

**IPA 2008 National Programme for Albania**  
Kukes Region Tourism and Environment Promotion

**1. Basic information**

- 1.1 CRIS Number:** 2008/020-116  
**1.2 Title:** Kukes Region Tourism and Environment Promotion - KRTEP  
**1.3 Sector:** 02.22  
**1.4 Location:** Kukes region, Albania

**Implementing arrangements:**

**1.5 Contracting Authority (EC)**  
Delegation of the European Commission to Albania

**1.6 Implementing Agency:**  
United Nations Development Programme in Albania

**1.7 Beneficiary**

Beneficiaries of this project will be the community of Kukes region, regional public and private entities, Kukes local government units (municipalities and communes) as well as different segments of the bordering Kosovo local and international communities.

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**Financing:**

**1.8 Overall cost:** 1.137 MEUR

**1.9 EU contribution:** 1.017 MEUR

**1.10 Final date for contracting:**

Three years following the date of the conclusion of the Financing Agreement

**1.11 Final date for execution of contracts:**

Two years following the end date of contracting. These dates apply also to national co-financing

**1.12 Final date for disbursements:**

One year following the end date for the execution of contracts

## 2. Overall Objective and Project Purpose

### 2.1 Overall Objective

The overall objective of this project is to contribute to the promotion of sustainable economic growth and attractiveness of the Albanian Kukes Region so as to make better use of its socio-economic and natural potentials in pursuing regional development and facilitating cross border cooperation.

### 2.2 Project purpose

The purpose of the project stems from the Region's geographic opportunity and potential for developing cross-border initiatives with the bordering Kosovo, as planned in the EC MIPD 2007-2009. However, the Kosovo status is still pending at present and therefore the conditions are presently not met for IPA Component II to support joint cross-border programmes, as defined in Article 91 of the IPA Implementing Regulation. In this situation, the present project proposes, based on the exception provided by Article 91, that such funds allocated to Albania for 2007 and 2008 be used to finance a unilateral development programme in the Kukes Region bordering Kosovo.

Thus, the present project purpose is on development of local planning, management and entrepreneurial capacities, small scale tourism and environmental related interventions for an integrated approach on regional tourism development and environmental protection in accordance with the applicable national policies on regional development and through a broad participatory mechanism for decision making and accountability.

The project will pursue the above specific objectives within the framework and the guidelines of the newly approved Decision of the Council of Ministers (No.773) "On the implementation of the Cross-cutting National Strategy for Regional Development (CRDS)", which lays down a harmonized participatory institutional setting for planning and decision-making, coordination among levels of governments, development objectives and budgeting as well as capacities in place for managing local development.

### 2.3 Link with AP/NPAA / EP/ SAA

As the project will benefit both the local development and the increased potential for cross-border cooperation, it fits largely with a number of requirements on regional development and cooperation stipulated in the following documents:

The project is in compliance with the **Stabilisation and Association Agreement** (8164/06), in particular with TITLE III, Article 12: "*In conformity with its commitment to international and regional peace and stability, and to the development of good neighbourly relations, Albania shall actively promote regional cooperation*", and Title VIII, Article 108: "*The Parties shall develop and strengthen their cooperation in the vital task of combating environmental degradation, with the aim of promoting environmental sustainability*" as well as Article 110: "*The Parties shall seek to strengthen regional and local development cooperation, with the*

*objective of contributing to economic development and reducing regional imbalances. Specific attention shall be given to cross-border, trans-national and interregional cooperation”.*

The **National Plan for the Implementation of the SAA** (Sep 2007), in its sub-section 3.24 refers to the commitment of the Government of Albania to ensure “*a balanced development of the country regions, as per implementation of policies and projects, aiming at a diminution of poverty and softening the differences in regional development*” as well as “*encouragement of inter-regional and cross-border cooperation and partnership*”.

The project also contributes to the fulfillment of obligations of Albania stated in the **European Partnership** document (2006/54/EC), which calls for *compliance “...with the stabilisation and association process and Thessaloniki commitments in terms of regional cooperation and good neighbourly relations”.*

#### **2.4 Link with MIPD Priority**

The **Multi-annual Indicative Planning Document** (MIPD 2007-2009) for Albania indicates that “*The aim of EC assistance will be to develop local capacity in relation to cross border cooperation in all of Albania's border regions while also targeting specific local development projects..... Design of institution building activities under IPA components I and II should therefore aim to maximise mutual additionality, complementarity and catalytic effect*”.

#### **2.5 Link with National Development Plans**

In the framework of establishing an Integrated Planning System, the Government of Albania has formulated the **National Strategy for Development and Integration** (NSDI), which is at present at a stage of approval. This strategy recognizes “*the need for an integrated, coherent regional policy based on [Government’s] growing concern over the widening gaps in socio-economic performance between different parts of the country*” as well as “*to ensure that all areas of the country are capable of competing in the EU single market*”.

#### **2.6 Link with national/ sector investment plans (where applicable):**

The NSDI formulation process has called for a revision and completion of existing sectoral and cross-sectoral strategies. With the support of the United Nations Development Programme the Government has introduced in 2007 a Regional Development Cross-cutting Strategy (RDCS) as part of the Government’s overall NSDI. The RDCS’s vision calls for “*A balanced and sustainable socio-economic growth among the regions of Albania, in general, and of mountainous and peripheral areas, in particular, in order to support a fast development of the whole country and accelerate the integration processes into the EU and NATO*”. The RDCS contains two strategic programmes: (i) Strengthening the development capacity of counties across the country to utilize and manage their development potential: the National Programme for the Development of Counties and (ii) Supporting the disadvantaged areas to contribute to sustainable national development and competitiveness: the Disadvantaged Areas Development Programme.

The draft Strategy and Action Plan for the Development of the Albanian Tourism Sector Based on Cultural and Environmental Tourism (2005), prepared by Ministry of Tourism, Culture, Youth and Sports, articulates in its vision that “*cultural tourism and ecotourism are the most important parts of the Albania tourism product and successful elements of the national economy*”. In addition, the same cited document points out that “*Nature and culture tourism require substantial involvement of local governments in tourism planning, urban planning, infrastructure development, cultural preservation and environmental protection*”.

### 3. Description of the project

#### 3.1 Background and justification

Very often border areas are identified as disadvantaged, because of their relative remoteness and isolation from the economic and political heartland of the country, a poor access infrastructure and consequently characterized by a low population density, distorted market structures, over-exploitation of natural resources and yet a low competitiveness profile.

Kukes Region is a living example of the above characteristics, being the poorest region in Albania and it is increasingly lagging behind national averages according to a range of macroeconomic and human development indicators.

The Region’s multifaceted potentials have been traditionally hampered by its remoteness from the country’s economic centers and the historical lack of normal neighborhood relations as a result of the previous system policies have hampered heavily the normal socio-economic development of the area. Only in the last two decades, with the opening up of the political and economic systems of the Balkan countries - which is still undergoing a difficult period of international political negotiations in some areas though – development opportunities for the Region have abounded and require adequate policies for maximizing benefits.

The total number of the population living in the Region is 110,858 inhabitants<sup>1</sup>. The population is relatively young with an aging coefficient of 7.5 %, according to the last census of 2001. The area is characterized by a relatively low level of urbanization and strong trends of migration, directed mainly towards other urban centres of Albania and/or also abroad. The majority of population resides in rural areas, representing about 76% of the total population. The region is composed of 3 municipalities (Kukes, Has, Bajram Curri and 24 communes).

The average unemployment rate across the region is just under 30% compared to a national average of 13.8%<sup>2</sup>. Fifty-six percent of the population is in receipt of social aid compared with a national average of 22%. The active *labour force* of the Region represents about 12.2% of labour force of the country. Considering unemployment by age-groups, the high proportion of the most active age group (25-45) composes the majority of the unemployed group in the Region of Kukesi.

The *structure of economic activities* includes trade, agriculture, construction, transport and other services. There is a very small number of SMEs, about 340, active in the Region. Almost half of them are active in the trade sector (44%), followed by construction (24%), and services (17%). SMEs working in other sectors such as industry, transport and agriculture compose a very small

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<sup>1</sup> INSTAT : data 2005

<sup>2</sup> INSTAT Labor market 2003

fraction. The micro enterprises consisting of 1-5 employees are the majority representing 87% of the total number, followed by enterprises of 6-20 employees with a share of only 8.4%, and medium size enterprises comprising 21-80 employees representing only 1.6% of the total number. The low level of private sector development of this Region is also linked to the lack of crediting mechanisms, unqualified labour force, and the limited market's demand in the Region.

Despite several investments for improving the *infrastructure* in the region, the situation is still problematic. *Roads infrastructure* continues to be poor. Roads conditions, the long distances and extreme weather in the mountainous areas, create major difficulties for the transport of goods and people. Construction of the Durrës-Kukës-Morinë-Prishtinë road section will enable faster and more intensified movement of goods and people in the regions bordering Kosovo. *Water and sewage* systems and irrigation is another poor infrastructure component. Due to the lack of investments in the recent years the overall water and waste water treatment infrastructure in the area is poor. The total access of population to the water system is 83.5%, while there is low level of population access to the waste water and sewage system, on average 62.5%.

Nevertheless, the Region has high potentials for developing **eco-tourism**. Attractive nature and landscape of the mountainous and hilly nature, the Valbona Valley, Fierza Lake, protected zones; tourist sights (characteristic houses, museum sites, natural landscapes, rare species, etc.); agro-tourism, sites of historical and cultural interest such as prehistoric dwelling places, cult objects, potentials for sports activities (ski, fishing and alpinism) provide an interesting basis for boosting the area potential for tourists' attraction.

According to the Albanian Ministry of Tourism statistical data, the number of foreign visitors in Albania for the period January 2007- June 2007 alone reached the quota of 385,292 visitors, which represents an increase of 23.9% compared with the same period in 2006 or 57.7% increase compared with 2005. The same source indicated that the border point with Kosovo (Morinë/Kukës) is ranked third by the number of visitors passing through to Albania for leisure. This figure confirms in part the existing potential for tourism development as one of the most attracting economic sectors for the Kukës Region.

In this perspective, while rebuilding physical infrastructure will shorten distances with the country capital, facilitate economic exchanges and therefore boost somewhat local development, this will require some time and also adequate local capacities in place. Instead and in parallel, the Region's geographic border position and its environmental, cultural and tourism assets represent a more immediate potential for local development, which could benefit both sides of the border and for which the Region's stakeholders should start preparing.

An ongoing Kukës Regional Development Initiative (KRDI) programme, financed by EC and UNDP, is planning to assist the Region in taking the first steps in this direction. Besides promotional and awareness activities, KRDI envisages to support a study on the cultural, tourism and environmental potentials of the Region and promote the dialogue among stakeholders for the development of the first Regional Investment Plan on tourism.

KRDI will specifically contribute in enabling a participative platform for such a process, seeking for collaboration and interaction from a wide range of local stakeholders representing regional and municipal authorities, the Regional Development Agency, the Chamber of Commerce and private businesses, the Kukës University as well as all civil society organizations operating in the Region.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

Actions to be financed under this project are expected to have an impact on promoting local economic and social development activities and create favourable conditions for enhancing quality of services, competitiveness and especially attractiveness of the tourism sector. The project will affect, in particular, initiatives to modernise tourism services by the development of marketing activities; promote the area's image to potential investors and visitors; transfer know-how for improving knowledge and skills of people in entrepreneurship, use of ICT technologies etc. The expected results will have an impact on the promotion of tourism entrepreneurial activities in this region and the enhancing of cultural and historical values.

For this reason, the project will evolve in full compliance with the guidelines and requirements defined in the National Strategy for Regional Development especially with regards to the planning processes and decision-making made by the participatory institutional bodies, i.e. the Local Partnership Council and the regional bodies in charge of technical aspects and implementation, i.e. the Regional Development Agency.

The project will also support the identification and implementation of small scale investment projects with a cost-sharing scheme following the approach already successfully adopted with the KRDI Project. Project proposals should be in line with regional and national policies, be part of the Regional Investment Plan agreed with consensus by the Local Partnership Council and relate to one of the areas of focus of the project.

Considering that development will not come about through investment in infrastructure and facilities alone, and that institutional strengthening is clearly required, the actions will combine institutional strengthening and appropriate investment in a two-pronged approach with "soft" and "hard" actions. As part of this combined institutional strengthening and related investment, the actions will also cover "soft" project preparation studies and activities as well as necessary entrepreneurial training for local stakeholders.

The impact of the project on cross-border cooperation is evident in that it aims at preparing the Kukes Region to maximize the use of its cultural, tourist, economic and environmental potentials for its local people and visitors who would come to the region either from across the border, the expected majority, or from the country inland. Thus, the Region will strive to become an interface or first contact point for such exchanges and cooperation benefiting first the communities from both sides of the border.

### **3.3 Results and measurable indicators**

The following results will be achieved by the project:

#### **Component 1 - Capacity Building for Tourism Promotion and Development**

- Capacities and cooperation of local administration, tourism-related operators and civil society dealing with tourism, cultural and natural resources development enhanced.
- Institutional roles for monitoring regional environment and tourism development defined and in place.
- A Kukes Region Tourist Guide including information on the region's tourism, environment and cultural assets effectively used by local public and private stakeholders
- A Regional Tourist Information Centre provides information to locals and visitors and promotes the region's tourism sector potentials

#### **Measurable indicators:**

- A Regional Investment Plan on Tourism adopted and under implementation
- An appropriate regional structure in charge of tourism development policy implementation in place
- Kukes Tourist Guide prepared and published
- A Regional Tourist Information Centre established, equipped and functioning

### **Component 2 – Improved Tourism Related Infrastructure**

- Improvements in the waste water and solid waste management in the Region's urban areas
- Increase of green and recreational spaces in the Region's towns
- Rehabilitation and painting of main building facades in the Region's towns
- Rehabilitation of small scale tourism infrastructure in the region including installation of directional, information and tourist signs in the urban areas and along the main road axis

#### **Measurable indicators:**

- **Two** infrastructure projects related to urban waste management completed
- **Ten** infrastructure projects related to urban green areas, parks and playgrounds completed
- **Ten** infrastructure projects related to rehabilitation of main urban facades, sidewalks and lighting completed
- **Ten** projects related to tourism infrastructure completed

### **3.4 Activities**

#### **Component 1 - Capacity Building for Tourism Promotion and Development**

1. Review and update of the Regional Investment Plan on Tourism
2. Promote information dissemination and awareness-raising to and among citizens, civil society and local authorities about environment and natural heritage protection and promotion
3. Introduce to local stakeholders experiences and relevant models of successful management of eco tourism from other neighbouring countries
4. Provide training activities related to local economic development and its linkages with the national sectoral and cross-cutting strategies

5. Provide training for local tour operators and guides on tourism management and marketing and supporting local tour operators' inclusion into the national tourism networks
6. Preparation of the Region's Tourist Guide

## **Component 2 – Improved Tourism Related Infrastructure**

1. Small scale investments for:
  - improvements on the solid waste disposal systems;
  - cleaning and greening of urban spaces;
  - rehabilitation of main building facades, sidewalks, etc;
  - designing and placing of information, directional, tourist and business signs in the urban areas as well as along the main road network.
  - Re-building or up-grading of small-scale tourism infrastructure (e.g walking paths, visitor centres, information points, sport centres, etc)
2. Establishment of a Tourist Information Centre and relevant management capacities at the Region's level

### **3.5 Conditionality and sequencing**

Preparatory results are expected from the implementation of KRDI activities, including the outcomes of a regional study on cultural, tourism and environmental potentials as well as the agreed draft of the Region Investment Plan on Tourism

Regional authorities should take steps to establish and formalize the Regional Partnership Council, a participatory structure involving possible local stakeholders, required by the organizational structure of the National Cross-cutting Strategy for Regional Development adopted by the Albanian Government

The identification of regional development policies and decision on the project interventions will be the responsibility of the Regional Partnership Council, which will ensure participation, transparency and accountability. Active participation and collaboration will be sought from non governmental organizations, the private sector, the regional Chamber of Commerce, the Kukes University and local academic community in all the consultation stages for reaching informed and agreed decisions.

The local authorities should allocate sufficient funds for 2009 local budget to comply with the cost sharing modality for investment in infrastructure projects. The cost-sharing expected from local sources is estimated in the range of 5% of total hard investment budget, which would be disbursed as a parallel financing.

The indicative sequencing of the project implementation will be as follows:

- Establishment of the Project Implementation Unit – Draft of respective Terms of Reference for international and local technical assistance and support staff, Launching of recruitment procedures and selection of staff – Quarter 1



- Review and update on the Regional and Local Development Plans, the Regional Investment Plan on Tourism with the aim of identifying capacity and infrastructure needs to be addressed by the project – Quarter 2
- Initiation of training programmes through subcontracting local entities or local experts – Quarter 2 and 3
- Starting of infrastructure project designs and launching of works tenders – Quarter 2 and 3 (infrastructure projects will be tendered preferably in lots, depending on their nature and size).
- Follow up the implementation of the project, including regular monitoring and reporting mechanisms and interim reviews for assessing the progress, performance and impact through the oversight of the Steering Committee and in collaboration with the Regional Development Agency and the Regional Partnership Council.
- Completion of project and evaluation of the final results vis-à-vis objectives and indicators set.

### **3.6 Linked activities:**

The project is designed to address local capacity and resource gaps in the process of elaboration of comprehensive policies and to undertake priority actions with an immediate potential impact on the socio-economic development of the region. In this respect, the project complements a number of already carried out or ongoing initiatives that have an impact in the overall development of the region.

To start with, the Region and its local governments have benefited from an extensive UNDP assistance in the area of Local Governance and Decentralization since 2002. This assistance has resulted in the development of a number of strategic local development documents including the Kukes MDG-Based Regional Development Strategy ((KRDS 2003), Kukes Municipality Development Strategy (2004) and the KRDS Progress Report in 2007. Tourism development and environmental concerns have been raised by local communities and governments as potentials and/or barriers of local development and the Region is keen in developing this sector as a forerunner and part of the overall sustainable development of the area, recognizing also the major challenges ahead and the need for enhancing their own capacities.

Since 2004, in partnership with the European Commission, UNDP has implemented the Kukes Regional Development Initiative, a series of interventions aiming at building local capacities, strengthening social cohesion and improving public infrastructure. During this period a number of communal Local Development Plans have been drafted by the respective local governments in association with community based organizations established by KRDI in parallel with the rehabilitation or construction of small scale infrastructure works. Part of these works is directly related to improved access to remote rural areas and rehabilitation of urban spaces, although the focus has not been specific on tourism. Through an envisaged extension, KRDI will re-orient its support towards enhancing regional capacities and improving tourism related infrastructure as a natural follow up and using the same working platform and relations with the local stakeholders and institutions. The outcomes of such a support are expected to complete before the present project starts and therefore constitute a sound basis for an expanded follow up.

The project will also ensure complementarities to other national and regional initiatives having an influence to the Region's development. Such initiatives include the already started Cross-

Border programme between Albania and Montenegro, the government project for the construction of the national road axis linking Kosovo with the Durrës port, expected to conclude in 2009, the World Bank Feeder Roads programme, expected to support the improvement of the Region's rural road network, the Mountainous Areas Development Agency's programme related to rural economic development as well as the EC-UNDP developing partnership on Integrated Support to Decentralization project, which would pilot required actions for the implementation of the CRDS through institutional capacity building and demonstration investments in selected sectors.

### **3.7 Lessons learned**

Although there is not much evidence from similar tourism promotion activities and projects from the past, some independent assessments carried out during the implementation of the KRDI project have indicated that there is genuine and untapped potential in involving women and youth in the process of decision making and participation in public discussions.

Also these assessments have noted the importance of written media and public awareness material compared to electronic ones as the region experiences frequent power cuts still.

These reviews have suggested also considering and encouraging wherever possible intra-communal projects, since many communes have mutual problems and priorities.

Finally, local capacities are at present weak and they need to be strengthened as a direct target of capacity building activities as well as through promoting participation and democratic decision making that will allow all interest groups and stakeholders have their voice and prioritize their felt needs.

**4. Indicative Budget (amounts in €)**

			SOURCES OF FUNDING				
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		UNDP	
ACTIVITIES	IB	INV	EUR	EUR	%	EUR	%
<u>Activity 1 Inst. Build for Tourism Promotion</u>	<b>0.500</b>	-	<b>0.500</b>				
<u>Activity 2 Improved infrastructure</u>	-	<b>0.637</b>	<b>0.637</b>				
<b>Total IB</b>			<b>0.500</b>				
<b>Total INV</b>			<b>0.637</b>				
<b>Total project</b>			<b>1.137</b>	<b>1.017</b>	<b>89.4</b>	<b>0.120</b>	<b>10.6</b>

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
<u>Contract</u>	n/a	Q1/2009	Q1/2010

## 6. Cross cutting issues (where applicable)

### 6.1 Equal Opportunity

Equal opportunity for men and women will be secured through appropriate information and publicity materials, in the design of sub-projects and in the access they offer. An appropriate balance will be sought on all the managing bodies of the project, including the women representation in the Regional Partnership Council, involvement of women from civil society organizations, academia and private sector and ensuring that they are part of the decision making process.

### 6.2 Environment

The project is not expected to have an adverse impact on the environment. On the contrary, public works interventions will aim at preserving the environmental and natural resources and contribute to an improved and cleaner aspect of urban and rural areas.

### 6.3 Minorities

The project will pay attention to the inclusion of eventual minorities. Priority will be given to projects that will clearly demonstrate their efforts to create equal opportunities vulnerable groups such as unemployed, rural youth and women labor force. Participation of these groups will be highly encouraged.

## **ANNEXES**

Annex 1 - Log frame in Standard Format

Annex 2 - Amounts contracted and Disbursed per Quarter over the full duration of Project

Annex 3 - Description of Institutional Framework

Annex 4 - Reference to laws, regulations and strategic documents:

Annex 5 - Details per EU funded contract (\*) where applicable:

**ANNEX 1**  
Log frame in Standard Format

LOGFRAME PLANNING MATRIX FOR	Project name and number	
<b>Kukes Region Tourism and Environment Promotion – KRTEP</b>	Contracting period expires:  One year following the expiry date for Contracting	Disburs. period expires:  Up to one year after the end date for the execution of contracts
	Total budget: <b>1.137 MEUR</b>	IPA / pre-accession budget: <b>1.017 MEUR</b>

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>
<ul style="list-style-type: none"> <li>Contribute to the promotion of sustainable economic growth and attractiveness of the Albanian Kukes Region so as to make better use of its socio-economic and natural potentials in pursuing regional development and facilitating cross border cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Kukes Region economic indicators and attractiveness improve in part as a result of increased tourism visitors</li> </ul>	<ul style="list-style-type: none"> <li>Statistical data and publications from National Statistical Office, other National Reports</li> <li>Data from Kukes Regional Council, Chamber of Commerce, etc.</li> <li>Regular progress reports</li> </ul>

<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<ul style="list-style-type: none"> <li>Development of local planning, management and entrepreneurial capacities and small scale tourism and environmental related interventions for an integrated approach on regional tourism development and environmental protection in accordance with the applicable national policies on regional development and through a broad participatory mechanism for decision making and accountability.</li> </ul>	<ul style="list-style-type: none"> <li>Regional tourism development policy in place</li> <li>Effective coordination and monitoring of tourism development sector clearly defined and operational</li> <li>Tourism infrastructure improved and attracting more visitors</li> </ul>	<ul style="list-style-type: none"> <li>Review of local participatory structures established</li> <li>Regular progress reports</li> <li>Statistical data and publications from the Regional Council, municipalities, Kukes Chamber of Commerce and other published reports or assessments.</li> </ul>	<ul style="list-style-type: none"> <li>Effective cooperation of public institutions</li> <li>Strong cooperation and participation of civil society and community organizations in each stage of the implementation</li> <li>A transparent and effective information and awareness campaign</li> </ul>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> <li>• Capacities and cooperation of local administration, tourism-related operators and civil society dealing with tourism, cultural and natural resources development enhanced.</li>   <li>• Institutional roles for monitoring regional environment and tourism development defined and in place.</li>   <li>• A Kukes Region Tourist Guide including information on the region's tourism, environment and cultural assets effectively used by local public and private stakeholders</li>   <li>• A Regional Tourist Information Centre provides information to locals and visitors and promotes the region's tourism sector potentials</li>   <li>• Improvements in the waste water and solid waste management in the Region's urban areas</li>   <li>• Increase of green and recreational spaces in the Region's towns</li> </ul>	<ul style="list-style-type: none"> <li>• A Regional Investment Plan on Tourism adopted and under implementation</li>   <li>• An appropriate regional structure in charge of tourism development policy implementation in place</li>   <li>• Kukes Tourist Guide prepared and published</li>   <li>• A Regional Tourist Information Centre established, equipped and functioning</li>   <li>• <b>Two</b> infrastructure projects related to urban waste management completed</li>   <li>• <b>Ten</b> infrastructure projects related to urban green areas, parks and playgrounds completed</li> </ul>	<ul style="list-style-type: none"> <li>• Regional administration</li> <li>• Published regional documents and assessments</li> <li>• Regular progress reports</li>   <li>• Regional administration structure</li>   <li>• Published Tourist Guide</li>   <li>• Physical existence of the Regional Tourist Information Center</li> <li>• Account of activities and results of the Center</li>   <li>• Regular progress reports</li> <li>• Regional statistical data</li> <li>• Various regional assessments and studies</li> </ul>	<ul style="list-style-type: none"> <li>• Government and non-government institutions involved participate and collaborate</li> <li>• TA provided comprehensive and realistic</li>   <li>• Regional administration committed to task requirements</li> <li>• Appropriate structure of Local Partnership Council in place to ensure inclusive participation</li> <li>• Stakeholders' interest remains unchangeably high and supportive to the process</li>   <li>• Qualified staff involved retained and effectively used</li>   <li>• Appropriate budgetary resources to cover the co-financing share planned and allocated</li> <li>• Transparent and common sense decision making in priority setting and</li> </ul>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> <li>Rehabilitation and painting of main building facades in the Region's towns</li> <li>Rehabilitation of small scale tourism infrastructure in the region including installation of directional, information and tourist signs in the urban areas and along the main road axis</li> </ul>	<ul style="list-style-type: none"> <li><b>Ten</b> infrastructure projects related to rehabilitation of main urban facades, sidewalks and lighting completed</li> <li><b>Ten</b> projects related to tourism infrastructure completed</li> </ul>		agreed interventions

Activities	Means		Assumptions
<ul style="list-style-type: none"> <li>Review and update of the Regional Investment Plan on Tourism</li> <li>Promote information dissemination and awareness-raising to and among citizens, civil society and local authorities about environment and natural heritage protection and promotion</li> <li>Introduce to local stakeholders experiences and relevant models of successful management of eco tourism from other neighbouring countries</li> <li>Provide training activities related to local economic development and its linkages with the national sectoral and cross-cutting strategies</li> <li>Provide training for local tour operators and guides on tourism management and</li> </ul>	<ul style="list-style-type: none"> <li>Consultations with stakeholders and workshops</li> <li>S/T International TA on tourism development</li> <li>S/T International TA on tourism development</li> <li>Publication of brochures, leaflets</li> <li>Visibility actions</li> <li>Social and cultural events</li> <li>Dissemination of reports and statistics</li> <li>S/T International TA on tourism development</li> <li>Training and workshops</li> <li>Study tours</li> </ul>		<ul style="list-style-type: none"> <li>Commitment to learn and apply know-how to local context and enabled environment for innovation</li> <li>Appropriate people nominated for training and then retained and effectively used for bringing required change</li> </ul>



Activities	Means		Assumptions
<p>marketing and supporting local tour operators' inclusion into the national tourism networks</p> <ul style="list-style-type: none"> <li>• Preparation of the Region's Tourist Guide</li> <li>• Small scale investments for: <ul style="list-style-type: none"> <li>○ improvements on the solid waste disposal systems;</li> <li>○ cleaning and greening of urban spaces;</li> <li>○ rehabilitation of main building facades, sidewalks, etc;</li> <li>○ designing and placing of information, directional, tourist and business signs in the urban areas as well as along the main road network.</li> <li>○ Re-building or up-grading of small-scale tourism infrastructure (e.g walking paths, visitor centres, information points, sport centres, etc)</li> </ul> </li> <li>• Establishment of a Tourist Information Centre and relevant management capacities at the Region's level</li> </ul>	<ul style="list-style-type: none"> <li>• Subcontract local NGO or S/T local experts</li> <li>• S/T International TA on tourism development</li> <li>• Consultations with stakeholders and workshops</li> <li>• Sub-contracting qualified and responsive local companies</li> <li>• S/T International TA on tourism development</li> <li>• IT and basic Office Equipment</li> </ul>		<ul style="list-style-type: none"> <li>• Adequate support from regional and local governments</li> <li>• Access to regional and municipal data, various other documents of regional institutions</li> <li>• Sufficient local cost-sharing budget planned for 2008-2009 and allocated</li> <li>• Proper prioritization and joint monitoring of the implementation of projects for maximizing their impact</li> </ul>

**Preconditions**

- Preparatory results are expected from the implementation of KRDI activities, including the outcomes of a regional study on cultural, tourism and environmental potentials as well as the agreed draft of the Region Investment Plan on Tourism
- The local authorities should allocate sufficient funds for 2008-2010 local budget to comply with the cost sharing modality for investment in infrastructure projects. The cost-sharing expected from local sources is estimated in the range of 5% of total hard investment budget.
- Regional authorities should take steps to establish and formalize the Local Partnership Council, a participatory structure involving possible local stakeholders, required by the organizational structure of the National Cross-cutting Strategy for Regional Development adopted by the Albanian Government

**ANNEX 2**

Amounts contracted and Disbursed per Quarter over the full duration of Project

	2009				2010		
<b>Contracted</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
<u>Contract</u>	1.017						
<b>Cumulated</b>	<b>1.017</b>						
<b>Disbursed</b>							
<u>Contract</u>	0.590			0.361			0.066
<b>Cumulated</b>	<b>0.590</b>			<b>0.951</b>			<b>1,017</b>

### **ANNEX 3**

#### **Description of Institutional Framework**

The Beneficiary of the project will be the Region of Kukes. The Regional Government will be involved in the project through the Steering Committee, the Regional Partnership Council and the Regional Development Agency. Other local governments and organizations will also benefit from the project and are expected to take active part in different levels of decision making and consultations throughout the implementation of the project.

The Project progress will be overseen by a Steering Committee composed of representatives of the Kukes Region, UNDP, EC Delegation and the Ministry of European Integration.

The identification of regional development policies and decision on the project interventions will be the responsibility of the Regional Partnership Council, which will ensure participation, transparency and accountability. Active participation and collaboration will be sought from non governmental organizations, the private sector, the regional Chamber of Commerce, the Kukes University and local academic community in all the consultation stages for reaching informed and agreed decisions.

The Regional Council will ensure the designation of a proper Regional Development Agency and the project will support the Agency in carrying out its function for technical advice on regional development planning, project identification and design, data analysis and research and other elements related to the project focus.

The project will be implemented by the United Nations Development Programme (UNDP) in Albania in accordance with a standard contribution agreement in conformity with the 29 April 2003 Financial and Administrative Framework Agreement between the Commission and the United Nations.

The implementation will take advantage from UNDP's experience and presence in the Region and the existing KRDI structure and relationships that UNDP programmes have established throughout the region with communities, civil society organizations and local governments.

## ANNEX 4

### Reference to laws, regulations and strategic documents

The project will refer to and be linked to the following documents:

- Decision of the Council of Ministers (No.773) “On the implementation of the Cross-cutting National Strategy for Regional Development (CRDS)”
- Draft Strategy and Action Plan for the Development of the Albanian Tourism Sector Based on Cultural and Environmental Tourism (2005)
- Kukes MDG-Based Regional Development Strategy ((KRDS 2003),
- Kukes Municipality Development Strategy (2004)
- KRDS Progress Report in 2007.

#### 2.3 Link with AP/NPAA / EP/ SAA

The project is in compliance with the **Stabilisation and Association Agreement** (8164/06), in particular with TITLE III, Article 12: *“In conformity with its commitment to international and regional peace and stability, and to the development of good neighbourly relations, Albania shall actively promote regional cooperation”*, and Title VIII, Article 108: *“The Parties shall develop and strengthen their cooperation in the vital task of combating environmental degradation, with the aim of promoting environmental sustainability”* as well as Article 110: *“The Parties shall seek to strengthen regional and local development cooperation, with the objective of contributing to economic development and reducing regional imbalances. Specific attention shall be given to cross-border, trans-national and interregional cooperation”*.

The **National Plan for the Implementation of the SAA** (Sep 2007), in its sub-section 3.24 refers to the commitment of the Government of Albania to ensure *“a balanced development of the country regions, as per implementation of policies and projects, aiming at a diminution of poverty and softening the differences in regional development”* as well as *“encouragement of inter-regional and cross-border cooperation and partnership”*.

The project also contributes to the fulfillment of obligations of Albania stated in the **European Partnership** document (2006/54/EC), which calls for *compliance “...with the stabilisation and association process and Thessaloniki commitments in terms of regional cooperation and good neighbourly relations”*.

#### 2.4 Link with MIPD Priority

The **Multi-annual Indicative Planning Document** (MIPD 2007-2009) for Albania indicates that *“The aim of EC assistance will be to develop local capacity in relation to cross border cooperation in all of Albania's border regions while also targeting specific local development projects..... Design of institution building activities under IPA components I and II should therefore aim to maximise mutual additionality, complementarity and catalytic effect”*.

## 2.5 Link with National Development Plans

In the framework of establishing an Integrated Planning System, the Government of Albania has formulated the **National Strategy for Development and Integration** (NSDI), which is at present at a stage of approval. This strategy recognizes “*the need for an integrated, coherent regional policy based on [Government’s] growing concern over the widening gaps in socio-economic performance between different parts of the country*” as well as “*to ensure that all areas of the country are capable of competing in the EU single market*”.

## 2.6 Link with national/ sector investment plans (where applicable):

The NSDI formulation process has called for a revision and completion of existing sectoral and cross-sectoral strategies. With the support of the United Nations Development Programme the Government has introduced in 2007 a Regional Development Cross-cutting Strategy (RDCCS) as part of the Government’s overall NSDI. The RDCCS’s vision calls for “*A balanced and sustainable socio-economic growth among the regions of Albania, in general, and of mountainous and peripheral areas, in particular, in order to support a fast development of the whole country and accelerate the integration processes into the EU and NATO*”. The RDCCS contains two strategic programmes: (i) Strengthening the development capacity of counties across the country to utilize and manage their development potential: the National Programme for the Development of Counties and (ii) Supporting the disadvantaged areas to contribute to sustainable national development and competitiveness: the Disadvantaged Areas Development Programme.

The draft Strategy and Action Plan for the Development of the Albanian Tourism Sector Based on Cultural and Environmental Tourism (2005), prepared by Ministry of Tourism, Culture, Youth and Sports, articulates in its vision that “*cultural tourism and ecotourism are the most important parts of the Albania tourism product and successful elements of the national economy*”. In addition, the same cited document points out that “*Nature and culture tourism require substantial involvement of local governments in tourism planning, urban planning, infrastructure development, cultural preservation and environmental protection*”.

## ANNEX 5

Details per EU funded contract (\*) where applicable:

For TA contracts: account of tasks expected from the contractor

Contract to be implemented by UNDP under joint management

For twinning covenants: account of tasks expected from the team leader, resident twinning  
advisor and short term experts

N/A

For grants schemes: account of components of the schemes

N/A

For investment contracts: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (\*\*)

N/A

For works contracts: reference list of feasibility study for the constructing works part of the contract as well as a section on investment criteria (\*\*); account of services to be carried out for the service part of the contract

N/A

(\*) non standard aspects (in case of derogation to PRAG) also to be specified – N/A

(\*\*) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return – N/A
- Co-financing – EC contribution does not exceed 89.4 % of the total eligible expenditure, the remaining part is co-financed by UNDP, while the local governments will provide parallel co-financing of 5% of the total investment costs
- Compliance with state aids provisions – N/A
- Ownership of assets (current and after project completion) – Regional Council of Kukes and Local Governments benefiting projects in their jurisdiction