incentives may not be aligned with citizens' needs or may be subject to manipulation or bias.	Medium	High	Establishing clear, gender sensitive and objective criteria for granting schemes, ensuring citizen participation in decision-making, and

information				establishing effective monitoring and evaluation mechanisms
Risks related to communication and information	Donors initiatives that lack coherence and are fragmented may not effectively address the root causes of problems	<b>Low</b>	<b>Medium</b>	Developing a shared vision between donors and GoA, foster coordination and communication, ensure continuity, and monitor and evaluate other project initiatives.

## External Assumptions

The Action can be implemented following its planned chain of results based on the following assumptions.

At the **Output** level, it is assumed that if the Government of Albania aligns the (gender sensitive) performance management system of local government functions with the legal basis on local self-governance finances, local budget planning, and/or other legislation as needed, then local and central government accountability and transparency can be strengthened. Similarly, if LSGUs are incentivised with competitive granting schemes based on citizens' satisfaction, then local and central government accountability and transparency can be strengthened.

Also, if the Government of Albania provides the adequate financial resources to the LSGUs to fulfil the legal responsibilities of the EUIs after the completion of the EU funded support, then the political dialogue among the local and central government on Albania's EU integration process can be strengthened.

This Action assumes that central government, in agreement with local governments, will continue providing co-financing, which will be only applicable on the sub-grants scheme.

Last assumption is that if LSGUs ensure the quality of implementation of the actions, maintenance of the infrastructure and monitoring of the services which are object of the Action, including with a gender lens, then the quality, coverage or access to the infrastructure and service of the local government can be improved and become more gender responsive.

At the level of **Specific Objectives** (Outcome) it is assumed that if the Government of Albania and LSGUs increase political cooperation, then local governance and local economic development can be improved as well as if the Good Governance Reform (PAR and other) continues to be financially and technically supported, then local governance and local economic development can be improved.

More generally, a number of external conditions not specifically related to the Action's result chain effective process, but overall affecting the sector and the development of local governance should be taken into consideration in the larger perspective of the PAR in Albania.

Lack of cooperation between political parties and government institutions can lead to a lack of continuity and consistency in policies and decision-making processes at the local level, which could adversely affect economic development and local governance. Fluctuations in funding availability and allocation can create uncertainty for local governments, making it difficult for them to plan and implement long-term and sustainable gender responsive projects and policies. This can be particularly challenging in the context of Albania, where funding from international organisations and donors continue to play a significant role in supporting municipalities.

Legal and regulatory constraints that limit the scope of the NCSDDL can also impede progress in local governance and economic development. Furthermore, corruption and weak rule of law can undermine the effectiveness of reforms and policies.

Social and cultural factors can also play a significant role in shaping citizens perception towards local governance and economic development. Politicized and unethical media channels can lead to mistrust and skepticism towards local government institutions, hindering their ability to promote inclusive economic growth. Additionally, there may be cultural norms and beliefs that restrict the role of women and other marginalized groups in governance and economic development.

Digitalisation reforms require adaptation and innovation from local governments, which may not be able to mobilize the necessary resources or expertise to adapt to such changes. Similarly, environmental factors such as natural disasters and climate change can impact infrastructure investment, creating additional challenges for some municipalities.



### 3.5. Indicative Logical Framework Matrix

Results	Results chain:	Indicators	Baselines	Targets	Sources of data	Assumptions
<b>Impact</b>	To improve local governance and local socio-economic development	1 State of play of Albania in local governance 2 % increase of local government own revenues, in average across LSGUs	1 Moderately prepared, 2022 2 15%, 2023	1 Good level of preparation, 2035 2 30%, 2035	1 European Commission, Albania 2035 Report 2 Ministry of Finance and Economy, Mid-term budget report of municipalities 2035	<i>Not applicable</i>
<b>Outcome 1</b>	Improved quality, coverage and access to the infrastructure and services of the local government, responsive to citizens' needs and conducive to socio-economic development	1.1 % of citizens perceiving the general public service provision received at 'rather good' level	1.1 38%, Winter 2021-2022	1.1 55%, 2030	1.1 Eurobarometer, Winter 2030-2031	The Government of Albania and LSGUs increase political cooperation. Good Governance Reform (PAR and other) continues to be financially and technically supported.
<b>Outcome 2</b>	Strengthened local governance capacities to advance and respond to demands of the European integration process through proactive policy dialogue between the two tiers of government, along with active participatory engagement of citizens.	. 2.1 % of implemented measures of the AP of the NSDLG 2023-2030, SO 5 <sup>10</sup> 2.2 Number of adopted and implemented of Integrity plans at municipal level	2.1 0%, 2023 2.2 16 adopted and 59% implementation rate, 2022	2.2 100%, 2030 2.3 All and at least 50%, 2030	2.1 Association for Local Autonomy, Local Public Services Performance Study Report, 2030 2.2, 2.3 Monitoring reports/Mid-Term Review reports of the CSDLG 2023-2030	

<sup>10</sup> under the responsibility and/or contribution of the LSGUs

<b>Output 1 related to Outcome 1</b>	Empowered LSGUs to plan, design, implement and monitor actions for the improvement of the quality, coverage or access to the infrastructure and service of the local government through integration of environment, social and gender aspects and enhanced socio-economic opportunities for local communities..	1.1.1 No. of grants awarded to LSGUs 1.1.2 Average percentage of grant disbursement 1.1.3 Total number of actions proposed from LSGUs per each call	1.1.1 18, 2028 1.1.2 85%, 2023 1.1.3 37, 2023	1.1.1 30, 2028 1.1.2 95%, 2028 1.1.3 45, 2028	European Union Delegation to Albania, IPA III Programme Management Report/Document	LSGUs ensure the quality of implementation of the actions, maintenance of the infrastructure and monitoring of the services which are object of the action
<b>Output 1 related to Outcome 2</b>	Enhanced LSGUs capacities and awareness to contribute to and benefit from the EU accession process, to perform efficiently their functions based on EU values and standards, to strengthen intergovernmental policy dialogue, coordination and cooperation on local self-governments and to engage efficiently with local stakeholders and communities in the EU accession process.	1.2.1 No. of responsibilities implemented by European Integration Units on average, across municipalities 1.2.2 Average number of citizens across municipalities informed of EU values and the EU integration process, policies and programmes 1.2.3 No. of municipalities awarded grants from different EU national, transnational, and other funded programmes	1.2.1 4, 2023 1.2.2 4200, 2023 1.2.3 100, 2023	1.2.1 9, 2028 1.2.2 9000, 2028 1.2.3 200, 2028	1.2.1 EC, Evaluation of Local Governance Portfolio Interventions 1.2.2 Municipalities in the EU Integration Process of Albania, Assessment Report 2028 1.3.1 Report on donor funded projects implemented by local governments.	The Government of Albania aligns the performance management system of local government functions with the legal basis on local self-governance finances, local budget planning, and/or other legislation as needed LSGUs are incentivised with competitive granting schemes based on citizens' satisfaction

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this Action, it is envisaged to conclude a Financing Agreement with the Republic of Albania.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this Action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of conclusion of the Financing Agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### **4.3. Implementation Modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

#### **4.3.1. Indirect Management with a Pillar-Assessed Entity**

The action may be implemented in indirect management with a pillar-assessed entity, which will be selected by the Commission's services using the following criteria:

- The entity has documented specific experience in supporting local governments to engage actively in the EU integration process;
- The entity has documented operational and logistical capacity as well as technical expertise in EU related local governance, decentralisation, local socio-economic development, grant schemes management and capacity building in the context of EU accession;
- The entity has the capacity to provide possible co-financing to the action.

The entrusted entity can be selected may be a Member State organisation, third donor country agency, EU specialised agency, or international organisation.

#### **4.3.2. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances**

If the implementation modality under indirect management as defined in section 4.3.1 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by direct management (grant and procurement) would be used. Specifically, direct management by procurement will be used as to achieve outcome 2.

As to achieve outcome 1, direct management via a grant contract will be used in case of a fall-back option.

(a) Purpose of the grant(s)

The grants will contribute to achieving outcome 1

(b) Type of applicants targeted

Potential applicants will be selected amongst the following criteria: legal entities; not for profit organisation; non-governmental organisation and/or a competent association of sub-national (regional or local) authorities, public body, or relevant mandated body of a Government Department of a European Union Member State.

#### 4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third party contribution (EUR)
<b>Methods of implementation</b> - cf. section 4.3.1		N.A.
<b>Outcome 1.</b> Improved quality, coverage or access to the infrastructure and service of the local government and <b>Outcome 2.</b> Strengthened central and local government accountability and transparency through proactive policy dialogue between the two tiers of government, along with active participatory engagement of citizens, to enhance accountability and transparency in line with Albania's EU accession process.	<b>10 000 000</b>	N.A.
Indirect management with a pillar-assessed entity – cf. section 4.3.1	10 000 000	N.A.
<b>Indirect management with a pillar-assessed entity</b>	<b>10 000 000</b>	N.A.
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	will be covered by another Decision	N.A.
<b>Strategic Communication and Public Diplomacy</b> – cf. section 6	will be covered by another Decision	N.A.
<b>Total</b>	<b>10 000 000</b>	

#### 4.6. Organisational Set-up and Responsibilities

The Ministry responsible for decentralisation agenda and coordinating with local governments is the primary entity responsible for implementing this Action. The Ministry responsible for Local Governance is the main beneficiaries of the Action. As to the managerial aspects, the pillar-assessed entity, as the assessed/entrusted

entity, shall be tasked with monitoring and tracking of the Action's implementation. This structure aims to facilitate the Action's implementation, optimize decision-making processes, and ensure monitoring and long-term sustainability of the solution.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

A steering committee may be organised to guide and oversee the implementation of this Action. Local government associations will play a consultative role and serve as a representative of local governments in the Action. In addition, academia and civil society organisations will be invited to the steering committee, recognizing their significance as key stakeholders at local level.

#### 4.7. Pre-conditions

No preconditions are required for the implementation of this Action.

## 5. PERFORMANCE MEASUREMENT

### 5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the log-frame matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

For **impact** indicators the sources of verification are set for 2035 and data shall be found in the EC Report on Albania and in the Mid-term budget report of municipalities issued by the Ministry of Finance and Economy. For outcome indicators the sources of verification are set at 2030 and data will be produced by:

- For **Outcome 1**: the Eurobarometer, Winter 2030-2031 and namely in the Balkan-barometer, Public Opinion Analytical Report, 2030-2031
- For **Outcome 2**: Local Public Services Performance Study Report, 2030 issued by the Association for Local Autonomy, as well as from other institutional sources, such as ASLG.

For output indicators the sources of verification are set by year 2028 and are respectively:

- **Output 1.1**: the data collected by European Union Delegation to Albania in its IPA III Programme Management Report/Document
- **Output 1.2**: the data derived from the Evaluation of Local Governance Portfolio Interventions issued by the European Commission and the Assessment Report about Municipalities in the EU Integration Process of Albania, and the data collected by the Ministry of Finance and Economy in its National Report on Performance as well as in the various monitoring conducted at Municipal Level.

Given the variety and number of the institutions involved in the implementation of this Action as well as its territorial coverage, the cost of collecting data may require some specific monitoring arrangement to be put in

place; however, most of the sources are institutional and easily traceable hence no significant cost to monitor Action implementation has to be envisaged.

## **5.2. Evaluation**

Having regard to the importance and nature of the action, a mid-term and a final evaluation will be carried out for this Action and its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to assess the extent to which the Action actually contributes to the ongoing process and in view of designing follow up interventions.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Action is embedded in the overall process of implementing the NCSDLG and its correlated reforms at the local level.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least three months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

## **5.3. Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY**

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/EU Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

## **7. SUSTAINABILITY**

To ensure the long-term sustainability of this action intervention, extensive policy dialogues will be conducted between the EU and key stakeholders, including central public authorities and civil society organisations. This effort will rely on the assumption of ongoing political commitment to implementing good governance reforms and the EU accession agenda, as well as continued development of management and technical capacities at both the central and local administration levels.

Complementary assistance will also be provided to build the required capacities within key institutions leading the decentralisation process, enhancing the sustainability of the intervention's results. These interventions are specifically designed to align with the strong focus of IPA III on directly supporting partners' reform efforts linked with the negotiation process, with a particular emphasis on good governance.

The intervention's visibility component will also improve communication lines, facilitating a spill-over effect that will enable citizens of Albania to deepen their understanding of the EU integration process.

The Municipal Grant Scheme, which began in 2021, has a good reputation for objectivity and integrity, and it will be better institutionalized in government systems through revisions to related legislation. To ensure the smooth transition of the Municipal Grant Scheme and enhance its effectiveness, the Ministry of State for Local Governance, under the coordination of the Agency for the Support of Local Self-Government, will assume responsibility for the scheme. The management of the grant scheme will be improved across all aspects, including legal, financial, and quality assurance categories.

To ensure ownership over the process and reform results, stakeholders will be fostered with a sense of ownership and provided with an understanding of the objectives and deliverables of the reform process. This key element will enhance the sustainability of the intervention.