

# **Case Study**

## **Developing Economies Locally Through Action and Alliance (DELTA)**

### **A Joint Initiative of the World Bank and the Open Society Institute**

**Produced By:**

**James G. Budds  
Urban International Associates  
Sofia, Bulgaria**

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## **Executive Summary**

### **1. Overview**

The DELTA program (Developing Enterprises Locally through Alliance and Action) focuses on building institutions within municipal governments and exploiting private sector resources that can foster and support policy reform for private sector development. The World Bank Group Small and Medium Enterprise Department, together with Open Society Institute Local Government and Public Sector Reform Initiative (OSI/LGI), has piloted this program with the goal of addressing institutional and policy reforms at the local level.

The program was developed in great part using the best practices of the OECD from countries in which OECD had engaged in Strategic Planning for Local Economic Development. It was also based partially on several World Bank LED projects across Eastern Europe.

The program has had three incarnations: DELTA I in Kosovo, DELTA II in Kosovo and DELTA Albania. It is important to keep in mind that these are three separate and distinct programs. All follow the basic tenets set up by the World Bank Local Economic Development effort, but all three, as we shall see, are quite different. In this report we will examine why it is felt that, to much higher degree than some similar programs, all three DELTA projects elicited the kind of positive response from those involved that they have.

The report looks at six crucial aspects of this project. They are as follows:

- The Goals, Purposes and Objectives
- The Internal Context
- The Selection Process
- Program Implementation
- Impact and Results
- Conclusions, Recommendations and Suggestions.

### **2. The Goals and Objectives**

The DELTA program methodology promotes and combines best practices in helping to foster an improved business-enabling environment. DELTA operates by promoting capacity-building trainings and technical assistance to local institutions, municipal officials and local business and NGO leaders. Municipal stakeholder groups—which number between 40 and 175 people—work with technical support from a local implementing partner to develop their own locally owned 3- to 8-year strategies and priorities for improving the enterprise sector. In the process of this program, public-private partnerships are institutionalized and the development of goals, objectives, programs and projects are jointly identified, prioritized and implemented.

The DELTA program is grounded in two premises: that the institutional and policy environment for private sector growth matters more than previously

thought, and that institutional or policy changes should include regional or local level reforms, since it is often at the local level where some of the most pervasive obstacles to the private sector exist.

The primary impact of this project, like any other of its kind will not be felt for some years to come. Local Economic Development projects take time to work. The initial results however, show significant progress in the right direction. The process and the program have also uncovered a variety of problems and barriers that have to be overcome. These are outlined in the report and range from problems at the local level to interference from the central government, to the simple difficulties of rethinking and implementing changes to a long standing way of working.

The program itself has numerous elements. They are all, in one way or another, intended to Build Local Capacity for Local Economic Development. The process for doing this is built on a program of about 13-18 months, depending on the local capacity to respond. The process includes:

- Workshops, which take place about every four months and focus on designing action plans for SME support, creation, and retention.
- Facilitation, providing municipal planning commissions with guidance as they work on the development of their strategic plans.
- Local Business Enabling Environment Survey, a tool developed by the project to better understand the needs of local business and to put it in a perspective for the local officials' planning purposes.
- Mayors' Meetings, a best practice that has provided the Mayors of the participant municipalities an opportunity to share ideas, results and possible approaches.
- Study Tour, through which the program provides an opportunity for participants to learn first hand from successful programs in neighboring countries.
- Donors' Forum, a strategy to introduce the participants and their plans to the donor community thus enhancing the chances for funding of projects determined in the strategic planning process.
- Marketing Brochure, a tool for marketing to a broad-based audience the assets and potential of the local area for business investment.

### **3. The Internal Context.**

This study covers three separate and distinct projects conducted in two places. Despite the many similarities between Kosovo and Albania, there are also significant differences. The individual circumstances also have an effect on the ability to implement sub-national programs in the two entities. There are two major factors to be considered here.

- The Political Context
  - The two entities are quite different and have significant differences in the political situation. The affects of the war, the occupation of the UNMIK administration, the impact of an outside administration on the management of government and the authority granted to the

local administrations are influences in Kosovo that differentiate it from Albania. On the other hand a much weaker infrastructure system and lower living standards make the Albania system difficult as well.

- Kosovo, due to government regulations, has made it much more difficult for local governments to keep track of business and business growth and development.
  - A national edict on hiring of new employees has thwarted the efforts to institutionalize the LED process in Kosovo.
  - Control of potential revenue raising properties by outside administration has made development difficult in Kosovo.
  - The overly politicized nature of all issues makes development priorities difficult in both areas.
- The Structure of the Organization
    - The organizational structure of the local governments is quite different as well. The need for the influence of the Mayor in a program such a DELTA has different outcomes, based on the organizational set up of the municipality. In Kosovo they follow the old Yugoslav system where the Mayor is more of a figurehead; whereas Albania has a strong mayor system, where the Mayor is the Chief executive of the municipality.

The body of the report contains a complete explanation of the differences and the impact that they have on the ability to administer an LED program.

#### 4. **The Selection Process**

Selection is important to the process and the selection chapter addresses four levels of selection that occur in this program. They are:

- The selection of the organizing partners
- The selection of the countries for implementation
- The selection of the implementation partners
- The selection of the participant municipalities.

Of these four selection processes, the last two provide the most insight as part of the assessment of this project.

The selection of implementation partners was done quite differently in the two areas, with a selection based on references and reputation used in Kosovo while a competitive tender process was used in Albania. This difference as is noted later in the report, made a significant difference in the approach that the partners took in implementing the program.

The selection of participant municipalities was an extensive process that was composed of three main components.

- Quantitative Determination
  - A review of cities based on criteria which ensure 1. that considered municipalities fell within certain size criteria, 2. to ensure a modicum of local economic development activity already existed, 3. that the program had broad geographic

distribution in the country and 4.required the background of the municipalities in such activities.

- Municipal Questionnaire
  - The questionnaire ( copy of which is attached to the report) dealt with a variety of issues to determine the municipalities' capacity to undertake such a program.
- Municipal Interview
  - The interview, by all accounts, was the most important selection mechanism used to determine the interest and commitment of the municipality to the program and the process.

The combination all these selection processes has provided a well vetted system that has added significantly to the ultimate success of the project in the seventeen cities in which it has been implemented.

## **5. The Local Project Management**

Local Project management is at the heart of the DELTA project. The bulk of the strategic planning work and project determination is done with the assistance of the local project mangers, who schedule, assist and provide support to the participating municipalities.

Several issues under the project management category provide insight into the program and issues that may want to be addressed, amended or continued in future programs.

- Facilitators and Staffing
  - A significant difference existed between the approaches of the two local project managers which is partially based on the make up of their respective organizations and partially by a difference in their approach to managing projects.
- Innovation
  - The opportunity and need for innovation was much more evident in the Albania project where the successful management firm was driven by the competitive selection process to find innovative ways to undertake the program. Many of their ideas have been incorporated into the organizers' ideas for future programs.
- Stakeholders
  - A very different approach to the involvement of the stakeholders was also evident. The evolution of the program seems to be partially responsible as more public involvement was evident as the process matured.
- Time Frame
  - Various opinions existed in this area but the general consensus, for a variety of different reasons was that the process should extend over a longer period of time.

## **6. Program Implementation**

The DELTA program relies on a methodology that promotes and combines best practices in helping to foster an improved business enabling environment. DELTA operates by promoting capacity-building trainings and technical assistance to local institutions, municipal officials, private sector representatives and community groups.

Municipal stakeholder groups, which in Kosovo and Albania have numbered between 40-175 people per city, work with technical support from a local implementing agency to develop their own locally written three to eight year strategies for improving the local economy. Under the programme, public-private partnerships are institutionalised and the development of goals, objectives, programmes and projects and are jointly identified, prioritised and implemented.

All 17 cities that took part in a DELTA program were interviewed for this report. The purpose of the interview was to gather comments of the actual participants to a series of questions that ranged from the overall impact of the project on their community, to the techniques used in the process. The comments on the program implementation led to many of the recommendations made in Chapter 8 of this study.

This chapter contains the results of the quantitative analysis of this study. It includes the results of the Project Status Survey done of all seventeen cities. It also includes an analysis of the funding commitments that have been undertaken so far. The results of the former can be found in the body of the report and the funding structure in the attachments.

## **7. The Impact and Results**

The findings we have had to date do not show impact and results in a traditional fashion. For concrete, quantitative results, it is far too early to do a complete analysis on the programs. DELTA I in Kosovo completed their program only two years ago. However, the impact on the way local government business is conducted, the relationships that have been created and other factors central to the goals of the program are obviously being met. DELTA II and DELTA Albania are just now approaching the implementation of their strategies and so there are only some preliminary results to consider.

The small amount of quantitative evidence that we do have is very positive. The DELTA I program cities, with an intermediate level set of goals and objectives designed for 3 to 5 years, are reporting, in what is the third budget year that some 60-70% of projects listed will be completed by the end of this year. (This takes only numbers of projects into account, and not the overall value or cost of projects. The circumstances and reports from the cities suggest that many of the more expensive projects have been delayed and are among the 30 to 40% that are not completed, for budget reasons.). However, given the funding situation, this is a good record and in some cities, the total completion number is even higher.

There are also indications, albeit not always substantiated by hard core figures, that there has indeed been an expansion of SME business in the communities

participating. The city of Kacanik, for example, cited a road improvement program that, after completion by the city, resulted in numerous new businesses opening up on the street.

Perhaps the most important impact is the change in the way officials think about their duties and ways of governing. In this respect it is clear, based on the interviews, surveys and project development and results to date, that the DELTA project has had an impact well beyond the classical LED initiatives that are at the core of the program. The process of a better business enabling environment has actually worked quite well. The report from the Kosovo cities (noted in the survey results) on the number of business associations, started as a result of the DELTA program, is quite impressive.

Given the incomplete results at this time a better way to understand the impact is to take a look at various anecdotal examples and understand the thinking of the local officials that led to these issues being prioritized highly, or implemented at all. The composite result of all these examples is a snapshot of a new way of looking at municipal responsibilities and an organized, rational approach to spending the public funding. If DELTA accomplished nothing else in terms of technical improvement, the organizers and managers should be proud and pleased to have encouraged and apparently succeeded in engineering these changes. The report provides examples from nine of the DELTA cities. The examples were chosen because they are improvements that are either unique or symbolize the kind of changes that are pertinent to the DELTA process.

## **8. Conclusions and Recommendations.**

The combined input of all the parties interviewed and questioned for this review have led to a series of recommendations designed to make future programs even better. The flexibility of this program to date has demonstrated that the organizers and developers of the program are not adverse to such changes. It is recognized that sometimes funds are limited and not all recommendations can always be added, but the following represent a series of suggestions emanating from participants themselves that could be of significant advantage to the program.

The Following Recommendations are offered:

- The program has clearly achieved its goals...and should be repeated.
- One of the few weaknesses of the program appears to be the coordination for donor support. ideas.

It would significantly improve the ability to carry out the truly tough and yet often vital projects within the community if the World Bank Group/OSI consortium, with their considerable influence, could line up a fund in advance. The fund could then be accessed by participating municipalities after completion of the plan, for limited amounts, perhaps on a matching basis.

- All cities should be instructed in, assisted with and required to set up an Office of Economic Development as a pre-requisite for being included in the project.
- The program time frame should be modified to provide several changes that will enhance the project.
- There should also be a longer involvement of the local and international experts, so as to monitor, advise and assist with the review process at intervals beyond the end of the strategy approval.
- Facilitators should ideally be individuals with a background in LED and at least in Local government operations, with a proclivity for training and TA delivery.
- It is recommended that the business survey should be an ongoing process. The participating municipalities should repeat it two to three times during the course of the project (assuming the 24 month extended period)
- A workable prioritization system needs to be developed.
- The consortium needs to develop and include training and TA for the implementation of a monitoring system.
- Consider an expanded program that can include other facets of LED, including more practical training and perhaps a capital improvement program (CIP) as well as the monitoring program. It can follow on business surveys as recommended above.

Other recommendations on the part of the participants included workshops and seminars on:

- Job Creation and Retention
  - The Legal Framework for LED and keeping up with new laws
  - More instruction and TA on the methodology for and concepts to be included in the assessing of the local economy.
  - More practical advice on “how to” develop Industrial Parks, Incubators etc.—beyond the introductions to the concepts.
  - More training on establishing and using LED offices and the role of the LED office in the municipality.
- Finally but by no means least on the list is the very important need for a central government component to the project.

In the body of the report each of these recommendations is explained in more detail with suggestions as to how and why each should be implemented.

## 1. Introduction

If the feedback from the participants, organizers, providers and recipients of the program can be considered as substantial evidence then The DELTA program is a very highly regarded project that has created a considerable impact on the Local Economic Development effort of the Balkan region.

The DELTA program (Developing Enterprises Locally through Alliance and Action) focuses on building institutions within municipal governments and exploiting private sector resources that can foster and support policy

<b>Program</b>	<b>DELTA I</b>	<b>DELTA II</b>	<b>DELTA A</b>
<b>Implementation</b>	2002-2003	2004-2005	2004-2005
<b>Municipal Participants</b>	Istog, Kacanik, Kline, Prizren, Podujevo, Viti	Ferizaj Lipjan Peja Drenas, Giljian	Shkoder, Lesha, Durrës, Berat Korca

reform for private sector development. The World Bank Group Small and Medium Enterprise Department, together with Open Society Institute Local Government and Public Sector Reform Initiative (OSI/LGI), has piloted this program with the goal of addressing institutional and policy reforms at the local level.<sup>1</sup>

The program was developed in great part using the best practices of the OECD from countries in which OECD had engaged in Strategic Planning for Local Economic Development. It was also based partially on several World Bank LED projects across Eastern Europe.<sup>2</sup>

The program has had three incarnations: DELTA I in Kosovo, DELTA II in Kosovo and DELTA Albania. (See the chart above for the time frame and participating municipalities in each.) It is important to keep in mind that these are three separate and distinct programs. All follow the basic tenets set up by the World Bank Local Economic Development effort, but all three, as we shall see, are quite different. In this report we will examine why it is felt that, to much higher degree than some similar programs, all three DELTA projects elicited the kind of positive response from those involved that they have.

The report looks at six crucial aspects of this project. They are as follows:

<sup>1</sup> Project Terms of Reference

<sup>2</sup> The reader can get more information on the sources through the Cities of Change program website [www.citiesofchange.org](http://www.citiesofchange.org) and the LED website of the World Bank [www.worldbank.org](http://www.worldbank.org)

## **The Goals, Purposes and Objectives**

This section outlines the program, as well as the reasons why the World Bank and Open Society Institute embarked on the project. It explains what the groups' expectations were and how they have been realized.

The section focuses on the current version of the program and describes the details that are applicable to this version. It is taken from project documents and is not intended to offer a critique; rather, it sets the basis on which the project was initiated, the processes that are to be used in implementing the project, the method for selecting participants and the expected outcomes.

One issue that is also referred to at several points in the report is the fact that it is very difficult at times to draw direct comparisons among the three versions of the program. As will be described in chapter 3, conditions in the two regions, though similar in many respects, are quite different. The time frame for each project is also different: Although only two years apart in execution, the two DELTA programs in Kosovo span a critical time in the history of the province, during which changes have come in extraordinarily quick succession.

Thanks to the flexibility of the organizers and management teams involved with this program, it has clearly evolved and strengthened in the course of three presentations. The program outlined in chapter 2 shows the best of all the changes and is actually the program designed for a future iteration. Although it may not be entirely appropriate to measure previous projects against this version, comparisons are made to demonstrate the advances and changes that have made this a much more valuable program. In this way the reader will be able to see the steps forward and progress made in the three successful presentations of the DELTA concept.

## **The Internal Context**

The individual internal contexts in both Kosovo and Albania have made some substantial differences in how the project was implemented and what could be done by the individual municipalities to achieve their goals and objectives.

Despite many cultural similarities, Kosovo and Albania also have many differences—not the least of which is that the systems of local government are very different. The position of the central government vis a vis the activities allowed in the local government are also quite different. This section of the report details these differences. It also looks at the “age” difference in the two regions relative to the powers of local government and the decentralization process. Finally, there is a difference in the underlying infrastructure, since Kosovo was part of the Yugoslav federation and benefited from much of the growth and development that was significantly better than that experienced in Albania during that time.

Both political issues, such as the ever-present question of the ‘final status of Kosovo,’ and structural issues, such as the role of the mayor, had significant impact on the program, its execution and its chances for long-term sustainability.

### **The Selection Process**

This part of the report examines the four levels of selection that determined the players in each project. Each level of selection has a significant impact on the development, execution and evolution of the project.

The report examines the selection by the organizers (the World Bank and OSI) of each other as partners. Arguably coming from very different perspectives in the LED process, the agreement to work together was significant in its impact on the structure, methodology and results of the program.

The selection of the actual countries in which the program was and is being produced has some very clear guidelines. The rationales for the selections that were made will undoubtedly affect future selections if the program is replicated.

The selection of the implementing partners was quite different in the two areas selected, partly because of necessity and partly as a result of improvements in the program. The process of selection is critical for the selectees because it colors the way in which they perceive their involvement. This in turn will have significant effects on the way the program is carried out, the amount of innovation that is introduced and the relationship between the local managers and facilitators with the participant cities.

The fourth and final selection prior to starting the program itself—which is, ironically, all about selections and prioritizing such selections—is the choice of municipalities to participate. The version used in Albania shows a great deal of consideration of issues that have been raised in earlier DELTA projects.

This report will show that the selection process is cautious of various parameters while also flexible enough to include obvious choices that may be on the borderline. It is discriminating enough while at the same time without inflexible criteria. This is important because, for example, potential participants who are within the zone of objective criteria but do not demonstrate a real commitment can be eliminated.

### **The Local Project Managers and Project Management**

This chapter looks at the input of the respective local project managers and differences they made. It examines the way in which they were chosen and how their different approaches shaped the outcome of the projects.

There have been some significant differences in approach in each program. The choices regarding new innovations and the attitude toward innovation in general, as well as very different uses of personnel, particularly the project facilitators, are the two most prominent differences of opinion. This is one area of the program where the organizers may want to concentrate on potential changes.

The local managers also have a large impact on how various critical parts of the program operate. Chief among these is the utilization of the stakeholders. Some have seen it as almost superficial involvement while in other cases the depth of the involvement of the stakeholders groups has had a significant impact on the time the managers needed to spend with the individual municipality. As with other parts of the program, this issue again demonstrates the evolution of the program across the three replications.

Major issues raised in the interviewing of the project managers, such as the overall time frame of the program and the need for follow-up and program continuation, are also addressed in this section.

### **Program Implementation**

This part of the report analyzes the process that the program uses. It looks at the step-by-step approach and what impact that has had on the participants. Again, we find that it has been an evolving process and that the system has not been exactly duplicated in any of the three iterations so far.

In order to facilitate this analysis and gain some additional insight into the opinions of the participants and the net effects the program has had, a survey was conducted among the participant cities, and each was also asked to provide information relative to their investment schedule. Summaries of these reports are included in this chapter and in Annex B, where the results of the investment analysis are presented.

The clear result shows that the municipalities are engaged, have incorporated the DELTA project results into their local budgets and are using the process to organize the way they do business and the manner in which they approach their own constituents.

### **Impact and Results**

This part of the analysis will look at the impact the project has had on the community and the local government, as well as what can be expected in the future.

It was noted in the terms of reference that an earlier study done in June 2003 was too early to make definitive assessments of the impact of the project.<sup>3</sup> To a great extent that is true now as well, especially as it pertains to

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<sup>3</sup> Sub-National Investment Climates and the Delta Program.- A Case Study, Terms of Reference, World Bank Group, March 9, 2005

DELTA II in Kosovo and DELTA Albania. Those two programs are essentially at the stage now that the DELTA I program was at in June of 2003. With the DELTA I project there are some more specific results, but as we shall see some of the actual project work has been thwarted by external factors. Although this report will detail what results are currently available, for a view of the true impact of the project a similar review should be done again in three to five years.

It is clear, however, that the project has changed many things, most prominently the approach that participant cities now have to their own citizens and citizen groups such as the business community, as well as the process they use in making their priority decisions. The chapter goes into depth on a series of specific projects undertaken by various municipalities. Each of these is presented as a way of demonstrating a crucial tenet, idea or application of the DELTA project. The quantitative as well as qualitative impact of the program is outlined in detail.

### **Conclusions, Recommendations and Suggestions**

The main body of the report concludes with a chapter of this assessor's conclusions and recommendations. Throughout the process of interviews and project reviews, there have been a number of recommendations made that are worthy of consideration. It has also been determined that there are some aspects of the project that, though well intentioned, seem to provide an overburdening of some of the participants.

The differences in the programs have shaped the recommendations. For example there is a distinct difference in the attitude of the respective program management firms as to whether full-time or part-time personnel should be used to facilitate and monitor the programs. The report examines that issue in more detail and concludes that part of the reason for these differences is that the government systems in Kosovo and Albania are different. Another factor is that the philosophy and status of the respective local management firms also differs.

This section also concludes that there are factors that directly affect the results of sub-national development programs that cannot be completely or directly accomplished simply by implementing a program at the local level. It is suggested that to solve this dilemma there should be an integrated national and sub-national approach to the problems in future programs.

After the main body of the report, several annexes have been attached to clarify, amplify and demonstrate the conclusions found in the report. The first two are related to the survey and investment analysis that were undertaken in the course of this assessment. The latter two are project tools of considerable importance to the outcome, the Municipal Application for Participation and the Business Enabling Survey.

## **2. The Goals Purposes and Objectives**

This chapter details what the organizers expected and desired from the program. Following chapters of this report will look at how this was carried out at the local level and whether or not the original goals were met. There is little question that the participants are pleased with the results and that the organizers have met their initial expectations. Therefore, the focus of a bulk of this report is on what aspects can be done better, what would enhance the program in the future and how to extend the project by enhancing the long-term impact.

The DELTA program methodology promotes and combines best practices in helping to foster an improved business-enabling environment. DELTA operates by promoting capacity-building trainings and technical assistance to local institutions, municipal officials and local business and NGO leaders. Municipal stakeholder groups—which number between 40 and 175 people—work with technical support from a local implementing partner to develop their own locally owned 3- to 8-year strategies and priorities for improving the enterprise sector. In the process of this program, public-private partnerships are institutionalized and the development of goals, objectives, programs and projects and are jointly identified, prioritized and implemented.

The DELTA program is grounded in two premises: that the institutional and policy environment for private sector growth matters more than what was previously thought, and that institutional or policy changes should include regional or local level reforms, since it is often at the local level where some of the most pervasive obstacles to the private sector exist.

There is an increasing body of evidence to suggest that often times the most binding barriers to private sector development occur at the sub-national or municipal level of government. Local taxes, municipal fees and other administrative obstacles often originate in city hall, rather than in the central government, for example. Furthermore, local governments do not often have the capacity to develop or implement policies or programs that can foster growth in their municipality. Removing barriers to investment, developing and institutionalizing public-private partnerships and developing economic development strategies are often unfamiliar concepts to local government officials. Therefore, there is often the risk that impact of national-level policy reforms may be weak, particularly in countries where the decision-making process is highly decentralized.

Once the participating municipalities have completed their strategies it is expected that their city budgets will reflect their elaborated priorities. As has been the case in previous DELTA programs, the mayors would be afforded the opportunity to present directly to the donor community their most pressing needs as identified in the strategies. Ideally, the strategic planning process will be tied to the World Bank or other lending programs at an early stage of the effort. Published versions of the documents would be circulated among a broad base of investors, donors and local citizens. Municipal marketing/investor guides for each municipality would also be produced and disseminated.

The operational approach of the program is outlined below:

1. **Building Local Capacity:** The local implementing partner, including management and facilitators, undergo a series of trainings in order to assure their ability to execute the program and then replicate it with other municipalities in the future. International experts and the DELTA management team would carry out these trainings.
2. **Workshops:** Workshops, which take place approximately every four months, focus on designing action plans for SME support, creation and retention.
  - The first workshop focuses on the early elements of strategic planning, such as developing stakeholder partnerships, collecting data, undertaking competitive assessments and creating LED institutions.
  - The second workshop is more specific to developing visions, goals and objectives for each municipality. A discussion of policies, programs, and projects that create a more business-enabling environment, as well as financial instruments that may accompany this process, is also undertaken. Best practice programs and projects are explored, along with relevant skills and processes that are needed to guide the most effective use, decision making, and implementation of projects. Team simulations are the anchor of this workshop, where municipal teams must make decisions about priorities, costs/benefits, outcomes, and satisfaction of constituency.
  - The third workshop revolves around *project prioritization, implementation, monitoring and evaluation.*

*[Please note that in DELTA I there were considerably more workshops, which were phased out as the program evolved.]*

3. **Facilitation:** Expert facilitators from the local implementing partner visit each participating municipality three times per month. Facilitators provide municipal planning commissions with guidance as they work on developing their strategic plans. Facilitators will also act as liaisons between the municipal teams and the DELTA team, and they bring any specific problems facing the teams to the attention of the local LED partner/implementer.
4. **Local Business Enabling Environment Survey:** Between the first and second workshops, extensive surveying of the business community is carried out by the implementing partner. The survey seeks to identify the barriers that exist to business growth, retention and attraction in the municipality. The results are presented to the entire LED planning commission, including the mayor and city council.
5. **Mayors' Forums:** Best practice in Albania has shown that bringing together the mayors and LED officers of the participating municipalities every 4 to 6 weeks best insures their active participation and leadership. Mayors have hosted the forum on a rotating basis and have used the opportunity to showcase their progress, discuss ways of overcoming obstacles and generate ideas about fundraising and implementing projects. The forums also foster the creation of a like-minded municipal LED advocacy group.

6. **Study Tour:** Teams are sent on a study tour to an economically more advanced transitional country, such as Slovenia and Hungary. Participants learn about successful and unsuccessful LED practices and instruments applied by municipalities abroad. The study tour is structured around the work program identified by the municipal teams after the second workshop.
7. **Donors' Forum:** Once the strategies have been finalized and published, a Donors' Forum will be held where the mayors of the DELTA municipalities will present the priorities, as identified by the large LED Planning Commissions, directly to the donors active in the respective region.
8. **Production of Municipal Marketing Brochures:** Short (8- to 12-page) municipal investment/marketing brochures will be produced by each municipality. These will highlight the strategic planning process that has taken place, reasons to do business in that municipality, and useful information for donors and investors alike."<sup>4</sup>

The time frame for this entire program was specified to be thirteen months. This has proved to be less than satisfactory as each of the three programs have exceeded the intended time. A more in depth discussion of the time frame is provided later in this report.

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<sup>4</sup> ibid

### **3. The Internal Context**

Despite the many similarities between Kosovo and Albania, there are also a significant number of differences. These differences play heavily into the way in which DELTA was implemented and the potential for long-term results. The individual circumstances also have a very definite effect on the ability to implement sub-national programs in the countries, as recommended in this report. Several factors need to be considered.

#### **Political Context**

Kosovo is not (yet) a country, and the question of its “final status” looms heavily over all decisions. This goes well beyond LED to virtually every aspect of life in Kosovo today. As most Kosovars look forward to independence in the future, the local situation is in many respects deteriorating, as it regresses from strong local control.

Kosovo had a much more autonomous system with respect to local governments under the old Yugoslav system. with respect to local governments (This should not be in anyway confused with the revocation of provincial autonomy made in 1981. It is rather a clear difference that existed between municipalities of the Former Yugoslav Federation and those of its neighbors, including Albania in which the Yugoslav municipalities had much more statutory authority to conduct their own affairs). Excluding the revocation of provincial autonomy in 1981, there was a clear difference between municipalities of the former Yugoslav Federation and those of its neighbors, including Albania, in which the Yugoslav municipalities had much more authority to conduct their own affairs. Similar to neighboring Macedonia, the autonomy of the municipalities in Kosovo has decreased since the end of the Yugoslav federation.

This eroding of powers in Kosovo has had very direct affects on the ability of the sub-national program to operate with any degree of independence.

Specific examples include:

- **The removal of business registration from the municipalities, making it a ministerial function.** Previously all municipalities kept these records themselves. As a result of the new system, it is often difficult to get information from the ministry offices—particularly if your local party happens to be different than the ones in power. Any good LED program wants to focus heavily on business retention. Without good, locally maintained records on the businesses already in town, this vital part of LED is impossible to conduct.
- **The national edict on the limitation of hiring new employees, which has hindered the development of LED offices.** Lack of adequate research time and no mandate for investigating the central government activities leaves the rationale of this action to speculation. It almost certainly involves some “control” measure, but whether these are for power purposes or good governance reasons is difficult to determine. The net effect, however, is the same. Municipalities, despite the

obvious need for such positions with their local governments, are hamstrung on how to do it. As a result a good effort is being undertaken in many [DELTA?] municipalities to try to keep the “core team” together and split normal LED office activities among the members. (NOTE: The “Core team” is that central group established by the project to be the primary executors of the program in their respective municipalities. The typically consists of three or four municipal employees, with LED responsibility and one or two local business leaders.) However, the work load for the core team is always ‘extra’ to their normal jobs and therefore does not get the depth of attention it deserves.

- **The effects of the war and the impact of the KTA.** Among other things, war is simply not conducive to LED. It may have benefits for the large weapons manufacturing firms and various other profiteering industries, but it never is beneficial to the “mom and pop” grocery store or local hardware store. Despite making much progress since the end of their war, the effects are still very much there and it will simply take many more years of effort to overcome. The KTA (The UNMIK agency formerly titled the Kosovo Trust Agency, which is responsible for maintaining and managing all “socially owned property”) is an anomaly that was most likely created with the best of intentions, but which now seems to be a principal barrier to the growth of the municipalities. There are undoubtedly many municipalities in the Kosovo with mixed ethnic populations that need to have great care given to the disposal and use of public properties. However this is not the case, to the best that can be determined for this study, in any of the municipalities of the DELTA I or DELTA II projects. Nevertheless KTA maintains control over all socially owned properties,<sup>5</sup> which include any prior properties that were run by state agencies or local social organizations—which, during the prior era of the Communist rule, were plentiful. While they do not control municipal property, under the old system much of the property of the socially owned enterprises was given to them by the municipalities. Now the KTA refuses to acknowledge such property as municipal property, thus depriving the municipalities of a very valuable resource.

Kosovo cities do have their “own” funds, which have been used mostly for infrastructure repairs. These funds are the source of much of what has been accomplished in the first two years toward the DELTA priorities. However, they are currently experiencing severe cutbacks in revenues from the central government, thus much of their own funds are being diverted to cover operational expenses. A cursory look at the investment analysis in Annex B shows that this is an across-the-board problem.

The impact of swings in resource availability can be found in countries everywhere. In even the most affluent societies of western Europe and America, there are significant swings from time to time. Perhaps no municipality ever has “enough” money. However, the impact on the local governments such as those in Kosovo, where they are just barely pulling out of the effects of the war and where they are dealing with the most basic of infrastructure issues, are far more dramatic. As a result, despite all the good intentions of the DELTA program, the program priorities are often put on the back burner. The current direction of the situation is having a more

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<sup>5</sup> All information in this area garnered from interviews with Riinvest Staff.

negative effect on DELTA II cities than DELTA I, where many of the projects have already been accomplished.

The political context in Albania is quite different. Despite all the problems that Albania has had, and despite their own growing pains experienced in the years since the end of the Socialist system, Albanians have what at least appears to be a more open system with regard to municipal LED. City governments as we know them today did not even exist under their previous communist rule, but the process of decentralization has slowly but consistently increased the effectiveness of the local government. Now they have much more control over their own funds, and the local revenues they are generating are generally increasing.

Albania has had mayors for some 15 years now, as well as a growing decentralized authority that has gradually—sometimes too gradually—transferred authority to them. This has not necessarily been a smooth and even process, as some national level governments have been more progressive on the decentralization process than others. It has also been fraught with difficulties, as the fiscal decentralization has not always kept up with the expanding responsibilities.

Such a system also lends itself to very uneven development around the country. There are huge disparities, where some cities blessed with aggressive and proactive local administrations that are making great headway over others. The DELTA project deserves some specific credit in this area. The entire process drives local mayors and administrations to a more proactive LED profile. As usual nothing succeeds as well as success, and as the local governments see the fruits of their labors, the demand for more of the same approach grows.

The economic situation in Albania, except in a few cities receiving substantial international attention, is also not much better than Kosovo. One can again take a look at the investment analysis in Annex B and see a declining support from the central level, where most national resources are still concentrated.

Another difference between the two areas is that Kosovo cities are prohibited from seeking funds directly from donors, while Albanian cities are not. (There have been different points of view expressed on this subject, but the municipalities believe that this is the case. There seems to be a distinction between donors soliciting municipalities and the reverse.) This is a significant difference, since only through seeking funds directly can they be sure to get what they need. When they are not allowed to seek funds directly they are at the mercy of donors, who often have ready made programs with specific improvements they wish to make. This forces municipalities to change priorities to meet the sources of revenue rather than the delineated needs of the community.

Albania has also suffered from political selection of project funds, wherein the municipalities that have parties in power at the national level tend to do much better in fund acquisition. This is not an uncommon phenomenon and has happened with great regularity in many places in the world. The current situation in Albania could have been worse, but the rather routine turnaround of governments at both the local and central level has at least insured that most places have had a turn at the funding trough.

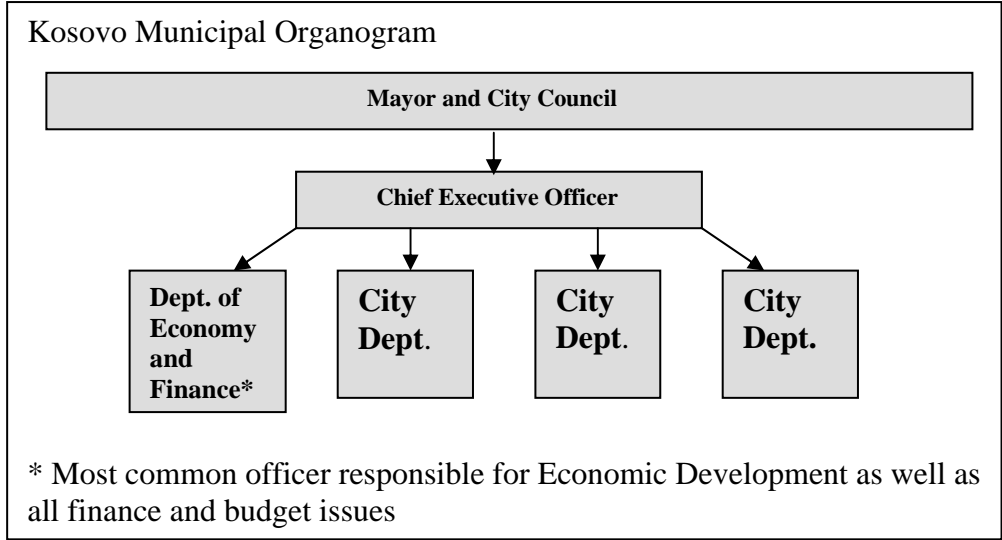
It cannot go unmentioned that Albania, despite having no war in the official sense, had its period of unrest in 1997-98. This unrest had a devastating effect on the growth of local economies. The net effect of the failure of the pyramid schemes impacted local growth and development substantially and negatively. Almost all local capital was lost in that period of time—except for that of some questionable entrepreneurs. Loss of all savings and, for many people, their places to live and work was a tremendous setback to a system that was slowly but surely reviving. This setback was exacerbated only a few years later when the Kosovo refugee crisis required almost the full-time attention of local officials, making any efforts to develop the local economy to take a back seat.

The above is not a comprehensive analysis of the political situation that existed and still exists in the two program areas. But it does provide an overview of the context in which the process was initiated. In addition to the political context, there are some fairly significant structural differences in the setup of local governments in Kosovo and Albania.

### The Structure of Local Government

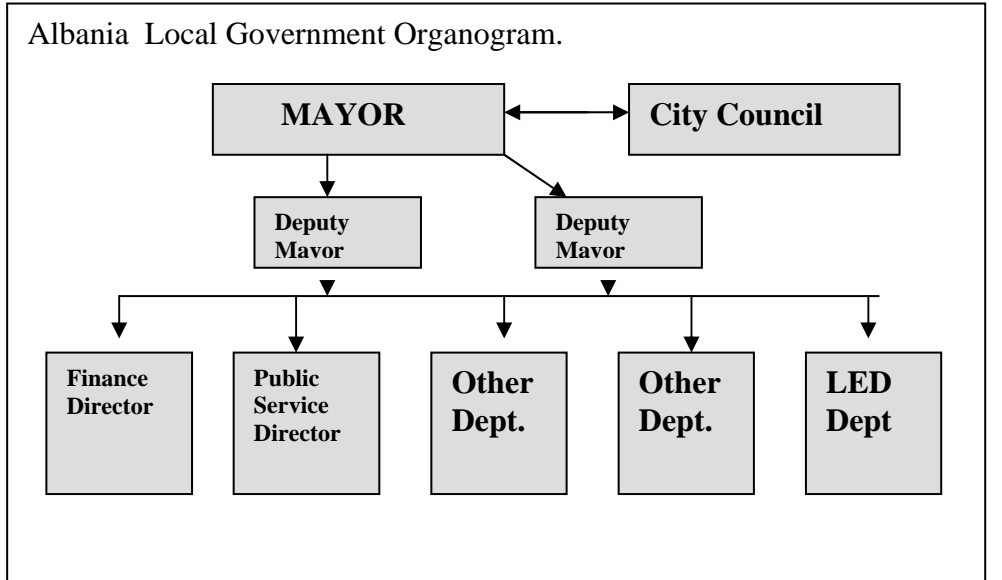
The structure of local government also has an impact. In both Kosovo and Albania, as is the case in most parts of the world, the mayor is looked at by the public as the symbol of local government and the “go-to” person for anything you may need in local government. The reality is that in Kosovo the position of the mayor is very different from in Albania, as is the structure of local government. This has had a significant impact on the influence of the mayor on the program itself.

The Kosovo situation is akin to the old Yugoslav system. The mayor is chosen by the municipal assembly and the only official function he/she has is to preside over the assembly. The assembly also selects, most commonly from outside through a formal selection process, a CEO who has all the administrative and executive authority in the city. This has many similarities to the American city manager system. Although we are told that this process is fraught with undesirable political influence, it nevertheless provides for a professional management concept and renders the political leadership responsible only for what they can influence.



The restriction of powers of the local government are further exacerbated by the fact that much is still controlled by devolved central government agencies. These agencies, although paid through the municipality, are not subject to the municipal executive. But unlike several governments of the region, the job of placing the devolved functions in local offices and paying the staff is left to the municipalities. This gives the impression of much more local authority. In fact, the central government is firmly in control of functions such as education, health care and, more recently, local functions such as business registration.

The Albania system provides a mayor who is the chief executive of the municipality and fully in charge of all the staff and functions of the local government. This is much more like the strong mayor system common in western Europe and North America. Although these functions have been somewhat limited since the inception of the system, they are growing steadily.



Albanian mayors also have the prerogative to deal directly with donors. This has made a substantial difference in many DELTA Albania cities, as it gives them

potential resources that are not available to Kosovo municipalities. However, despite that capability, the participating municipalities claim that they do not have nearly enough donor interest. The biggest complaint is similar to that of Kosovo: that the donors have their own projects and are not particularly interested in doing the municipality's projects, unless it coincides with the donors goals and objectives.

These structural differences have a significant effect on the LED activity of the two areas. The fact that the primary policy, political and administrative control is solidly wrapped into one position makes it much easier for the mayors in Albania to control and direct the process. It should be noted, of course, that even with that authority some use it better than others. In Kosovo the mayor's ability to influence the implementation is very limited. Though they appear to maintain the lead role as the most influential political leader, the difference may be seen in the greater impact and influence of the stakeholder's committees in Albania. In both cases stakeholders groups were primarily a function of mayoral appointment, but in Albania, where the mayor is a stronger figure, the committees likewise appear to be stronger. Where the mayors were actively engaged in the appointments and process, the support of the stakeholders was much stronger. Where mayors performed a more perfunctory role, the involvement, engagement and participation of the stakeholders was similarly superficial.

## **4. The Selection Process**

This section comments on four different selection processes:

- The selection of organizing partners
- The selection by the partners of the countries for implementation
- The selection of the local implementation partners
- The selection of the cities as participants

### **Partner Selection:**

The World Bank and OSI decided to collaborate as two institutions interested in LED and in the development of South East Europe. Both partners have found, in their individual efforts in Eastern Europe, that great things can be accomplished at the local level. There is a competent core of people to do the work necessary to accomplish LED, as well as a myriad of other local government functions. What is lacking is the background, training and experience to undertake these functions. It is into this void that the DELTA program fits very nicely, serving as the conduit to better functional capacity.

What is notable from this alliance is that it apparently grew and developed ‘on the move’ as the programs were developed. The role of each organization was modified as each project (DELTA I, DELTA II and DELTA Albania) was organized. Some of this seems to be because of funding considerations, but much of it appears to be on the basis of “lessons learned” and a dynamic approach to making the next program better than the one before it.

Why two international organizations decided to do a project together is not a point that requires much comment. However it should be noted that, based on observation of the results, one of the apparent reasons for the success seems to be the consistency of personnel and direction that has been provided by the two organizations. With their willingness to be flexible and make necessary changes, this personnel has had a great influence on the success so far.

This stability of personnel should in itself be a lesson learned by the organizers and suggests that the two organizations should either keep the same people involved for future operations or bring in more people to begin to learn the process and continue its same direction. It should also be noted that, despite the satisfactory and significant involvement of the local implementation partners, this is a project conceived and directed by the two main organizers; thus they must bear the brunt of its continued efficacy in future projects, most particularly if the program is brought to other regions.

### **Geographical Location Selection**

In the interview with OSI at the beginning of this assessment effort, a variety of reasons were offered for the selection of Kosovo and Albania as the targets. Kosovo was considered a prime candidate:

- To contribute to the international efforts to rebuild the province. DELTA I occurred right after the war, and the need for all types of

development, infrastructure construction and re-construction was overwhelming at that time.

- Because it was found that the governing system provided sufficient economic activity and decentralization. The review in chapter 3 of the actions of recent political activities suggests that this is regressing rather than progressing, but it was a valid criteria when Kosovo was first selected.
- Because the territory was small enough to make for easier implementation of pilot projects.
- Because the density of municipalities in a relatively small areas was high—30 in the whole province, with some 2 million persons in an area smaller than that of Macedonia, which has the same total population (one of the smallest in Europe).
- Because high unemployment—much of it war induced—meant that the job creation potential of LED was significant.

Albania was selected because:

- The region had made significant progress on the private sector development of the PRSC.
- They had and have a highly entrepreneurial and burgeoning informal sector. Much of Albania's economy is what Albanian economist generously credits as an "informal economy."
- They have a treacherous business-enabling environment. Corruption at all levels is rampant in Albania and has to date been very hard to bring under control.
- There has been a decentralization, to some extent, of tax, customs and economic development. Much of this is under the control of devolved central government agencies, thus begging the question of how much has been truly decentralized. But there is little doubt that there has been movement in that direction.
- They have a common language with Kosovo, which made the re-dissemination of materials much easier.<sup>6</sup>

### Local Implementation Partner Selection

The selection of the local implementation partners was done quite differently in Kosovo than in Albania. In part this reflects the evolution of the program, and in part it reflects the reality on the ground in each area at the time of the selection.

In the case of DELTA I in Kosovo, the Riinvest company was selected on the basis of their reputation and the fact that the organizers felt that, at the time of the first program, they were the only qualified company in Kosovo. They were reselected for the second program (DELTA II) presumably because all were satisfied with their performance in the first.

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<sup>6</sup> The basic comments reflect the comments of the OSI office. All comments in parenthesis are those of the assessment author. Taken from Power Point project presentation program.

In Albania a series of firms were considered and a tender process for selection was implemented. The criteria for the selection included the necessary prerequisites to insure basic capability to carry out the task, but the organizers also looked at the development capacity of each firm as a criteria. In this way the project not only develops the DELTA program but also helps to build the capacity among private sector providers for future programs, presumably with these two organizers and others as well. By giving fledgling organizations—such as FLAG, the young NGO that was ultimately chosen to be the implementation partner—the opportunity to develop, the DELTA program itself has added value.

The difference in the selection process also seems to have influenced the difference in the approach of the two companies (Riinvest and FLAG) toward their assignment. Without making a value judgement as to the quality of the work done, it is obvious to the observer that the two companies took decidedly different philosophies toward the work and the project as a whole. The FLAG operation is much more innovative and fluid. By engaging in a tender, they were forced to be innovative and creative about their approach and flexible with their ideas. Riinvest, on the other hand, was simply handed an assignment and expected to carry it out.

The respective responses are both understandable and satisfactory, given the circumstances. When given a specific TOR, one tends to try to fulfill its requirements as strictly as possible, presuming that the employer wants a certain task done. When asked to be creative about the approach, particularly in a competitive situation, one begins to think harder about new, innovative and unique approaches to the project.

The latter process yielded some really good ideas that have been adopted for the most recent program, and from reading the TOR prepared for a future program, (Georgia) it is obvious that the organizers thought highly enough of these innovations to incorporate them. This suggests that in the future, the competitive process followed in the Albania program would be a good process to include as part of the overall program, if at all possible.

#### Selection of Participating Municipalities

The fourth selection processes that occurs is the selection of the participating municipalities. At least in the most recent of the programs, this was again done with an extensive process that had three main components:

- Quantitative determination
- Municipal questionnaire
- Municipal interview

The overall purpose of the process was to determine what cities best fit the mold that DELTA was trying to create and which ones could be counted on to fulfill the requirements under the program. This latter issue is of great importance, since the nature of the program requires a lot of initiative on the part of the individual municipality. In Albania there was a competing program under way concurrently with the organization of DELTA Albania—it was not exactly the same, but close enough to not want to overlap municipalities. This made consideration of municipalities more critical.

The Quantitative Determination was devised to make sure that all considered municipalities had at least some basic similarity of criteria.

- Organizers did not want cities too big or too small;
- they wanted to insure that there was a modicum of local economic activity that could be used as a basis for initiating LED efforts;
- they wanted to make sure that the program had a broad-based geographic distribution; and
- they wanted to know what, if any, background the municipalities might have in various LED programs.

The Questionnaire provided data from the municipality in a variety of areas including:

- Unemployment statistics,
- Experience with LED,
- Activity of other international organizations,
- Local industries,
- Access to credit,
- Infrastructure, and
- Municipal structure.

The questionnaire was quite comprehensive in nature; for the reader's information a copy of the document is provided as Annex D of this report.

Finally the Interview was conducted. From all accounts this part of the selection process was the most important, as it gave the organizers a chance to really focus on the commitment of the mayor and the municipal officials. The email traffic that accompanied discussions on this issue indicates that it was the crucial and deciding factor; it allowed the organizers a chance to eliminate those municipalities that seemed to have little commitment, understanding or strength of leadership.

In both the cases of Kosovo and Albania the system has seemed to work thoroughly. There are some cities who worked harder than others, some who had a greater commitment on the part of the mayor than others, but none in which the system flopped and the project was not carried out. This speaks well of the selection process, since the DELTA program does not come with a huge carrot at the end. The only reason for committing the time and effort to complete it is belief in the program, and it requires real dedication on the part of the leadership of the municipality. Apparently the system works!

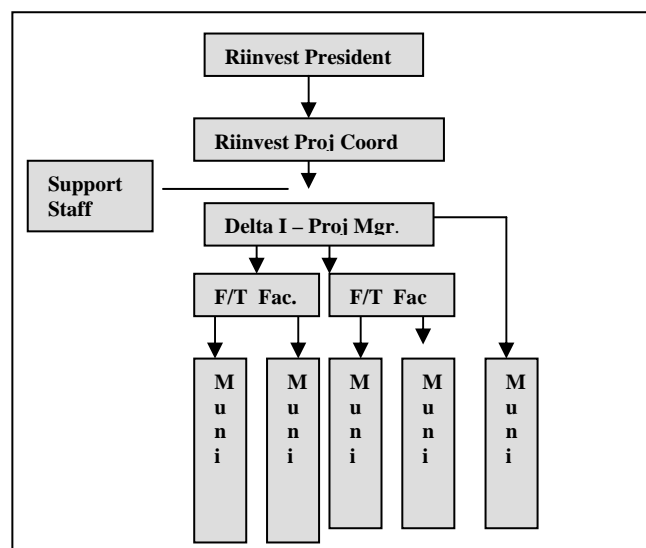
## **5. The Local Project Managers and Project Management**

A substantial part of the research for this report went into finding out how the local project managers perceived the program—what they believed their role to be and what, if anything, they would do differently. The results of interviews with more than 50 participants and providers showed a variety of approaches to the program. Some of the differences are attributable to the respective circumstances in Kosovo and Albania. Some of it was due to a difference of approach on the part of the respective implementation partner. However, the overriding opinion that continued throughout the interview process was stated in the very first interview held with the administrative director of Riinvest. He said, “DELTA is the most popular of all the LED projects (that have come to Kosovo) because it was different from the others....Most other programs were theoretical and not proactive. In DELTA the local personnel were the the project designers and Riinvest only the facilitator.”<sup>7</sup>

In chapter 4 we discussed the method and rationale behind the selection of the implementation partners—FLAG in Albania and Riinvest in Kosovo—but in this section it is interesting to note the difference each took in their approach to the project. It is obvious to this observer that both firms did a very good job, are very highly regarded by the participating municipalities and very capable in their abilities to carry out the projects. That said, there are also some significant differences in the way in which each conducted their business, as alluded to in chapter 4. It should be noted that Riinvest is a 10-year-old company that is well established in Kosovo and may still be the only firm capable of carrying out such a project. At the time of their selection nearly five years ago, that was in fact the case. FLAG, on the other hand, is a three-year-old NGO, with three experienced personnel who have a great ability to pull together the staff needed to carry out the project. Therein lies one of the big differences.

### Facilitators and Staffing

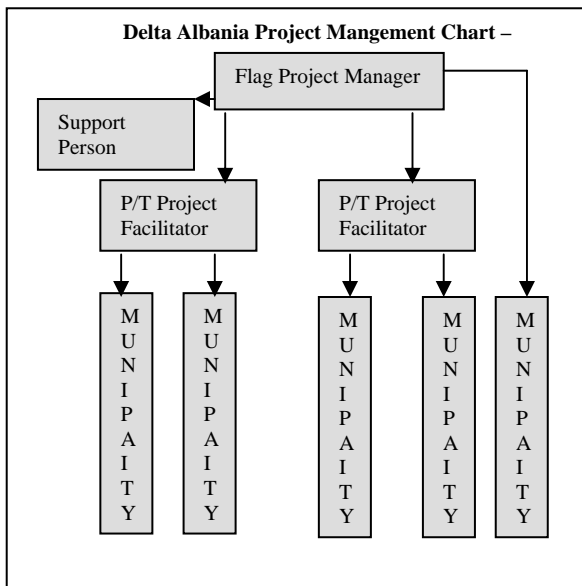
Both groups used a similar approach in terms of assigning responsibility (each facilitator was responsible for two municipalities each, with the project manager responsible for one other). However, FLAG employed the facilitators necessary for the project on a project basis only. Riinvest, after attempting that approach in DELTA I, became convinced that they could only effectively do it through the use of permanent full-time employees.



*Delta II Kosovo Project management Chart*

<sup>7</sup> Interview with Sedi Osmani, Administrative Director of Riinvest, June 1, 2005

This issue was discussed at length with both groups. Both are fully committed that the best way for them was the method that they were using. Riinvest claims that competent, committed experts in the field of economic development are simply not available on a short term basis in Kosovo, although they admit that is not true in other fields of expertise. In Albania, apparently quite the opposite was true. Despite this significant difference in approach, it was not possible to detect any substantial difference in the quality of the end product between the two, based on this situation in itself. There were other differences of approach that did make some impact and will be described below, but this factor seems to be simply a matter of how the company wishes to do business. There could be a substantial difference from a program budget perspective, but this assessment does not analyze budget matters.



The use of full-time versus part-time facilitators was not the only difference in terms of the use of personnel. The Riinvest group indicated that beyond the facilitators and project manager, numerous other senior company officials, including the president, were often involved in visits to the municipalities and review of the project output as produced by the municipalities. This may simply be their way of compensating for the fact that the facilitators were relatively inexperienced staff persons, who from all appearances were learning about LED as the participants were. In

contrast FLAG utilized two part-time facilitators and the project manager, all of whom had direct experience both in local government and in LED.

Whether or not these issues are of significance to the organizers is something they will have to make up their own minds about. It may simply be a budget matter, which can be assessed in another report. If there is no budget impact then the decision might be left with the local implementation partners. There seems to be little evidence that the job itself should require full-time persons. However, if senior (thus full-time) staff is being used voluntarily to augment the less experienced facilitators, they could offset the impact of the inexperience. Again, unless it is a budget concern, this seems to be more a matter of individual company policy and approach to the project.

The other issue which seems of some consequence is the amount of experience that is brought by the facilitators. LED is not a subject which is learned in a few training sessions, no matter how talented the personnel are. It takes years of experience; having such trained personnel, who have been practitioners in local government and who have a substantial training background, can be a huge asset to the program. Since such persons would necessarily be much more expensive on a full-time basis, this makes the argument for part-time consultants as facilitators more viable.

## Innovation

The DELTA process has evolved naturally through trial and error and learning from best practices. But it is notable that FLAG's DELTA Albania project shows a good deal more innovation in the proposal itself as well as in the implementation. This may be attributable to, more than any other factor, the competitive process through which FLAG was selected

A result of FLAG's innovation is the introduction of the Mayor's Meetings as a formal part of the project. It should be noted that the DELTA I project manager suggested that this one done in DELTA I—albeit as an informal added facet of the project. The fact that his suggestion never resulted in a formal recommendation may be a primary reason why DELTA II did not have any such meetings.

Another point in the Albania proposal which was substantially different was the call for each city to have a LED director as part of the project. Prior to the project only two of the five cities had such a position. This new requirement has had a significant effect on several other issues as well. One in particular would be the use of part-time facilitators, addressed above, which the project management team readily admitted would not have been possible without an LED director in place.

It should be noted that almost all Kosovo municipalities expressed the desire to have such a position, but the current government edict against hiring any new



employees (see chapter 3) is a barrier to implementing the change. The Riinvest team is in full agreement with the need for such a position, as well. Since Kosovo does not have LED directors, the typical contact and normal head of the LED team was the Department of Economic and Finance. This is often not a very good situation, since these individuals are necessarily tied into the technical process of budgeting and finance and thus have

relatively little time for extra work. For any new DELTA in Kosovo or Albania, the local officials fully agree that there needs to be someone totally committed to LED.

One suggestion that was offered by the Kosovo management staff, in the event that the full-time person is not available—and for that matter even if they are—is to have a stronger relationship with the mayor. Perhaps it would even be worthwhile to contract with the mayor, to be directly involved. This would not have a great deal of impact on work load, as the mayors tend not to undertake the day-to-day routine work. However it could have a very positive effect on getting the mayor to more extensively use his influence, in bringing local expertise to the table and keeping it there.

The Kosovo cities showed their own innovation in the way in which information was disseminated to the community. One city had a 14 day public comment period, with the materials posted outside of city hall (see picture); another two presented their plans to a group of experts for opinions. Others went on local television to explain the program. To some extent this seems to have been in lieu of getting the stakeholders more involved; though innovative and useful as an information dissemination device, these actions are not an adequate substitute for better stakeholder involvement.

### Stakeholders

It is also important to note that the different approaches toward stakeholders, some of which were self created, made a difference. It is apparent that stakeholders groups were far more involved in Albania than in Kosovo, where they were used mostly as a way to get a large number of local people to ratify a plan that was drafted essentially by the core group. Little evidence exists that they have been engaged since. Even though there is currently a major national directive to produce a local urban plan in each community, there were no DELTA cities that indicated a usage of the LED stakeholder groups directly in the committee of experts demanded under the DELTA project. This is despite the fact that there are many related functions where these groups could be used. To some extent the lack of emphasis on the stakeholders groups in the DELTA Strategic Planning Development process may be the reason, or at least part of the reason, for this apparent lack of use of available resources now by the Kososvo municipalities.

In the Albania project the stakeholders appear to have been much more involved in the process itself. After each workshop the training program was basically repeated in each city for the stakeholders; in many of the cities, long meetings of the stakeholders occurred as they became intimately involved in the debate process of project selection and prioritization. Furthermore, in some cities—most notably Shkoder—the entire strategic planning process was done not by the core group, but by the stakeholders group themselves. This was done despite the fact that numerous weekend meetings had to be held to accommodate the much longer process of involving so many more people. All agreed that in the long run it was well worth the effort.

Another example of where, at least in one case, Albania was more progressive was the example of Durres. Durres was the only city with a city council that has LED responsibilities. Headed up by a former mayor, this gave added push to the involvement of city council. In many municipalities, it appears as though the city council, as a body, was involved almost as an afterthought, even though they had to approve all final plans in both Kosovo and Albania. The example of this one city, which insured that numerous members of council were included right from the beginning, effectively added to the smooth approval of the final plan.

## Time Frame.

One question that was raised at all levels of interviews, from managers to participants, was whether or not the time frame was appropriate. The majority of the participants did not have much comment, noting that it was generally a good time frame. However, it is likely that most of them were thinking in terms of the time that the project took and not what was scheduled, whereas the management teams from the implementation partners were looking at making good on their contracts and whether the scheduled 13 months<sup>8</sup> is adequate to do so.

The unanimous feeling of the implementation partners in both Kosovo and Albania is that the stated time frame is not enough. Some felt that it should last for a minimum of 18 months, while some said they could get by with about 15 months. The fact that all three DELTA projects have gone beyond the 13 month schedule is a good indication of the need for a readjustment of the time frame.

The reasons for the delays are numerous and include delays in data gathering, insufficient staffing and overwhelming work loads. It must be noted that in Albania, municipalities were engaged in a very large nationwide registration project coincident with the DELTA work project, which slowed the process. Such conflicting projects are often hard to avoid and add credence to the idea that simply more time should be allocated in order to insure sufficient time is available to meet the needs.

There are also some problems specific to the regions that affected the time frame. In Kosovo the DELTA I project had to deal with the fact that it was the first attempt, and so there were some project growing pains. This is coupled by the fact that it occurred right after the war, which created a barrage of other problems. DELTA II has had its own problems of conflict and constraints, not the least of which is the national government's edict against hiring any new employees.

In Albania the previously noted time constraint is exacerbated by the fact that Albania has only three-year mayoral terms, and as the project manager said, "with a three-year term, it is very difficult to get mayors to put a 'process at the top of the priority list.'"<sup>9</sup>

The fact that the programs were completed roughly in the time frames requested is perhaps, a contravening argument, but during lengthy discussions of the issue, project managers spoke of the countless weekends and extra time being volunteered for the process, which may be hard to sustain in other places and at other times. The consensus opinion of all involved is that DELTA simply needs to be scheduled over a longer period of time—not with more programming, but simply with more time between the programs to gather and develop data, work with stakeholders and prepare "homework" for the next workshop session.

One way to approach this would be to have the strategic plan development process, including workshops, study tours, plan development and project fiche completion scheduled into the current time frame. This would require the addition of a 4- to 6-

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<sup>8</sup> As outlined in the DELTA Power Point Presentation

<sup>9</sup> Interview with Artan Rroji, Albania Project Manager.

month preliminary period for selection of participating municipalities as well as necessary training of project staff, facilitators and others. Following the year-long project process [??] would be a period of extended involvement, on a limited basis, for up to 24 months from the end of the project itself. This would insure time for additional training and review and monitoring of the strategic plans. More details are provided in the recommendations in Chapter 8.

### Follow Up and Program Continuation

Perhaps the most notable “need” of the project is the need for follow up. As of now the projects are designed in such a way that, at the end of the strategy development process, the involvement of the managers and experts comes to an end. Almost all participants and the managers themselves see that some level of continued activity beyond the current level is necessary to help with implementation, as well as to oversee and make recommendations on the review and update process until it becomes routine.

Essentially, what would be very useful is a series of workshops, with assistance on review, occurring at six-month, 12-month and 24-month time points after the end of the strategy development process. It would be an opportunity to address some of the residual training needs that the participants felt were necessary to properly implement the program. (A specific recommendation to this effect is made in chapter 8.) It would also allow the management and international expert teams an opportunity to help with official reviews of the plan—to update, modify and add new projects.

To some extent Riinvest, the only management group that has experience in completed programs, has undertaken this on their own. All DELTA I cities have received at least three visits since the completion of the project, simply to assist and offer advice as needed. This has also served to help maintain the DELTA thinking process in the municipalities. However, since this is a voluntary effort, it cannot be counted on as a routine process unless it is incorporated into future contracts.

In summary the project management element of the program seems to have worked very well. Both groups, despite differences of approach, have genuinely won the confidence of the participants and were roundly appreciated in the comments of the respective municipalities. The differences of approach highlight the fact that there are multiple ways to achieve the same goal. Although they both followed the World Bank program guidelines, they found their own ways to implement it successfully.

## **6. Program Execution and the Participants Feedback**

A concise quote from the 2005 International Conference on Local Development and Governance in Central, East and South East Europe gives the view of the purpose, methodology and purpose of the DELTA program: “The DELTA programme relies on a methodology that promotes and combines best practices in helping to foster an improved business enabling environment. DELTA operates by promoting capacity-building trainings and technical assistance to local institutions, municipal officials, private sector representatives and community groups. Municipal stakeholder groups, which in Kosovo and Albania have numbered between 40-175 people per city, work with technical support from a local implementing agency to develop their own locally written three to eight year strategies for improving the local economy. Under the programme, public-private partnerships are institutionalised and the development of goals, objectives, programmes and projects and are jointly identified, prioritised and implemented.”<sup>10</sup> (For complete details about the methodology of the DELTA programs, the entire paper is an excellent resource.)

The strategy development program can be broken down into six major activities. Some of these were part of the original program (DELTA I in Kosovo) while other aspects of it have been part of the evolution of the program. Implementation of the strategy inevitably requires modifications to meet the local needs. There is also a culture of program evolution among the organizers, which has made improvements and changes to the original idea a commonplace occurrence—thus a constant in strengthening the program from one iteration to the next. It is one of the strong points of the program, from this assessor’s standpoint, for the program to have the ability to evolve and improve as it goes along. It is quite evident that the current version is much stronger and richer than the original, and a review of each of the components of the project will make this more clear.

- The Workshops

The workshops, from training through strategy development, are at the heart of the DELTA process. It is here where the methodology is shared, the visions developed and the projects determined. In the course of this activity, which spreads over the better part of the active year of the program, the information, insight and suggested strategies are in turn shared with the stakeholders in the individual municipalities.

Although there were a few exceptions, most participants thought that the way the program was laid out in 3 to 4 workshops was appropriate, that the time frame in which it was held was satisfactory and that they would make virtually no changes to the program if they had the opportunity. There were a considerable number of people who complained, however, that the workshops were too intense and needed either more days for each or to be spread over a greater number of workshops. Although no scientific study was done, a number of questions were asked to understand this complaint. As might be expected in such a program, the

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<sup>10</sup> International Conference on Local Development and Governance in Central, East and South East Europe. “Design and Implementation of Local Development Strategies in Central, East and South Eastern Europe” Scott Abrams and Fegus Murphy, June 1-2 2005

range of prior knowledge of general LED procedures and methods was fairly broad. It can certainly be seen where those with a rudimentary background would be able to absorb the content a lot better than those who were hearing it for the first time.

There are several ways of dealing with this issue. One of them is the LED manual that is proposed to be released by the World Bank. If all prospective members were to have a copy of that in advance of any workshops, some self-help learning might go on. A manual is not a complete solution but would be of assistance in preparing participants before engagement in the process. A second way would be to schedule an introductory workshop at the very beginning of the program to help acquaint those with no LED background to some of the concepts. Like the manual this would provide a better basic understanding of the principles of LED and thus enhance the participant's ability to get the most out of the Study Tours and Workshops.

The only other complaint heard on a regular basis was the need for more *practical training*. It was generally understood that this was a request for more overall training than what was offered, although a few believed that doing everything by example would be an improvement over the theoretical training. This too was not a widespread phenomenon, and although worthy of some consideration, this assessor's knowledge of most of what was presented indicates that virtually all of the training programs incorporated good technique with a maximum of exercise time.

There are two key workshop areas that warrant further comment:

- Training

The first of these key areas is training. It was the general agreement that the training provided by the DELTA program was thorough, of very good quality and of sufficient quantity to cover what was needed for the program itself.

What was often cited as lacking was sufficient training to deal with the ongoing process of LED after the DELTA project ended. Some very specific examples of this are made in the recommendations section of this report. The requests were from a number of different angles but mostly revolved around more practical training, as mentioned above, and training on how to maintain and monitor the results of the projects.

In this regard there were several requests for a "how to do it" manual. The World Bank manual on LED not only would serve the purposes of assisting those in need of basic training, as noted above, but also would be a very good added way of



disseminating knowledge about other subjects—not covered in the program workshops—to the participants as a whole. A distribution method for this material in a myriad of languages would benefit many and act as a partial substitute for more training.

○ Strategy Development



The strategy development is another important piece of the process initiated in the workshops and carried forward in the individual municipalities. Again as with the training, the methodology and approach were considered excellent by the participants.

However, the discussion of the strategy development left a great deal of questions in the mind of this assessor. The question that constantly came to mind was whether the process was driving the projects or whether the projects were driving the process. It sometimes seemed as though the process was akin to building a bridge from both sides of the river, with the intention of meeting up in the middle. Sometimes you do and sometimes you don't. The process as it relates to the visioning, goals and objectives seems to have been well started, at least on one side of the river. There then seem to be a match-up with non-DELTA-developed projects from the other side, the great majority of which were probably on a list of 'municipal projects' but that are not LED projects per se. Several cities admitted that this was the case. This assessment does not suggest that this phenomenon is a totally or even partially wrong approach. If cities are encouraged to take the broadest view of economic development, then the concept of improving the quality of life is a major point of view that should be considered. Thus some projects that have very dubious relations to LED could be included for this purpose.

The real problem is one of expectations. When the municipalities begin to look at the projects as ways to bring new jobs and economic prosperity, then the projects selected for the top of the priority list need to be ones that have a direct or at least substantial linkage to job creation, investment enticement, etc. This is not intended as a criticism of the program, but rather as a consideration for a possible change of emphasis in future programs—to focus, perhaps, on different levels or areas of emphasis. An attempt was made in the programs already done to distinguish between hard infrastructure and soft infrastructure. Perhaps a specific weighting in the prioritization system could be 'LED-directed projects vs. quality-of-life' projects

One other issue in the strategic planning area was the question of prioritization. It seemed to range from a more or less gut feeling in the

DELTA I program to something as sophisticated as the prioritization method developed by a Peace Corps worker in Shkoder. The former seems much too informal and the latter seemed too complicated to utilize. There needs to be a happy medium. Obviously ranking and choosing priorities in a resource-limited system has a great deal of importance. Thus the methodology needs to be clear and easily understood by all, while at the same time providing a way to clear-cut, efficient and effective project selection. It is suggested that perhaps some refinement of this process would be in order before a new project is begun. In addition to simplifying, that refinement should include a way to distinguish from those projects that have direct LED potential and those that are on the periphery, as noted above.

One way to deal with the above issue is to select only cities with a previously developed Strategic Plan for participation in the DELTA program. In that way, assuming that the Strategic Plan has been done well, the prioritization of projects and the LED Strategy would reflect the general development plan of the municipality.

- The Study Tours

Without any question, the highlight of the program for all of the participants was the study tour. The DELTA I study tour went to two countries: Bosnia, and Hungary; The DELTA II study tour was to Slovenia, and the Albania study tour was to Hungary. All indicated that the tours were valuable and an excellent way of making sure that the concept and ideas talked about were understood in a very practical and “hands on” manner. Even the first group, which apparently endured some logistical barriers, were overwhelming in their support for the idea and what they learned from their specific study tour. Only when the management was questioned in detail on the logistics was that issue even addressed.

This said, there were some clear differences of opinion in the methodology. There were two types of tours: one incorporated one country only and the other encompassed three countries. The question that was asked was which method they thought was better. The answers were almost 100% along the lines of what they had experienced. Those who had gone to the single country thought it was the best way, and those who went to multiple countries thought it was the best way. Surprisingly this was nearly without exception. For example, the DELTA II participants went on a trip to Slovenia; not only did they prefer the single-country method, but also, when confronted with the statement that Slovenia is significantly different from Kosovo, into one saw this as a negative.

The respective local project managers were among the few who did differ. The two DELTA I and II managers split along the lines of their respective tours and the Albania manager saw the multiple countries as an advantage, albeit he had only been to one.

There was also consensus that the trips should be limited to the region. No one indicated that they would have been better off with study tours away from the region, feeling that they could learn best from those with similar problems who have overcome them in ways that would probably also work for participants.

The critical thing that seems to make the difference is what they are looking at and not how far advanced the visited country was. Incubators, Business parks, LED offices and how each could be used were all ideas that were learned from the study tour. Some resulting examples of action include Peja, which is applying now for a grant to have an incubator, which they first learned about on the study tour; and Ferizaj, which has developed a business park based on an idea from the trip. Even when the concept was distorted (such as Hungarian business parks funded by the central government and not LED), the idea of having such an activity at the local level was of greater importance.

There were various opinions of whether the trips should be longer, be more frequent, or be more or less involved with the training function, but there was no dissention on whether or not they should be an integral part of the project. All felt the trip should most definitely be included in future programs.

It is also noted that in other programs provided by other sponsors, some take the local consultants on such study tours, and others do not, for a variety of reasons. It is believed by this assessor that including the local consultants is vitally important; the benefits to the project from having the project manager not only better informed about what was learned but also aware of the details are invaluable. It is noted that the DELTA project did this and it is recommended that they continue to do so.

- The Business Survey

The business survey, done at the beginning of the program, is one of the prime examples of the positive effects of the evolution of the program. In the third version (Albania), some 410 businesses in the five cities were surveyed and the survey was done and presented professionally. Mayors in each of the cities were most complimentary of the document, and they and their core leaders stressed the usefulness of the results which they felt, for the first time, really gave them a feeling for the attitudes, needs and realities of their local business community. Almost all agreed that they had used the survey in their plan preparation, prioritization and data gathering. The improvement in relations with the business community, which was apparent in discussions with each of the core groups (and consistently agreed to by both business representatives and municipal officials), was in part attributed to the better source of information about the business community provided through the survey.

The Kosovo experience was much different with regard to this survey. It was administered only in DELTA I, was done for only 50 businesses over

the seven cities and seemed to have little if any impact. In fact most city officials who were asked about it either did not know that it had been done, or had a recollection so vague that they could hardly remember it.

One comment about the survey that showed another usage was that again from the city of Durrës, who indicated that they used the results of the survey “to force each department to improve its image and relationships with its constituents.”<sup>11</sup>

Business surveys of this type can be extremely valuable, but they are much more so if they are done regularly over a period of time. In such cases they become a measurement tool of progress and results instead of simply a snapshot at the time they are undertaken. This may be the reason for the lack of interest in the Kosovo version. It was done very early, right after the war, and things keep changing so fast that a survey at that time has little relevance except as a benchmark. If the surveys were to be done repeatedly and regularly, it would improve their usefulness tremendously. In the recommendation section of Chapter 8, this issue is addressed in detail.

The quality of the business survey used in Albania is a good model for other programs. A copy of the instrument used is attached to this report as Annex C, and the results are available from FLAG.

- The Mayors' Meetings

The official initiation of the mayor’s meetings was a function of the bid process in Albania, having been conceived as a formal part of the program in the FLAG proposal. Without knowing this at first, the Kosovo participants were asked about mayor’s meetings, and in fact the DELTA I program actually had several of these meetings, as suggested by the DELTA I project manager. Like Albania, they found them useful. For some reason, which has never been very clear, the DELTA II program did not use this technique.

The meetings, generally one per city over the course of the year-long program, was an excellent opportunity for the mayors of the participant cities to meet and discuss issues of like concern. The meetings also allowed them to learn from one another about the accomplishments that some municipalities had made. Many of the things they are trying to do in their individual communities are easily transferable, and all agreed that these had been extremely useful and worth the time involved. The core team leader, who was the appointed LED director, was also involved in the meetings; thus the experts had an opportunity to interact and share ideas, as well.

The analysis of the use of this technique shows that the differences in the types of government are a major factor. The Albanian mayors are much more in control of the overall process, whereas the Kosovo mayors are a substantial influence but not the chief executive. If this technique is used in the

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<sup>11</sup> Interview with the Core Group from Durrës, June 8, 2005

future, and it does appear to be a valuable addition to the program, the local government structure should be examined first and an appropriate arrangement made to make the meetings extend to the logical levels of authority and responsibility.

- The Marketing Brochure

The marketing brochure is another innovation introduced to the Albania project. There is unfortunately not much that can be said about it at this point, as none of them are completed and only Albanian language drafts have been prepared.

The concept is a good one, however, and the general concept has been used before, very successfully, in Albania—FLAG has a lot of experience with these type of projects. The aim, of course, is to have a document that can be used by local business recruiters, be it the LED office or the chamber of commerce or a traveling mayor, to promote and provide information about the city and the benefits of doing business there.

- The Donors' Forums

From all information available, this is to date the weakest part of the program—although it is difficult to draw any conclusions from the DELTA II and DELTA Albania since they have yet to have such events for their projects. The DELTA I respondents were all quite disappointed that the two programs held for them resulted in almost no additional support from donors.

Solving this problem may be a project all its own. It requires a broader dissemination to the potential donors in the beginning of the project. This is a principal function of an Office of LED and should be considered as municipalities are establishing such offices.

It should be noted that a revised approach, based on the good experience of the mayors' meetings, has been developed for use with the DELTA Albania program (anticipated for September of 2005). In stead of having a traditional donors' forum, each of the five participating mayors will give a presentation outlining their priorities and needs to the assembled donors, Minister of Finance and Minister of Local Government. This session will be facilitated by LGI/OSI and follows extensive efforts by LGI and FLAG to meet with and advise donors in advance of the meeting and intentions.

With this effort being undertaken in Albania, it might be a good idea to invite the local project managers from Kosovo to attend. It would be particularly beneficial if the consortium plans additional versions of DELTA in Kosovo.

This effort of the World Bank/OSI consortium is a way that they can exert their considerable influence in this area might by contacting a group of

donors ahead of time. A specific recommendation on this issue is proposed in Chapter 8.

### **Comments from interviews**

All 17 cities that took part in a DELTA program were interviewed for this report. The purpose of the interview was to get the comments of the actual participants to a series of questions that ranged from the overall impact of the project on their community, to the techniques used in the process

It cannot be overemphasized that the single most common comment from municipalities and business officials alike is that the DELTA program changed their attitudes and way of working together. As the CEO in Prizren put it, “there used to be a barrier between [the business community and the municipality]; now there is a common purpose and willingness to work together.”<sup>12</sup> Even if there are still some differences of approach, the overall relations between the municipalities and the business community have significantly improved. This is not something that will ever show up in quantitative measurements of the program, but from all indications, has had the most impact overall.

Also as noted elsewhere, the comment about lack of donor coordination seems to be one of the most repeated. Some of this is undoubtedly due to frustration that the donors are not more prevalent and a feeling that the DELTA project, albeit not having promised such, would result in more donor activity. To be sure this is complicated in Kosovo, where municipalities are not allowed to deal directly with donors. Nevertheless there was considerable frustration with the fact that they had gone to the trouble of doing their strategies, and, instead of helping them carry out the strategies, many donors were only interested in getting the municipality to participate in their own projects.

One question that was asked in each city was whether or not DELTA has made a difference in the way in which the city is run. Almost unanimously the answer was yes, although in many different ways. Again attitude was a significant factor—there were several comments such as that of the mayor’s chief of cabinet in Durres, who says that the city “now sees itself as a coordinator for the city.(rather than the leader on all issues)” They realize not only that the strategy is their responsibility to carry out but also that it makes the city operate more effectively.<sup>13</sup>

There were also very positive answers about institutional changes that were “the result of DELTA.” In many cases the reality may be more in the thinking than in the result, as some participants may be overenthusiastic about just how influential the program was. Such was the case of Shkoder, where the city officials claimed six new positions as a result of DELTA—ranging from a procurement department to a social service expert to a housing and Public Relations specialist. They were one of the few cities to already have an LED director, and no doubt they needed the new positions, but whether they were all a direct result of the program is of some question.

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<sup>12</sup> Interview in Prizren with city officials, July 1, 2005

<sup>13</sup> Interview with the Mayor’s Chief of Cabinet and DELTA Core team June 8, 2005.

To this issue of institutional changes there are two other notes. The first is that the most common change—aside from the adding of LED directors in Albania, which was a requirement of the program—were the number of cities who created public relations positions to insure better communications with the public. This was done in a number of cities by adding a person or giving someone already employed the added function. The second issue is the need to remember that the cities of Kosovo are at a distinct disadvantage, as mentioned in chapter 3, they are under a government edict not to add any employees. All agreed they would add an LED director if they could; for now, to their credit, they are trying to spread the work among others so that the idea does not get lost.

Municipalities were not shy with their advice on what could be done better. The most common suggestion and what was considered one of the few weaknesses of the program was the lack of a formal follow-up program, which various cities suggested could include a monitoring system and training on how to implement such a system. The lack of monitoring plans and the dissemination of information on “how best to do things” was a very common comment. One LED director in Berat, a city which has yet to implement such a plan, remarked on how important monitoring was, but he said that he only knew that because he had learned about it from another program.

Also suggested was follow-up series of workshops dealing with practical technical assistance on how to implement various activities, such as incubators, industrial parks, etc. The weakness here was that the DELTA program was seen as exposing municipalities to a great many things but not providing sufficient follow through, assistance in funding, and technical assistance.

The issue of cooperation, understanding and coordination with the central government was mentioned frequently. This seemed to be a bigger issue in Kosovo than in Albania, where the municipalities have a greater degree of autonomy with issues such as LED. However, it was clear that there needs to be some connection between the attempt to implement sub-national programs and the policy of the central governments. As one LED official said, the project identified a number of priorities and now some of them are in opposition to the central policy because of constantly shifting policies. Some of these problems could be rectified, in theory, if there was sufficient interplay between the two parties along with the program providers. A comment by the team leader from Prizren suggested the depth of the problem—he claimed that “many of the projects they had originally prioritized highly are now in conflict with central government policy.”<sup>14</sup>

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<sup>14</sup> Interview with the City Executive and Core group from Prizren, July 1, 2005

## **PROJECT STATUS AND IMPACT SURVEY**

In order to get some statistical data to back up the anecdotal comments of the interview, a survey was administered that elicited comments about the process, the impact and the current status of events. Each participating municipality was asked to complete the survey. In all cases, the Mayor and the Core Group completed the questionnaire. The survey intended to determine the local group's attitude toward the program, the impact that DELTA had on how the local government conducts its business and what kind of differences it has made to date. It should be noted that the same survey was prepared by all groups regardless of the progress in the program that their city had reached.

None of the results were particularly surprising, given the nature of the comments received in the interviews, but they did provide some interesting perspectives. (A copy of the questionnaire is attached as Annex A of this report.) The results are provided by project area.

### **Results of Survey -Kosovo**

A summary of the findings in Kosovo shows that:

- All 12 participating cities believe that DELTA has modified the way they run the city. Of these:
  - 66% say there is more citizen involvement,
  - 75% say that they now focus more on long-range issues,
  - over half say that there is less political conflict on LED issues,
  - over half feel that the local assembly has more control over development issues, and
  - 84% believe that they now rely more on the business community
  - 42% say they have utilized partnerships to get things accomplished.
  
- Ten of the municipalities felt that there has been an increase in business development since DELTA. The two that did not answer yes are both DELTA II cities, where the real effects of the program have yet to be felt.
  - Notably the majority utilized statistical data, such as permits issued, tax revenue increased and new construction started, to validate their findings.
  
- One critical element of the program was to improve the relations between the municipality and the business community. The survey backed up the almost unanimous results of the interviews, where that was a major comment in almost every city.
  - 75% of the cities replied that they had new business associations started as a direct result of DELTA.
  - A total of 25 new business associations have been started in the nine cities that noted this as a result of the program.
  
- Despite what are apparently increasingly difficult times for financing in municipalities, all 12 municipalities show that the strategic plan is reflected in their budgets.

- A total of 420 projects were identified in the composite strategies of the 12 municipalities. Of these, 135 are completed or in process using local funding.
  - Part of the frustration seen in the interviews over lack of donor support is evident in the fact that only 47 projects of the 420 were completed or in process using outside funds. A significant amount of that funding is from the central government.
- In terms of activities that have happened since DELTA began, it was agreed that:
- the number of people involved in LED activities has increased or stayed about the same (84%) (this is with the restriction on hiring new persons, as well);
  - the municipal budget for development has increased in half of the cities but not in the other half (33% even note a decrease);
  - public-private partnerships have increased in 75% of the cities;
  - activity in governmental affairs has become more common by non-governmental officials in most of the cities; and
  - 80% of those responding agree that local government is more involved in the issues of the business community.
- The DELTA process itself was questioned, and all phases of the project were rated highly:
- All phases including workshops, technical assistance, study tour, mayors' meetings, local business survey, and donors' forums were rated as "highly valuable" or "somewhat valuable."
  - The study tour received the highest grades, being rated as "highly valuable" by all 12 participating municipalities. The comments in the interview section reflect this directly.
- Finally a look at the engagement factor to determine whether it was too much or too little an effort, rendered results that organizers should be pleased with:
- 75% or above rate each aspect of the program, from an involvement standpoint, "about right." Almost no one thought it was too much time or effort on the part of the municipality or its people.

In analyzing the survey, an attempt was made to differentiate based on size and the DELTA program to which the municipality belonged. There appears to be no correlation with either. There are 12 cities involved—seven from DELTA I and five from DELTA II. They range in size from 50,000 to 225,531 (unofficial figures since no census has been done in more than 10 years). Of the 12, five are under 75,000 in population, two are between 87,000 and 130,000, four are between 130,000 and 180,000 and one is more than 200,000. The number of projects does not seem to correlate in any way to the size of the city, nor does the number being undertaken at the local level. This would leave the impression that it is strictly in the hands and will of the council and citizens, as well as the financial capacity of the municipality, as to how aggressively they approach completing the program.

There likewise seems to be no direct correlation with the project cycle (Delta I or Delta II) that a city was in. Some in both groups were simply more aggressive than

others. There is a correlation with projects completed but this is to be expected given the time frame that has been available to work on the project.

### **Results of Survey -ALBANIA**

The results of the survey in Albania are somewhat less revealing than the Kosovo version. Partially this is due to the fact that there are only five cities involved and partially due to the fact that the program is at a different stage of development and none of the cities have the advantage of the hindsight that the DELTA I cities have in Kosovo. Nevertheless they did produce some interesting results.

A summary of the findings in Albania shows that:

- All five cities were in agreement that DELTA has influenced them to change the way they manage the municipality.
  - Specifically mentioned were greater citizen involvement, more focus on the long range issues and less political conflict on development issues.
  - As was the case in Kosovo the business community plays a much bigger role, suggests 80% of responders
- The four cities responding to the question on development show a substantial increase in new businesses, since the Delta program started.
  - 60% of cities show a 10% or greater increase in the number of businesses started.
  - Increased tax revenue was the greatest indicator in all responding cities.
  - Actual construction permits and new constructions started was noted by 40% of the cities.
- All five cities reported a significant increase in the involvement of the business community in municipal affairs.
  - New business associations were founded in all five cities.
  - A significant involvement by the local Chamber of Commerce was noted in 80% of the cities.
  - Many of the new associations targeted specific local goals, like agriculture or tourism.
- Even in the first year of the project all five cities show some of their projects underway and all report that in part or in whole they all have projects funded from the local funds.
  - A total of 362 projects were identified in the five cities. A much longer plan period was used in Albania and municipalities project all projects completed within five years.
  - The projection for the next two years is heavy and the following two years are somewhat lighter, reflecting the urgency of getting the projects done.

- In terms of the affects of the Delta Project it was agreed by virtually all the cities that:
  - The number of persons involved in LED at the local level has increased.
  - The municipal budget for infrastructure improvement has increased, public private partnerships have been increased, and there is much more involvement of non governmental agencies, specifically from the business community, in municipal activities.
- Regarding the components of DELTA, again the overall response was highly positive.
  - The workshops, and Local business survey were rated highly valuable by 60% and somewhat valuable by 40%.
  - The Study Tour, Direct Technical Assistance and Mayor's meeting received the highest grade from 80% of the cities, and were found valuable by the others.
  - The Municipal Marketing Brochure and Donor meetings, received similarly high grades, despite the fact that these items had not been accomplished at the time of the survey.
- The engagement factor was also evaluated again and for the most part found to be about right in the opinion of the responders.
  - There was some concern shown in the reliance on local officials suggesting that this might have been too much. This same opinion was voiced about the reliance of the business community.
  - Some 40% also suggested that the length of the study tour was not long enough and that the number of workshops were insufficient.
  - There was unanimous agreement that the overall length of the program was about right.

### **Results of the Investment Fund Analysis for Kosovo and Albania**

In addition to the survey reported on above, an attempt was made to make a comprehensive analysis of the use of investment funds and their relation to the overall inclusion in the budget. The full report of the figures can be found in Annex B and the reader can make inferences for themselves. It must be noted that the responses to the investment analysis were, at best, somewhat inconsistent. Nevertheless there are some important factors that seem to shine through the muddle of inconsistencies in the reporting.

First, the overall budgets of almost all municipalities are falling, and the expectations for the coming year project even less money for both investments and operating costs. In two cases in Kosovo, the loss from central government transfers has been more than offset by local funding, thus providing for an overall increase in budget. However, in all the rest there is a decline. This also had significant impact for the investment in DELTA and other projects, since the vast majority of investment funds, at least in Kosovo, comes from the local funding. This money must now be used to offset funding for operating expenses. In Albania the situation is slightly different because a large portion of investment funds actually are part of the central

government transfer. But with that revenue falling, the net effect is expected to be about the same. There will simply be less money available to pursue DELTA project activities, and, with that, there will be a reduction in job-creating, economy-boosting initiatives.

It is not surprising that the DELTA I municipalities are showing a declining number of DELTA-related projects in their overall numbers. Since their plans were designed as intermediate, 3- to 5-year projects, with now three years having gone by since the inception of some, the numbers are declining. According to the interviews and other studies done for this report, some 60 to 70% of the projects initiated under the initial DELTA program have been accomplished. It does, however, provide an opportunity to consider how to assist the municipalities in reviewing and updating their plans. A recommendation to that effect can be found in chapter 8.

One can also see in the numbers the aforementioned problem in several cities: that when donors do come, and they have been few and far between, they come with their own projects. Often municipalities are more or less forced to change priorities or give up what the donors want to do. This is a serious shortcoming of the international donor community; although there is really no known solution, it is a problem that ought to attract the attention of the various donors if they truly want to be of help.

It must be noted that the overall impact of the donor community on this effort of the DELTA program is negligible. As noted elsewhere in this report, recruiting donors really appears to be the weakest part of the DELTA program. In future projects it would be more than worthwhile to try to line up a source of real donor funding in advance. At the same time it is very strongly recommended that this not be done as a quid pro quo, as one of the real attributes of the DELTA program is its ability to attract cities to undertake this most crucial of activities without a promised "reward" at the end of the program. Changing that aspect would only detract from the program.

There are many other inferences that might be gained from further study of the figures. However, they are presented for the reader in complete form; further analysis might prove useful by others.

## **7. Impact and Results**

The findings we have had to date do not show impact and results in a traditional fashion. For concrete, quantitative results it is far too early to do an analysis on the programs. DELTA I in Kosovo completed their program only two years ago. However, the impact on the way business is done, the relationships that have been created and other factors central to the goals of the program are obviously being met. DELTA II and DELTA Albania are just now approaching the implementation of their strategies and so there are only some preliminary results to look at.

The small amount of quantitative evidence that we do have is very positive. The DELTA I program cities, with an intermediate level set of goals and objectives designed for 3 to 5 years, are reporting in what is the third budget year that some 60-70% of projects listed will be completed by the end of this year. (This takes only numbers of projects into account, and not the overall value or cost of projects. The circumstances and reports from the cities suggest that many of the more expensive projects have been delayed and are among the 30 to 40% that are not completed, for budget reasons.). However, given the funding situation, this is a good record and in some cities, the total completion number is even higher.

There are also indications, albeit not always substantiated by hard core figures, that there has indeed been an expansion of SME business in the communities participating. The city of Kacanik, for example, cited a road improvement program that, after completion by the city, resulted in numerous new businesses opening up on the street. Though this is impressive on the surface, due to the change in business registration procedures, the municipal officials were not able to determine how many of those were truly new businesses and how many were relocated from somewhere else in the city. More time and the development of more definitive record-keeping procedures will be necessary to get good, accurate measurements in these areas.

Perhaps the most important impact is the change in the way officials think about their duties and ways of governing. In this respect it is clear that the DELTA project has had an impact well beyond the classical LED initiatives that are at the core of the program. Over and over this was the unsolicited comment during the interviews: “We now look at the process differently”. . . . “The DELTA process makes us think about things differently.” Specifically they mention the systemization and prioritization of their approach. They also mention that they can see how the inclusion of those outside official government circles has benefited their decision making and the local government as a whole.

The process of a better business enabling environment has actually worked quite well. The report from the Kosovo cities on the number of business associations started as a result of the DELTA program is quite impressive.<sup>15</sup> It remains questionable how many were actually started as a result of the project, but they are in existence nonetheless and are all active, according to local officials. What is even more important for the long-term continuation of such programs is that there is a different attitude. City officials now readily call in businessmen for their opinions

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<sup>15</sup> See report on the survey done in connection with this report, analyzed in Chapter 6

before making crucial decisions that affect businesses, and there is a new spirit of cooperation, which can indeed be traced to the program.

Clearly one of the best indicators of impact is the number of projects which have been completed. Though DELTA II and DELTA Albania are just starting their project implementation, there are impressive numbers of projects included in the first year budgets. DELTA I has had time for some track record. An interim report by Riinvest<sup>16</sup> shows that as of March 2005, some 60 to 70% of the projects identified have been completed. There is a strong bent towards the completion of the infrastructure programs, but a significant number of the “soft infrastructure” projects have also been completed. Completed details on a project-by-project basis, showing the amount of involvement from local funds, central government and donor sources is available in their report. A suggestion for the future is that the local managers continue to produce such reports during the life of the initial strategy plans. This will give the organizers continuous feedback and provide information on completion rates and long-term impact of the project.

An even better way to understand the impact is to take a look at various examples and understand the thinking of the local officials that led to these issues being prioritized highly, or implemented at all. The composite result of all these examples is a snapshot of a new way of looking at municipal responsibilities and an organized, rational approach to spending the public funding. If DELTA accomplished nothing else in terms of technical improvement, the organizers and managers should be proud and pleased to have encouraged and apparently succeeded in engineering these changes.

The following examples highlight one improvement in each of nine of the DELTA cities. The examples were chosen because they are improvements that are either unique or symbolize the kind of changes that are pertinent to the DELTA process.

### **Impact Examples**

#### **Shkoder, Albania: Road Project**



The Shkoder example does not show any major deviation from project aims or significant unique characteristics. Rather, it demonstrates a careful selection among general infrastructure projects for the a direct LED purpose. Many of the “infrastructure projects,” particularly road upgrade projects, leave one wondering how they directly impact Local

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<sup>16</sup> Brief Report on Evaluation of the Effects of DELTA I in Local Economic Development, Mar. 2005, Riinvest

Economic Development. Of course if one takes the broadest definition of LED to include “quality of life issues,” then almost anything could be included. It is also important to note those that have a direct LED benefit. The Shkoder road improvement project fits that category.

The project is a true joint effort of the business community and the municipality, with the end goal to revitalize the city’s industrial zone. (Shkoder had an extensive industrial zone north of the city but many businesses have been lost during the years of transition. The location of the municipality and its connection with Italy, Montenegro, Croatia and Greece make it a very advantageous site for third-party, lost-cost manufacturing). The business community, seeing the long-term advantage, has literally bought into the process by agreeing to pay for the design plan. Each industry has been asked to pay a proportional share, based on the linear meters in front of their business. This is something that would have been unheard of before the DELTA project, as there has been no outreach by the municipality to include local businesses in the decision making—and therefore no real effort on the part of the businesses to get involved in the affairs of the city. The lack of communication resulted in very little being accomplished.

This project also gives a good example of how a project that most likely would have been done anyway (that it is in the 2005 budget and actively being pursued within a couple of months of the passing of the plan is a good indication that it came off a previous list, an assumption that the LED director confirmed), has been transformed by the DELTA project from a routine, government-generated project into a community/municipality cooperation, with joint ownership on the part of all the participants. As mentioned earlier, this is in many ways a bigger impact than the numbers will ever show.

### **Podujevo, Kosovo - The Intranet Project.**

One Podujevo project is of interest not because it is unique, but because it was the first. The UNDP currently has a program of establishing One Stop Shops in cities around Kosovo. The first one, or at least the first DELTA city to have an operational one, was Podujevo. This was a project idea on their list and the donor happened to be available to assist.

The project is interesting for DELTA purposes because it provides the public with a very much improved access and ability to deal with local government. It is also having a significant impact on the way government operates, because the computer system not only provides public access but also allows the municipality to keep all municipal documents on line and accessible, thus speeding up the entire operation for LED and for other purposes, as well.





The mayor credits a new attitude toward the business community and the public in general as the primary reason for the increase in business activity in his city. He cites an increase since the beginning of DELTA in SMEs in his municipality as a sign of the impact. He has measured this increase through new registrations of business, and he notes particularly that the increase from January to April of this year was over 100 new businesses—a greater than average increase, to which he credits the

new one-stop-shopping system and its ability to positively and quickly deal with the public's questions.

Although this was the first complete system we came across, several of the other DELTA cities indicated that they too were negotiating with UNDP for installation of the same system. In each case, the one-stop-shopping concept initiated in the DELTA project was given as the reason for their interest.

Later in the interview process also found the **Kacanik Info center**, which is operating much the same way as the Podujevo one and is also a product of the UNDP project. It complements very well the initial ideas of the DELTA project. Whether the cooperation is by accident or intention, it is a good example of how two projects can have positive impacts when working toward a common purpose.



### **Ferizaj- Industrial Park.**



Industrial parks are not terribly unique but they do serve a very positive LED purpose—they are one of those projects that are directly related to the growth and development of a local economy. This is even more true when a particularly suitable location is found. Ferizaj has managed to do just that. Having

gotten the idea from the study tour of the DELTA project, it has developed a very suitably located Industrial park right on the main highway between Skopje and Prishtina, making it an international as well as local advantage. This project is one that shows the relationship between the suggestions learned in the program and the results in the field.

What is unique about the Ferizaj approach was an additional step, which they undertook, in conjunction with opening the industrial park. They established an Ambassador's club, whose sole purpose is to provide liaison with the Diaspora, in the hopes of attracting investment, much of which might go directly to the park. Thus the entire attempt by the DELTA project to design connectivity in the projects seems to be paying off.

### **Kline - Irrigation System**

This project is interesting as it deals directly with the major economic resource of their community: agriculture. Before even discussing projects, the city officials were talking in general about their city and indicated that it represents 60% of the overall revenues of the community, as 70% of the population was engaged in agriculture. This project also shows that a fairly small infrastructure project can have a significant impact. The municipality is also engaged in a series of infrastructure projects that asphalt roads, producing urban plans and improving the parks—for the most part all more expensive. Yet the three reservoirs and simple irrigation systems built might offer the most important impact on the local economy and are a very good example of focusing on one's comparative (competitive) advantage, which is stressed in the DELTA Trainings.



The dam in operation



Positive Side Affects

## **Istog - The Potato Chip Factory**

The potato chip factory in Istog is a wonderful example of how business opportunity that was not anticipated at the time of the planning process can be incorporated into the overall plan, if the council and city officials are willing and flexible enough to do so. In Istog, the potato chip factory was not on the original list of projects. But an investor from Lithuania had an interest in making potato chips. The donor, together with the local NGO/ Association of Potato Growers, worked together to make this happen.

Today the factory is fully operational and turning out bags of potato chips at a high rate of speed. Some thirty new production jobs have been created, and plans are underway to use the upcoming off season to improve the sanitary conditions and facilities of the plant. The NGO has expressed an interest in financially involving themselves.

This could be just another story of a private firm moving into the area. However, it does not stop there. As noted the NGO agreed to a financial involvement, of about 33% of the shares. Today they are the supplier and part owner. The Municipality at the same time saw the wisdom of getting involved and shifted infrastructure funds to accommodate the needed improvements to the factory site. The lesson here is that we have both priorities and opportunities; despite our priorities, we need to take advantage of the opportunities as they come. Istog did just that.



actively considered its plan and then took the choice to deviate from the original plan is a sign that the process is working and producing high-quality LED decision making.

As an LED professional it is also important to decipher between opportunities with a real “added value” to the process versus those that are not appropriate. A potato chip factory in an area known for its prolific growth of potatoes seems a good match to the comparative advantage of the area. A steel mill might not have had the same effect. The fact that the municipality

## **Peja – Tourism Potential**

Every city with an old church and an old house renovated to become a museum seems to think they are a tourist destination. Most are not. But some really have a competitive advantage and the resources to make tourism a viable primary industry. Peja is one of those cities. With the mountains looming high over the city and a potential to develop them into a real sports center, the municipality has the ingredients for tourism development of significant magnitude.

Realizing that making their dream work will require a lot of money and resources far outside the direct reach of the municipality they are taking a measured approach, which is a very smart start to the process. They have tourism development and promotion high on their list of priorities and are developing an advertising program to improve name recognition and attempt to attract investors.

This project is significant not because of its huge size—in fact it is smaller in expenditure size by far than the amount for schools, canalization, irrigation and others they have on the list. But it may prove the most important for the future development of the municipality and the region.



As a follow-up to this idea, Peja is one of two municipalities in the area (the other is not a DELTA municipality) that have applied for the Ministry of Trade and Industry sponsored Incubator program. It is an idea that came to them as a result of the study tour to Slovenia and they are pursuing it believing that it may tie in directly to the development of small businesses that would augment a major mountain sport facility. The overall project is noted for its synergy and connectivity, which speaks well of the process that developed the priorities.

### **Prizren - Shopping Center**

Perhaps of all the examples, the best use of municipal resources to affect the local economy and economic development is in the municipality of Prizren. Here they are using municipal lands to develop long-term lease agreements for apartments and commercial centers. Along the lines of the BOT (Build-Operate-Transfer) concept of LED development, the municipality is leasing its lands for ten years to various developers and using the, not inconsiderable, rentals as a significant revenue resource for the municipality. City officials noted that currently some 25% of the total local revenue is generated through these property leases. There are numerous examples already developed (one business center, one residential center and two commercial centers. More are planned for this year. The net effect is extremely positive.

Not only is the municipality enjoying the revenues from the properties, but in addition some 500-600 new jobs have been created, not including construction jobs related to the development of the properties. Even those properties where it is not yet decided what the property will be used for have been turned into profit producing parking lots.

City officials also acknowledged that they have an advantage that other cities don't have. It goes back to the issues raised earlier in this report (See Chapter 3, what



Internal Conditions). Most municipalities do not have access to the extensive amount of property that Prizren does. This is because, as the Serbian officials were leaving, in most cities they took documents and property data with them, presumably later destroying it. For some reason Prizren was able to hang on to their documents and thus have the advantage of

“proving” what is and what is not municipal property. Most other cities are complaining that the KTA is now controlling most of what was considered “social property,” which one way or the other, because of the nature of the old system, this property was given to “social interests” by the municipalities. It is this issue that suggests any future program should have some corresponding effort going on at the national level so that the work of the municipalities won’t be lost.

## **8 Conclusions and Recommendations and Suggestions.**

### **Conclusions**

There are a variety of conclusions that can be drawn from the information obtained in this study. Chief among them is the fact that sub-national programs for Local Economic Development do work, do have a substantial positive impact and do create some intentional and some unintentional side effects that again, for the most part are positive.

A fact repeated time and time again in the data gathering portion of this project has been that DELTA has changed attitudes, changed approaches to working with citizens and the business community and in general changed the way that local governments do business. Such changes may not have been the original goal of the program, but the positive impact that they have engendered is substantial success for the approach taken by the project.

Although it is clear that such programs work, based on the results of this analysis, if not for the reasons initially perceived. The terms of reference for this project state:

“There is an increasing body of evidence to suggest that often times the most binding barriers to private sector development occur at the sub-national or municipal level of government. Local taxes, municipal fees, and other administrative obstacles may originate in city hall, rather than in the central government, for example. Furthermore, local governments do not often have the capacity to develop or implement policies or programs that can foster growth in their municipality. Removing barriers to investment, developing and institutionalizing public-private partnerships, and developing economic development strategies are often unfamiliar concepts to local government officials. Therefore, there is often the risk that the impact of national-level policy reforms may be weak, particularly in countries where the decision-making process is highly decentralized.”

Based on what was found in this study, it can be agreed that there is some lack of capacity at the local level, but no lack of will to overcome it. In fact the main request of the local officials is to have more practical guidance in ‘how to’ implement such programs. Though there are necessary local taxes, municipal fees and other administrative regulations, these are often times not the barriers set in city hall but the result of the local governments having to compensate for actions taken at the national level (witness the decline in intergovernmental transfers across the board).

Furthermore, it appears that it is the sub-national levels of government that are by far the most amenable to economic development activities and the central governments that are the biggest obstacles. This seems to be confirmed with policy initiatives in Kosovo, which are highly restrictive, and slow implementation of decentralization in Albania, which in fact causes barriers itself.

What is also an obvious conclusion of the review of this process is that the basic principles of DELTA are effective. Additionally it is with the high degree of confidence that exists in the programs principles that the organizers and managers can afford to apply the flexibility and necessary modifications necessary to keep improving the program.

Although not based on empirical knowledge, the constant repetition by the participants about the overall improvement in local relations with the Business community has to be one of the great successes of this program. Even in cases where they are not able to implement all the projects they wish, due to resource limitations or other restrictions, there seems to be an attitude of cooperation and respect for each other that virtually all admit was not present in the past. This could be construed as the project's most significant accomplishment, and if so a substantial step along the way to sustained efforts in Local Economic Development for these communities.

### **Recommendations**

With any program there are a series of things that can be done better than before. The flexibility of this program to date has demonstrated that the organizers and developers of the program are not adverse to such changes. With that in mind, the combined inputs of all the parties interviewed and questioned for this review have led to a series of recommendations designed to make future programs even better. It is recognized that sometimes funds are limited and not all recommendations can always be added, but the following represent a series of suggestions emanating from participants themselves that could be of significant advantage to the program.

- The program has clearly achieved its goals...and should be repeated. Whether this is in Kosovo and Albania again, where both can use more of the same program, or whether it is carried to other countries, the ability of the organizers and managers to carry off the programs to date is indisputable and the value of the program certainly warrants further replication of the same in places with like problems and issues to deal with.
- One of the few weaknesses of the program appears to be the coordination for donor support. It was a major disappointment for the participants who have been in need of donor support for the projects. Although it is unfair to attribute this weakness to DELTA II or DELTA Albania since they have not yet had their fair and donor coordination meetings, the results from the first ones held for DELTA I are pretty conclusive. Investment analysis, showing virtually no donor support of the projects, supports the finding.

One of the distinct problems is that most donors come to the table with a project in mind and are not very receptive to the idea of funding a project that is considered to be someone else's. Before any suggestion is inferred that the DELTA project itself should provide assistance, let it be clear that the fact that it is not a funding program is, in this assessors opinion, a strong point rather than a weak point. All too often donors who are both Technical Assistance providers and capital fund donors get caught in the trap of only providing TA for things relevant to their own project ideas.

It would significantly improve the ability to carry out the truly tough and yet often vital projects within the community if the World Bank Group/OSI consortium, with their considerable influence, could line up a fund in advance. The fund could then be accessed by participating municipalities after completion of the plan, for limited amounts, perhaps on a matching basis, In any case keeping the tow only tangentially related and dealt with in a sense as separate projects is optimal.

- That all cities be instructed in, assisted with and required to set up an Office of Economic Development as a pre-requisite for being included in the project. This was a Kosovo recommendation as well as an Albania requirement for the last project. This should be done in the early preparatory phases so that when the actual program for developing the strategy is started the office is established and an LED director is in place. This person should then be considered to be the Core Team Leader and be freed of any other assignments that might interfere with this process.
- That the program time frame be modified to provide several changes that will enhance the project. First of all there should be a longer preparatory phase that involves the municipal selection process, the above mentioned establishment of an LED director and the training of facilitators. It is estimated that this part of the project would run about six months.

After this is done the workshop sessions could begin, taking the 12 months or so that was originally planned. In addition to this activities such as the Marketing Brochure should be started near the beginning of the project or inevitably the kinds of delays that have been experienced will occur.

- There should also be a longer involvement of the local and international experts, so as to monitor, advise and assist with the review process at intervals beyond the end of the strategy approval.

This idea also incorporates the idea of follow up and monitoring as mentioned at several points during the project. It is specifically recommended that there be a series of workshops and monitoring visits by project personnel (preferably internationals along with the local managers, at the 6-, 12- and 24-month time frame after the adoption of the strategy. These sessions can be a combination of training on a variety of practical issues as requested by the participants (see training recommendation), as well as monitoring and assistance with review sessions to update the existing plan.

It would also enhance the program and give the international experts a better perspective on the needs of their participants if some TA field time were scheduled for those brought in to do the training. The international experts are an invaluable resource for the project. Involving them more in the technical assistance process, with the local managers would enhance

both the program and the local management ability to engage in future projects more capably.

The net result of the two program modification recommendations will result in a much longer program, but they will insure a continuing, albeit severely limited involvement of the organizers for a sufficient period of time. This will insure that the process truly becomes part of the local system. The total proposal covers 42 months per program, broken down as follows:

6 Mos. - Preparation, Selection of Cities, Training of Staff and establishment of the LED Office.

(Limited international and Local mgt. Involvement)

12 Mos - Regular program of workshops, study tours etc.

24 Mos - Very limited involvement at the 6 mo, 12 mo and 24 month intervals after plan completion.

- Facilitators should ideally be individuals with a background in LED and at least in Local government operations, with a proclivity for training and TA delivery. They should be fully acquainted with the DELTA project before the onset of the Workshops and Strategy Development Sessions. It is simply hard to imagine that facilitators responsible for the advising of the participants can do so effectively when they are getting their initial training at the same time the participants are.
- The business survey has proved to be a very valuable tool but is limited in its overall value because of the fact that it is administered only one time. Such a survey becomes even more valuable when it is administered several times. In such cases it not only provides a snapshot of the current situation as this one did, but also creates a benchmark making it a method of measuring progress over time.

It is recommended that this should be an ongoing process ( see chapter 6 discussion. The participating municipalities should repeat it two to three times from the beginning of the project, when it should be done the first time to the end of the 24 month extended period.

- A workable prioritization system needs to be developed. Current methods seem to be either too complicated or not focused enough on the relation between real priorities and local Economic Development. There are many models and one that best suits the purposes of the DELTA program should be fairly easily devised.
- The consortium needs to develop and include training and TA for the implementation of a monitoring system. This is currently not a product of this program and was mentioned numerous times as a weakness in the program. It should be developed and made part of the final series of workshops and training programs.

- Consider an expanded program that can include other facets of LED, including more practical training and perhaps a capital improvement program (CIP) as well as the monitoring program. It can follow on business surveys as recommended above.

Many of the participants recommended extended training. The general gist of their comments was that the training provided was a bit too technical, not practical enough and only covered what was necessary for the completion of the strategy development project. In the body of this report more detailed training on basic LED is also recommended for participants early in the program. This would insure participants have a better basic knowledge before getting into the program details.

Other recommendations on the part of the participants included workshops and seminars on:

- Job Creation and Retention
  - The Legal Framework for LED and keeping up with new laws
  - More instruction and TA on the methodology for and concepts to be included in the assessing of the local economy.
  - More practical advice on “how to” develop Industrial Parks, Incubators etc.—beyond the introductions to the concepts.
  - More training on establishing and using LED offices and the role of the LED office in the municipality.
- Finally but by no means least on the list is the very important need for a central government component to the project. During the assessment there were countless referrals to and problems with central government policies that were acting counter to the efforts for local economic development. Some of this was caused by deliberate changes of policy. In such cases the question is not the right to change the policy but the ability to cope, and perhaps the lack of knowledge on the part of the central authorities of what harm they are creating. Some was caused by what appeared to be inadvertent changes in policy. In either case, participants felt that there needed to be some way to have a coordination, and the only way to really do that is by having some part of the program working with, coordinating with and influencing the relevant central government agencies so as to not inadvertently, at least, be usurping the critical prerogatives of local government in their LED activities.

There are potentially many solutions for this and perhaps attaching such a phase to a local World Bank office is one way to go. Perhaps another way to influence it is through a Development Policy Lending Program, or similar type program, where the availability to obtain funds is tied to policy implementation. In any case without some coordination of the effort at the central level, the risk of losing the ability to effectively do LED at the local level is very high.

## FINAL COMMENT

Reports such as this are difficult to write when you have to say negative things about your subject. Even to the casual reader this was clearly not one of those. Perhaps the best way to end it is with a quote from a participant. In light of all the comments, the vast majority complimentary in nature, I was struck most by the one of the Core Team Leader from Drenas, Kosovo. He said, “Even in the Balkans, where it is hard for us to admit we don’t know something, after the work in this process, I am a different person.”

About the author:

### **JAMES G. BUDDS**

Jim Budds was born in Hartford Connecticut in the USA on Feb. 5, 1948 and graduated from Fordham University in New York City in 1970. After Graduation he joined the U.S. Navy and served on active duty for three years. He also has a Master’s Degree in Public Administration from the University of South Carolina.

He served as City Manager and in other senior management positions for three US municipalities over a period of 15 years. In 1990 he moved to Atlanta GA. taking a position as Vice President of the Southern Center for International Studies. In 1992 he began his career as an international consultant and has worked extensively in some twelve different countries in the former Soviet Union and Eastern Europe, developing a specialty in the Balkans while working for various donors. He has recently managed VNG International projects in Albania, Macedonia and Bulgaria.

In his consulting experience he has designed alternative finance and budget plans, assisted municipalities in forming economic development plans and organizations, developed personnel cost control and human resource management systems, designed and implemented sanitation and other public works improvement programs, instituted budget and finance reform programs, developed a series of training programs for local governments, and done extensive consulting and training in the field of Local Economic Development for municipalities, regions and agencies in Eastern Europe. He is the author of over fifteen manuals on public management and economic development issues for local government.

Additionally, Mr. Budds has several years experience as an adjunct professor of Public Administration, at the University of Charleston and University of South Carolina. He continues as owner of his own Municipal Government consulting firm Urban International Associates, in Sofia, Bulgaria. He has been a consultant for numerous international organizations, including VNG International (Netherlands), USAID (US), World Bank, OSI, and OSCE.

ANNEX A

DELTA ASSESSMENT – MUNICIPAL PARTICIPANT SURVEY

\_\_\_\_\_ Name of City \_\_\_\_\_ Population

\_\_\_\_\_ Name and position of person doing survey

\_\_\_\_\_ Program (ie DELTA I – Kosovo, DELTA II-  
Kosovo or DELTA A – Albania)

(Note some of the questions below will only be relevant for one group. When they are not relevant please simply skip them.

1. Has involvement in the DELTA program changed the way the municipality operates ? \_\_\_\_\_ yes \_\_\_\_\_no?

If so How: (Check any that apply)

- Greater citizen involvement? \_\_\_\_\_
- More focus on long range issues?- \_\_\_\_\_
- More \_\_\_\_\_ or Less \_\_\_\_\_ political conflict on LED issues
- More Municipal Control over Development issues \_\_\_\_\_
- Greater reliance on Business Community \_\_\_\_\_ -
- Greater reliance on partnerships as technique for problem solving \_\_\_\_\_
- Other \_\_\_\_\_(specify)

2. Has there been an increase in business development since the beginning of Delta \_\_\_\_\_yes \_\_\_\_\_no.

If yes how do you measure this?

- Number of Permits issued? \_\_\_\_\_
- New Construction Started? \_\_\_\_\_
- Increased Tax Revenue \_\_\_\_\_
- New businesses started \_\_\_\_\_
- Total number of businesses \_\_\_\_\_(new starts plus retention)
- Other \_\_\_\_\_(specify)

3. Have any business associations been foremed in your community since the beginning of DELTA \_\_\_\_\_yes \_\_\_\_\_no

If yes: List

\_\_\_\_\_ yes \_\_\_\_\_no  
Organization name                      Type of members                      Active or not.

\_\_\_\_\_ yes \_\_\_\_\_no

Organization name	Type of members	Active or not.
_____	_____	_____yes _____no
Organization name	Type of members	Active or not.
_____	_____	_____yes _____no
Organization name	Type of members	Active or not.

(Note....Type of members means the kind of businesses attracted.. ie...general membership, manufacturers, shop owners etc. )

(Note: Active or not should be defined as having regular meetings at least once a quarter.)

4. Does your Municipal Budget reflect your Strategic Plan: \_\_\_\_\_Yes \_\_\_\_\_No
- How many projects do you have in your Strategic Plan \_\_\_\_\_
  - How many are currently funded by the Municipal Budget \_\_\_\_\_(part or whole)
  - How many are currently funded by outside sources \_\_\_\_\_(part or whole)
  - How many are currently not funded \_\_\_\_\_

For projects not currently funded do you have a timetable for funding them  
\_\_\_\_\_yes \_\_\_\_\_no

Timetable:

- Next year's budget? \_\_\_\_\_
- Within the next two years? \_\_\_\_\_
- From 2-5 years \_\_\_\_\_
- Over 5 years. \_\_\_\_\_

5. How many Municipal Staff are directly involved in LED \_\_\_\_\_(half time or better)

How many non municipal staff are directly involved in the Municipal LED program\_\_\_\_\_

6. Since the beginning of DELTA

	Increased/ Greater	About the Same	Decrease/ Less
• The number of persons involved In Local Economic Development	_____	_____	_____
• The Municipal Budget for Development. And infrastructure improvement is	_____	_____	_____
• The number of Public Private Partnerships in your community are:	_____	_____	_____
• The Active involvement of non- Government officials in Local Govt Activity is:	_____	_____	_____

- Local Government is more involved  
With the business community \_\_\_\_\_

7. Please assess the following DELTA project components.

N/A	Highly Valuable	Somewhat Valuable	Little Value	No Value
• Workshops and Training	_____	_____	_____	_____
• Study Tour	_____	_____	_____	_____
• Direct Technical Assistance	_____	_____	_____	_____
• Mayor's Meetings	_____	_____	_____	_____
• Local business Enabling Survey	_____	_____	_____	_____
• Municipal Marketing Brochure	_____	_____	_____	_____
• Donor Meetings & Investment Fairs.	_____	_____	_____	_____

8. Please evaluate your engagement in the process

Enough	Too Much	About Right	Not
• The overall effort by the Municipality in The Delta Project	_____	_____	_____
• The Delta Project reliance on Municipal Officials	_____	_____	_____
• The Delta Project reliance on the Business Community	_____	_____	_____
• The number of workshops is:	_____	_____	_____
• The length of the Study Tour is:	_____	_____	_____
• The overall length of the program is:	_____	_____	_____

**Annex B : Investment Fund Analysis**
**Analysis of Investment Funds for DELTA A Municipalities.**

	BERAT		DURRES		KORCA		LESHA		SHKODER		
1	Total Budget in 2004	598,855,000		n/a		374,898,000		307,205,000		1,641,652,000	
2	Portion of line 1 from Local Budget	172,236,000	29%	n/a		294,442,000	79%	93,822,000	31%	251,244,000	15%
3	Portion of line 1 from Central Govt Transfer	417,619,000	70%	n/a		80,456,000	21%	213,383,000	69%	1,390,408,000	85%
4											
5	Invertment Budget 2004	122,382,000		n/a		107,514,000		58,518,000		112,343,000	
6	Am't of Line 5 above from Local Rev.	8,382,000		n/a		68,133,000		20,251,000		16,141,000	
7	Am't of Line 5 above from Cent Govt Trsfr	112,000,000		n/a		29,317,000		18,627,000		94,602,000	
8	Am't of Line 5 abover from Donor Funds	2,000,000		n/a		10,064,000		20,000,000		1,600,000	
9											
10	Number of projects funded in 2004 Budget			n/a		8		23		22	
11	Number of DELTA S/P projects funded in 2004	n/a		n/a		n/a		n/a		11	
12				n/a							
13	Source of investment Funds for 2004 - Local	n/a		n/a		8,690,000		20,251,000			
14	Central Govt	n/a		n/a		27,844,000		18,267,000			
15	Donors	n/a		n/a		10,064,000		20,000,000			
16											
17	Total Budget in 2005	535,541,000		n/a				275,522,000		1,598,054,000	
18	Portion of line 1 from Local Budget	179,985,000	0%	n/a		341,097,000		125,850,000		304,727,000	
19	Portion of line 1 from Central Govt Transfer	355,556,000		n/a		120,986,000		149,672,000		1,293,327,000	
20											
21	Invertment Budget 2005	90,859,000		n/a				44,762,000		163,494,000	
22	Am't of Line 5 above from Local Rev.	15,605,000		n/a		86,358,000		31,555,000		56,104,000	
23	Am't of Line 5 above from Cent Govt Trsfr	74,011,000		n/a		97,723,000		13,207,000		107,390,000	
24	Am't of Line 5 abover from Donor Funds	1,243,000		n/a		3,613,000		0			
25											
26	Number of projects funded in 2005 Budget	n/a		n/a		20		23		25	
27	Number of DELTA S/P projects funded in 2005	n/a		n/a		5		3		7	
27											
28	Source of investment Funds for 2005 - Local	n/a		n/a		n/a		31,555,000		56,104,000	
29	Central Govt	n/a		n/a		n/a		13,207,000		94,815,000	
30	Donors	n/a		n/a		n/a		0		12,575,000	
31											
32	Number of projects planned for 2006	n/a		n/a		n/a		n/a		n/a	
33	Number of Delta S/P projects planned for 2006	n/a		n/a		n/a		10		n/a	

All amounts shown on this page are LEKE

140Leke=1Eur

### Analysis of Investment Funds for DELTA II Municipalities.

	DRENAS		FERIZAJ		GJILAN		LIPJAN		PEJA		
1	Total Budget in 2004	4,738,305		9,224,516		11,730,257		6,946,223		9,384,913	
2	Portion of line 1 from Local Budget	408,808		1,724,965		3,877,281		7,691,743		1,824,714	
3	Portion of line 1 from Central Govt Transfer	4,329,497		7,499,551		7,852,976		6,014,851		7,560,172	
4											
5	Invertment Budget 2004	1,852,567	39%	1,419,755	15%	9,162,903	78%	2,031,210	29%	1,820,754	19%
6	Am't of Line 5 above from Local Rev.	408,808	54%	412,753		1,307,789		761,743		1,293,450	
7	Am't of Line 5 above from Cent Govt Trsfr	483,513		935,655		4,455,114		1,099,838		527,303	
8	Am't of Line 5 abover from Donor Funds	960,246		71,347		3,400,000		169,629		0	
9											
10	Number of projects funded in 2004 Budget	19		n/a		n/a		19		n/a	
11	Number of DELTA S/P projects funded in 2004	n/a		n/a		n/a		3		n/a	
12											
13	Source of investment Funds for 2004 - Local	n/a		1,532,036		1,307,789		761,743		1,293,450	
14	Central Govt	n/a		1,494,716		4,455,114		6,014,851		527,303	
15	Donors	n/a		935,655		3,400,000		169,629		0	
16											
17	Total Budget in 2005	4,471,720		10,057,598		10,092,156		5,180,561		8,666,887	
18	Portion of line 1 from Local Budget	547,882		2,534,772		2,988,492		731,581		2,159,459	
19	Portion of line 1 from Central Govt Transfer	3,923,838		7,522,826		7,103,664		4,448,980		6,507,428	
20											
21	Invertment Budget 2005	993,405		2,126,827		n/a		831,415		1,786,352	
22	Am't of Line 5 above from Local Rev.	466,292		2,534,772		1,764,572		600,581		1,703,459	
23	Am't of Line 5 above from Cent Govt Trsfr	477,113		305,000				230,834		82,893	
24	Am't of Line 5 abover from Donor Funds	50,000		0		628,000				0	
25											
26	Number of projects funded in 2005 Budget	41		28		18		20		32	
27	Number of DELTA S/P projects funded in 2005	15		10		6		15		30	
28	Source of investment Funds for 2005 - Local	547,882		761,951		1,764,572		600,581		1,703,459	
29	Central Govt	3,923,838				n/a		230,834		82,893	
30	Donors	0				n/a					
31											
32	Number of projects planned for 2006	5		27		n/a		17		31	
33	Number of Delta S/P projects planned for 2006	5		9		n/a		10		31	

## Analysis of Investment Funds for DELTA I Municipalities.

	ISTOG	KACANIK	KLINE	PODJUVE	PRIZREN	VITI	VUSHTRRI
1 Total Budget in 2004	3,934,717	3,411,059	3,676,389	8,466,955	17,588,000	5,381,807	5,768,373
2 Portion of line 1 from Local Budget	671,830	482,815	724,338	1,303,820	4,661,000	695,587	670,325
3 Portion of line 1 from Central Govt Transfer	3,262,887	2,928,244	2,952,051	7,163,135	12,927,000	5,136,220	765,337
4							
5 Invertment Budget 2004	1,206,441	453,962	825,718	2,614,359	7,680,259	2,834,229	1,376,256
6 Am't of Line 5 above from Local Rev.	365,064	155,293	724,238	1,228,413	4,661,000	241,353	n/a
7 Am't of Line 5 above from Cent Govt Trsfr	681,830	267,861	304,380	1,385,946	3,019,259	2,592,876	n/a
8 Am't of Line 5 abover from Donor Funds	159,549	0	135,200	n/a	0	0	n/a
9							
10 Number of projects funded in 2004 Budget	42	25	75	34	260	17	n/a
11 Number of DELTA S/P projects funded in 2004	8	4	11	5	12	6	n/a
12							
13 Source of investment Funds for 2004 - Local	365,064	335,495	735,814	1,228,413	4,200,301	744,465	670,325
14 Central Govt	681,830	267,861	4,173,285	1,385,946	3,019,259	2,592,876	765,337
15 Donors	159,547	0	135,000	0	460,699	0	
16							
17 Total Budget in 2005	3,683,429	3,293,334	4,015,129	7,505,067	17,020,266	4,052,887	5,286,407
18 Portion of line 1 from Local Budget	925,260	793,824	1,278,711	1,122,549	4,571,644	744,465	671,879
19 Portion of line 1 from Central Govt Transfer	2,758,169	2,499,510	2,736,418	6,853,586	10,357,387	3,308,416	183,087
20					2,091,235		
21 Invertment Budget 2005	612,689	42,121	1,200,875	1,338,165	7,627,032	1,300,000	854,960
22 Am't of Line 5 above from Local Rev.	512,689	42,121	2,601,418	1,025,049	4,571,644	744,465	671,879
23 Am't of Line 5 above from Cent Govt Trsfr	100,000	n/a	135,000	313,116	3,055,388	555,535	183,061
24 Am't of Line 5 abover from Donor Funds	0	n/a	0	0	0		0
25							
26 Number of projects funded in 2005 Budget	40	16	25	38	20	15	n/a
27 Number of DELTA S/P projects funded in 2004	10	n/a	6	6	n/a	2	n/a
27							
28 Source of investment Funds for 2005 - Local	512,689	698,411	1,278,711	n/a	n/a	658,749	671,879
29 Central Govt	100,000	n/a	135,000	n/a	n/a	641,251	183,061
30 Donors	0	n/a	3,600,000	n/a	n/a	0	0
31							
32 Number of projects planned for 2006	30	9	22	29	n/a	17	n/a
33 Number of Delta S/P projects planned for	7	6	5	2	n/a	1	n/a

Annex C: \_ **Sample of Local Business Enabling Survey**

**Local Business Enabling Environment Survey**

The aim of this Local **Business** Enabling Environment Survey is to obtain information on your perceptions of local conditions and regulations that affect local businesses. The goal is to highlight policies and practices that hinder business development and identify key opportunities and issues facing local businesses. Your answers should reflect only your experience of the city/municipal business enabling environment. The information obtained will be treated confidentially and neither your name, nor the name of your business will be used. The information will be used by the Local Economic Development Partnership in your city/municipality to help develop a strategy to develop the local economy. Your input to that strategy is invited by contacting: \_\_\_\_\_

**I. Information About Your Business**

Q.1 What is your position/job title in this business?

Owner	
Chief Executive/Chief Operating Officer/Principal	
Manager (finance, marketing, personnel)	
Other (please specify)	

Q.2 Type of business activity?

Agricultural Production	
Manufacturing	
Retail Trade	
Service Sector	
Construction	
Other (please specify)	

Q.3 Organizational form, (please choose one)

Type	Private Enterprise	Public Enterprise
a) Partnership		
b) Sole proprietorship		
c) Cooperative		
d) Other (please specify)		

This survey instrument was designed by a team of consultants under the guidance of Gwen Swinburn, Senior Urban Specialist at the World Bank. The team included consultants Fergus Murphy, World Bank and Carmen Zarzu, Romania. Contributions were also received from Artan Rroji at the Foundation for Local Autonomy and Governance, Albania. Support for developing and piloting this survey was received from the Local Government Institute, Budapest, and the World Bank. The survey serves as a quick and easy tool to obtain the views from businesses and local institutions as inputs into a local economic development strategic planning process. As this instrument is piloted and used, the World Bank requests that results and suggestions for survey enhancement are sent to Gwen Swinburn at [gswinburn@worldbank.org](mailto:gswinburn@worldbank.org). LED practitioners are encouraged to abstract or reproduce the survey to suit their needs with the usual acknowledgements. A spreadsheet will shortly be prepared to facilitate the analysis of survey results. Further information about the local economic development program at the World Bank can be found at [www.worldbank.org/urban/led](http://www.worldbank.org/urban/led) and [www.deltakosova.om/](http://www.deltakosova.om/)

Q.4 How long has your business been active (years/months)?

What are your key businesses

Q.6 Please estimate the percentage of your products/services that are product sold: s/services?

In your town/city area	%
In the region	%
Within the country	%
Outside the country	%

Q.7 How many people does your business currently employ (full-time equivalents)?

0	1-5	6-10	11-50	51-200	>201	N/a

## II. Business Perspective on the Operating Environment

Q.8 Do you intend to expand your business? YES      Go to Q.8.1  
NO        GotoQ.9

Q.8.1 Where do you intend to expand your business? (please tick the appropriate box)

Within the Municipality	Outside the Municipality	Outside the Country

Q.9 Are you optimistic or pessimistic about the future of your business in your community?

OPTIMISTIC  
PESSIMISTIC

Q.10 Does the business experience difficulties in finding qualified people? YES  
NO

Q.11 In which skills areas do you think your staff need training? Rank each skills area from 1 to 9 according to priority, with 1 being the highest and 9 being the lowest.

a.) Technical skills		f.) Finance	
b.) Accounting		g.) Quality Control	
c.) Computer skills		h.) Budgeting	
d.) Management		i.) Other (please specify)	
e.) Marketing and Sales			

Where do you experience the main competition for your products/services? Using a scale of 1-3, please rank accordingly in order of importance, 1 being the most competition, 3 being the least.

a.) Other local businesses	
b.) National businesses	
c.) Foreign goods/suppliers	

Q. 13 Do you think that business associations can help you develop your business?

YES  
NO

Q. 14 List any business association operating in your community.

Q.15 In which business sector would you invest in a new business?

Q.I6 Please list in order of importance, the five most important factors that hinder you from expanding your business, (do not prompt)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

### III. Perceptions of Municipal Government

Q.I7 Approximately how many days per year does the owner/manager spend dealing with municipal government officials on regulatory requirements? \_\_\_\_\_ days.

Q.17.1 Do you consider this to be:                      Too Little                      Reasonable                      Too much

Q.I 8 Approximately how much time per year does it take you to process and receive all of the required licenses and permits that allow you to operate as a business (please include land, construction, waste water, all other permits and certifications) \_\_\_\_\_ days.

Q.18.1 Do you consider this to be:                      Too Little                      Reasonable                      Too much

Q.19 Based on your current experience of municipal government practices, please rate each of the following practices in terms of how they currently impact your business. (Using a scale of 1-5, where 1 is *no impact* and 5 is the *most impact*, please circle the appropriate number).

MUNICIPAL PRACTICES	No Impact	Little Impact	Moderate Impact	Major Impact	Significant Impact
Rules and regulations change too frequently	1	2	3	4	5
Too much time is spent in dealing with authorities	1	2	3	4	5
Overlapping, duplicating and contradictory rules	1	2	3	4	5
Rules are too complex and impossible to comply with	1	2	3	4	5
Requirements are unpredictable and depend on officials	1	2	3	4	5
Lack of clear regulations in some areas	1	2	3	4	5
Costs are too high and unpredictable	1	2	3	4	5
Use of municipal power in unfair competition	1	2	3	4	5
Unregulated competition from informal sector economy	1	2	3	4	5
Corruption and irregular practices	1	2	3	4	5

Q.20 Please list in order of importance, the three most important measures that the municipal government could introduce/undertake to make it easier for your business to grow, (do not prompt)

1. \_\_\_\_\_ , \_\_\_\_\_ . \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Q.21 From the list below and using a scale of 1-6 where 1 is the most important, please identify in order of importance, the measures that you would like to see introduced by the municipality that you think would support your business to develop and expand.

MUNICIPAL MEASURE	Rank in Importance (1-6)
Provide training and expertise for the business	
Improve procedures for businesses	
Provide information on business development	
Improve business support infrastructure	
Reforming local taxation policies	
Other (please specify) .....	

Q.22

the growth and effective operation of your business, please rate each of the following factors in terms of how they impact your business. (Using a scale of 1-5, where 1 is *no impact* and 5 is the *most impact*, please circle the appropriate number).

INFRASTRUCTURE	No Impact	Little Impact	Moderate Impact	Major Impact	Significant Impact
Roads	1	2	3	4	5
Rail	1	2	3	4	5
Air Access	1	2	3	4	5
Port Access/services	1	2	3	4	5
Business premises/land	1	2	3	4	5

PUBLIC SERVICES	No Impact	Little Impact	Moderate Impact	Major Impact	Significant Impact
Tax administration	1	2	3	4	5
Business licensing and operating permits	1	2	3	4	5
Electricity supply	1	2	3	4	5
Water availability	1	2	3	4	5
Solid waste disposal	1	2	3	4	5
Telecommunications availability	1	2	3	4	5
Police protection	1	2	3	4	5
Fire protection	1	2	3	4	5
Planning and zoning regulations	1	2	3	4	5

QUALITY OF LIFE	No Impact	Little Impact	Moderate Impact	Major Impact	Significant Impact
Tax rates	1	2	3	4	5
Medical care and hospitals	1	2	3	4	5
Education system	1	2	3	4	5
Hotel facilities	1	2	3	4	5
Conference facilities	1	2	3	4	5
Telecommunications costs	1	2	3	4	5
Crime, theft and disorder	1	2	3	4	5
Housing costs and availability	1	2	3	4	5
Recreation amenities	1	2	3	4	5

OTHER	No Impact	Little Impact	Moderate Impact	Major Impact	Significant Impact
Lack of qualified personnel	1	2	3	4	5
Customs and trade regulations	1	2	3	4	5
Corruption	1	2	3	4	5
Access to, and cost of, financing	1	2	3	4	5
Availability of effective business support services	1	2	3	4	5

Q.23

Based on your experience, how good do you think the support to Small and Medium-sized Enterprises (SMEs) is in your community? (Using a scale of 1-5 where 1 is *poor* and 5 is *excellent*, please circle the appropriate current number).

SUPPORT TO SMEs	Poor	Fair	Satisfactory	Good	Excellent
Business Associations	1	2	3	4	5
Professional Associations	1	2	3	4	5
Municipal Government	1	2	3	4	5
Central Government	1	2	3	4	5
Professional Private Services	1	2	3	4	5
Local Economic Development Office	1	2	3	4	5
Regional Economic Development Office	1	2	3	4	5
International Organizations	1	2	3	4	5
Non-Governmental Organizations	1	2	3	4	5

Q.24 How would you rate your relationship with the following bodies/departments? (Using a scale of 1-5 where 1 is *poor* and 5 is *excellent*, please circle the appropriate number).

WORKING RELATIONSHIPS	Poor	Fair	Satisfactory	Good	Excellent	N/A
Mayor	1	2	3	4	5	6
City Council	1	2	3	4	5	6
LED Team in City Hall						
Municipal Finance and Tax Department	1	2	3	4	5	6
Economic Development Office of the Regional Government	1	2	3	4	5	6
Prefect	1	2	3	4	5	6
National/State Tax and Income Tax Directorate	1	2	3	4	5	6

Q.25 Which municipal government department most positively affects the development of your business and why?

Q.26 Which municipal government department most negatively affects the development of your business and why?

Q.27 Can you name one municipal government department that deals with local economic development?

YES  
NO

Please provide the name of the department

Q.28 Which of the following groups, if any, is the most active in promoting local economic development in your community? (please tick/check only one)

Municipality	
A formal incorporated public-private partnership organization	
Private business (Chamber of Commerce., Board of Trade)	
Other (please specify)	
Do not know	

Q.28.1 Does the municipal government provide any LED funding for external organizations? If yes, please specify which organization.

YES \_\_\_\_\_  
 NO \_\_\_\_\_  
 DO NOT KNOW \_\_\_\_\_

Q.29 Which of the following best describes the situation with regard the organization and delivery of local economic development in your municipality? (please tick/check only one)

- The office of the Mayor/chief executive officer/city manager has responsibility for local economic development activities \_\_\_\_\_
- Local economic development activities are centralized in a separate department/division
- Local economic development is decentralized and functions are carried out by several line departments \_\_\_\_\_
- Some local economic development functions are centralized while others are carried out by separate line departments \_\_\_\_\_ ^ \_\_\_\_\_
- Local economic development is a function of a larger agency, such as a community development department, that is responsible for housing, zoning, and inspections \_\_\_\_\_
- Do not know

#### IV. Business View on the Economic Development of the Community

Q.30 In order of importance, which are the three fastest growing sectors/industries in your community?

Q.31 In your opinion, which are the three sectors/industries that are declining the most in your community?

Q.32 Which are the three most attractive businesses enabling environment features about your community for investors (three strengths)?



## APPLICATION FORM

Name of the municipality \_\_\_\_\_

- Total population \_\_\_\_\_ (please indicate the date of the census) \_\_\_\_\_

Trends: **Increasing**   **Constant**   **Decreasing**

- Out of which urban \_\_\_\_\_ and rural \_\_\_\_\_

**Structure of unemployment (please indicate the current figures and, if available the trends in the last two years):**

- Number of unemployed persons \_\_\_\_\_

Trends: **Increasing**   **Constant**   **Decreasing**

- Percentage of unemployed persons \_\_\_\_\_

Trends: **Increasing**   **Constant**   **Decreasing**

- Men \_\_\_\_\_ women \_\_\_\_\_

- Between 18-25 \_\_\_\_\_ 26-45 \_\_\_\_\_ 46-60 \_\_\_\_\_

With medium education \_\_\_\_\_ technical education \_\_\_\_\_ high education \_\_\_\_\_

- Population employed in private companies \_\_\_\_\_

Trends: **Increasing**   **Constant**   **Decreasing**

- Number of self employed \_\_\_\_\_

Trends: **Increasing**   **Constant**   **Decreasing**

- Population employed by international organizations / programmes \_\_\_\_\_

Trends: **Increasing**   **Constant**   **Decreasing**

### International organizations

- Please name the international organizations / institutions presently active in the area

Please name international NGOs

Has your municipality been engaged in projects / programmes initiated by international organizations? Yes G No G If yes, please name the funding organizations and briefly describe the interventions, \_\_\_\_\_



**Economy**

Please list the main present active industries / sectors (if available, please provide data on their contribution in terms of employment and turnover; i.e. the steel industry employed 23% of the labor force and counted for 21% of the local revenue) \_\_\_\_\_

If data are available, please indicate the last years trends in the local economy (i.e. 5% increase of production capacities, 8% decrease in trade etc). \_\_\_\_\_

- Please indicate the budget of the local authority (in \$ equivalent) \_\_\_\_\_ and at present \_\_\_\_\_
- Please describe the allocation of the local budget (i.e. for infrastructure, welfare etc) \_\_\_\_\_

Please describe the state of the infrastructure (tick the appropriate box)

Infrastructure	Excellent	Good	OK	Poor	Very bad
Roads					
Utilities					
Communication					
Transportation					
Others					

- Please list the top 5 priorities for the municipality in terms of economic development \_\_\_\_\_

**Available support for SMEs in your municipalities:**

- Are municipalities / central government supporting the development of small businesses? Yes No If YES, please indicate the nature of support / assistance offered \_\_\_\_\_



Do you have an economic development plan that has been prepared and approved within your municipality?                      Y e s                      N o

How much of the local budget is dedicated to supporting local economic development in the community (please also indicate the directions the money is used).\_\_\_\_\_

Please recommend 1 - 3 persons from the economic department and 1 - 3 recognized leaders in the business community (with a brief description of their education, work experience, languages known, experience abroad and a mention if they participated in other international projects / programmes).\_\_\_\_\_

Please indicate which of the following costs can the municipality cover:

Q Transportation costs to and from Tirana for the workshops

Q Accommodation for the participants from your municipality during the workshops in Tirana

Q Other(s)\_\_\_\_\_

Q None of the above costs

Name of the mayor.

Signature

Date