



# **Functional Zones**

## Public-Private Partnership

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## ***New Local Units and Private Partnerships***

The implementation of the Territorial and Administrative Reform will phase many challenges regarding the local government. With the new division in 61 municipalities, significant administrative arrangements and substantial organizational changes need to be considered in the distribution and provision of public services, due to the larger units that are created; considering that the new division will impact on demand for local services, and authorities' ability to deliver them. For almost all the units the new division in 61 municipalities leads to redesign of the public services, considering the Public-Private Partnerships as an excellent way to boost the service provision as well as encourage local enterprises.

In this study we are going to deal with 6 functional areas: Durres, Elbasan , Korce, Fier, Vlore, Përmet taking in account the possible fields that Public-Private Partnership may be implemented.

With the expansion of the geographical space of these functional areas local authorities should consider sharing services more than ever before, engaging with private partners in new and innovative ways and building private public partnerships that deliver services in more integrated and outcomes-focused ways.

Through the new format of the PPP, the goal is not only to increase the efficiency and quality of these services, but also produce qualitative services for citizens and public funds in favor of the state's budget.

A variety of sectors, for the first time, such as agriculture, health or registration of real estate, food safety, hospital service in tradition have been naturally at the expense of the state budget, begin to be viewed differently bringing together through public-private contractions in favor of citizens with qualitative services.

## **Durres functional area**

Durres is ranked as the second city for economic development after Tirana, where the most important sectors are tourism and construction. High migration has resulted in rapid and informal expansion on former swamp areas and coastline creating difficulties in providing public services.

Durres is one of the most problematic areas for water supply because water resources are limited and in long distance.

Durres functional area is composed of five local units: municipality of Durres, municipality of Sukth, communes of Rrashbull, Katund i Ri, Ishmi. Four of them lie on the coast or manage a part of the coast by sharing common interests in development infrastructure, urban, environmental and industrial, mainly oriented towards tourism, trade, sector and the processing industry. This is a key point for the development and enhancement of coastal tourism in this region. In this section public-private partnership may be applied in many services.

- *The unified management of the coast (PPP manage the entire coastline of 62 km)*
- *Management of public beaches*
- *Maintenance of beaches*
- *Safeguard*

Regarding the other sectors that PPP may be implemented are:

- *Road infrastructure.*

The area has a developed infrastructure thanks to its strategic position in the central area of the Adriatic Sea and serves as a major hub for travelers and goods for the whole country, also for the local residents. PPP can therefore come to the aid for road maintenance.

- *PPP in the construction and maintenance of infrastructure as a means to increase the quality of service.*
- *PPP in infrastructure improvements, for freight.*

- *PPP in improving the quality of public order and civil security, traffic control, security on the beaches.*
- *Public Service (buses).*

Involvement of private sector in the delivery of key public services should be part of an integrated investment of public sector and procurement framework.

- *Implementation of road lighting and public parking in the city with the help of public-private partnerships.*
- *Water supply and sanitation.*

Another case of involvement of PPP contract management belongs to the "Four Cities" Durres, Fier, Lezha, Saranda, which was implemented with the financial support of the World Bank. This contract expired at the end of August 2008 and may be considered relatively successful based on performance indicators, which greatly improved.

Difficulties of PPP involvement in the sector dealing with the fact that water utility companies are small and investors profit is low due to not achieving economies of scale.

In accordance with the National Strategy of Water Supply and Sewerage Sector 2011-2017, the Albanian government sees the advantage of attracting foreign investors in the sector of water supply and providing the merger of the water company and the involvement of several regions, as a way to attract major investors. The main argument for regionalization is to achieve economies of scale and attract more foreign investors in the form of public-private partnership.

- *Collection of plants and wastewater treatment in Durres*

Collection of plants and wastewater treatment in Durres is one of the biggest investments of recent years in the area having a strategic importance for the quality of sea tourism in the area and across the country. In the current conditions with the inability to cover operating expenses, this investment remains fragile. PPP administration will lead to increased economic opportunities for the continuation of work on this important plant.

- *Waste recycling*

PPP in improving urban waste management, removal and disposal of waste, maintenance of public hygiene in the city, maintenance of field assembly and redeployment of unapproved field assembly in the municipality, education and awareness campaign for citizens.

- *A point of special importance is enabling the collection and recycling of the wastes by creating land field in less populated areas.*

The Rodon Cape, one of the tourist attractions that offers Durres is polluted with plastic waste brought by rivers.

- *PPP in the rehabilitation of green areas.*

Durres is an important archeological site, as under the city are found several layers of ancient civilizations. Inappropriate construction has damaged a part of this heritage.

- *PPP for the preservation and rehabilitation of archaeological sites.*
- *PPP to improve the sewerage system in the former swamp area and coastline.*
- *PPP in the construction, improvement of infrastructure and development of the economic zone with status "Industrial Park" in Spitalle, Durres, approved by VKM nr.391, dated 21.02.2008.*

It has an area of 850 hectares, state and private ownership, part of cadastral area nr. 8517 in Spitalle, Durres and will be in the function of port and manufacturing which will be carried out in the area.

- *PPP in irrigation and drainage system.*

Irrigation and drainage is the artificial application of water to land and artificial removal of excess water from land, respectively. Some land requires irrigation or drainage before it is possible to use it for any agricultural production; other land profits from either practice to increase production. Irrigation and drainage improvements are not necessarily mutually exclusive. Often both may be required together to assure sustained, high-level production of crops.

Irrigation is so widely utilized, local irrigators generally have at least minimal understanding of how to operate and maintain the system. In addition, surface systems are often more acceptable to agriculturalists who appreciate the effects of water shortage on crop yields since it appears easier to apply the depths required to refill the root zone.

- *PPP in the Integrated Environmental Monitoring system, through the analysis of the coast.*
- *PPP in the organization and operation of agricultural and industrial markets.*
- *Construction of schools that have infrastructure and facilities of the same standard.*

The necessary infrastructure will be provided in such schools not only to meet the needs of teaching, but also for sports and co-curricular activities. There will be enough facilities for sports, recreation and outdoor activities. Facilities like the playground, gardens, auditorium etc. will be provided in these schools. And it will also build a good library with books and magazines for students and teachers.

These schools will have adequate infrastructure, access to the Internet and full time computer teaching.

Schools will have facilities for children with disabilities and must have special teachers. Warming will be enabled in these educational institutions with renewable energy.

- *In the economic conditions in which is the country, one of the only options to improve the situation in public hospitals is a Public-Private Partnership.*

This partnership is not new. In developed countries, in recent decades it was applied successfully in the health system. This is a way to enhance the impact of market mechanisms, while maintaining public control. Through PPP is provided the regulatory role of the state (social solidarity) and the benefits of market mechanisms, the opening of public health system to competition, etc.

Both partners (public and private) deal with product development and share the risk, cost and revenue. In public hospitals, public-private partnership can be applied more or less, in all the services provided by the state, which can contract the private sector to provide services: cleaning,



catering food, kitchen; goods, medicines, etc. PPP will deal with all the management of the hospital.

- *PPP for social housing*

Provision of housing and related services to the community in need.

- *The expansion of the industry on apparel* that plays an important role in this area, because it has a good strategic position having close port that enables the export of goods in developed countries. This causes an increase in the employment.

## **Elbasan functional area**

Elbasan functional area covers 13 existing units of local government: Elbasan; Labinot Fushe; Labinot Mal; Funar; Gracen; Bradashesh; Shushice; Paper; Shirgjan; Tregan; Gjergjan; Gjinar; Zavaline.

This is the largest functional area with the largest number and density of population. The business is concentrated in service and trade sector. There is a high concentration of the institutions and economic activities in the urban areas. The rural areas of this region are suppliers in agriculture and workforce. On the other hand infrastructure, services and employment is located in the urban areas.

The Prime minister proposed unlocking process for waste thus preventing the further raising of hills with trash, burning near or in the middle of town. Disposition of Elbasan Land field is absolutely affordable by public-private partnership and the municipality.

- *PPP for collection of waste, disposal of the waste and management of The Land field.*
- *PPP in improving the management of urban waste, removal and disposal of waste, maintenance of public sanitation in the city, maintenance of field assembly and redeployment of unapproved field assembly in the municipality, campaigning for education and awareness of citizens.*

The treatment of the current field is very important since it affects the pollution of Shkumbin river.

In the municipality of Elbasan is located a large part of heavy industry such as ferrochrome, cement, steel etc. This has brought the area one of the highest levels of air pollution and water in the area.

- *Necessity of PPP in the Integrated Environmental Monitoring System, through the analysis of natural resources, air, water, soil.*
- Calculation of the level of pollution in the former metallurgy.

- Monitoring the level of noise pollution, to judge the extent of exposure of the population to noise.

- *Road infrastructure.*

Inner city roads are partially amortized. The roads connecting many villages are in bad condition. The maintenance of these roads with the help of PPP would be a big opportunity for the region.

- PPP in the construction and maintenance of infrastructure as a means to increase the quality of service.
- PPP in improving the quality of public order and civil security, traffic control.
- *Public Service (buses).*

Involvement of private sector in the delivery of key public services should be part of an integrated investment of public sector and procurement framework.

Creating a public transport service in the service of the villages could help in the development of community life within the new administrative unit, as well as making services more easily accessible.

- *Implementation of road lighting and public parking in the city with the help of public-private partnerships.*
- *Water supply and sanitation*

The first example of PPP concerns the concession Elbasan gave Berlinwasser International in 2002 for the former state-owned water companies that serve the city of Elbasan. Although this concession was granted for 30 years lasted only 5 years due to financial failures faced by the concessionaire.

Difficulties of PPP involvement in the sector dealing with the fact that water utility companies are small and investors profit is low due to not achieving economies of scale.

In accordance with the National Strategy Sector Services Water Supply and Sewerage 2011-2017 Albanian government sees with advantage attracting foreign investors in the water sector and for this purpose provides for the merger of the water company and the creation of some regions as a

way to absorb the main investors. The main argument for regionalization is to achieve economies of scale and attract more foreign investors after in the form of public-private partnerships.

- *PPP in irrigation and drainage system.*

Irrigation and drainage is the artificial application of water to land and artificial removal of excess water from land, respectively. Some land requires irrigation or drainage before it is possible to use it for any agricultural production; other land profits from either practice to increase production. Irrigation and drainage improvements are not necessarily mutually exclusive. Often both may be required together to assure sustained, high-level production of crops.

Irrigation is so widely utilized, local irrigators generally have at least minimal understanding of how to operate and maintain the system. In addition, surface systems are often more acceptable to agriculturalists who appreciate the effects of water shortage on crop yields since it appears easier to apply the depths required to refill the root zone.

- *PPP in organization and operation of agricultural and industrial markets.*
- *Construction of schools that have infrastructure and facilities of the same standard.*

The necessary infrastructure will be provided in such schools not only to meet the needs of teaching, but also for sports and co-curricular activities. There will be enough facilities for sports, recreation and outdoor activities. Facilities like the playground, gardens, auditorium etc. will be provided in these schools. And it will also build a good library with books and magazines for students and teachers.

These schools will have adequate infrastructure, access to the Internet and full time computer teaching.

Schools will have facilities for children with disabilities and must have special teachers. Warming will be enabled in these educational institutions with renewable energy.

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This partnership is not new. In developed countries, in recent decades it was applied successfully in the health system. This is a way to enhance the impact of market mechanisms, while maintaining public control. Through PPP is provided the regulatory role of the state (social solidarity) and the benefits of market mechanisms, the opening of public health system to competition, etc.

Both partners (public and private) deal with product development and share the risk, cost and revenue. In public hospitals, public-private partnership can be applied more or less, in all the services provided by the state, which can contract the private sector to provide services: cleaning, catering food, kitchen; goods, medicines, etc. PPP will deal with all the management of the hospital.

- *PPP for social housing*

PPP for social housing through local property management and provision of housing and related services to the community in need.

- *PPP for the rehabilitation of peripheral neighborhoods.*
- *PPP administration of spas and thermal baths.*

Elbasan is known for spas and thermal baths. They are located near the city of Elbasan. These sources are known and used from the Roman period. Water analysis of these resources were committed by Czech engineers, who have identified high therapeutic value. Here are treated numerous diseases of the respiratory, nervous system, skin, stomach, etc. Elbasan Thermal Baths have also cosmetic value.

- *Promotion of mountain tourism, slope of Gjinari, improving infrastructure, formation and training of professional guides.*
- *Rehabilitation and protection of national Shpat Park, which has a high degree of damage from illegal logging.*
- *PPP for the rehabilitation and enhancement of green areas.*
- *PPP to Krasta park rehabilitation and improvement of infrastructure.*

- *PPP in the construction, improvement of infrastructure and development of the economic zone with status "Industrial Park" in Elbasan, adopted on 4 June 2008, extended over an area of 254.7 hectares in the region of former metallurgy.*

### **Korça functional area**

Korça functional area includes 9 administrative territorial units. The urban center of this area is the city of Korça administratively defined as a city center district with national significance. The functional area includes the communes of Drenove, Mollaj, Bulgarec Pojan, Voskop, Voskopoja Vithkuq and Lekas, mostly defined as agricultural areas, which do not meet the requirements for being the center of the functional area.

This functional area has many fields where Public-Private Partnership would come in help:

- *Road infrastructure.*

Inner city roads are partially amortized. The roads connecting many villages are in bad condition. The maintenance of these roads with the help of PPP would be a big opportunity for the region.

- *PPP in the construction and maintenance of infrastructure as a means to increase the quality of service.*
- *PPP in improving the quality of public order and civil security, traffic control.*
- *Public Service (buses).*

Involvement of private sector in the delivery of key public services should be part of an integrated investment of public sector and procurement framework.

Creating a public transport service in the service of the villages could help in the development of community life within the new administrative unit, as well as making services more easily accessible.

- *PPP in infrastructure and public services.*
- *Implementation of road lighting and public parking in the city with the help of public-private partnerships.*

- With support from USAID, Korça Municipality is working to conduct a feasibility study that will look at the best technical and financial options for the improvement of the public parking and traffic situation. As part of the feasibility study, the municipality will undertake a series of discussions and surveys with citizens and businesses to receive the necessary feedback from stakeholders that might be affected by the project implementation.
- *PPP in enhancing the quality of the water supply*
- *The creation of these functional areas may be associated in the future with changes in the structure of operators and service coverage extension of water supply and sanitation with the help of PPP.*

In accordance with the National Strategy Sector Services Water Supply and Sewerage 2011-2017 Albanian government sees with advantage attracting foreign investors in the water sector and for this purpose provides for the merger of the water company and the creation of some regions as a way to absorb the main investors. The main argument for regionalization is to achieve economies of scale and attract more foreign investors after in the form of public-private partnerships.

- *PPP in improving the management of urban waste, removal and disposal of waste, maintenance of public sanitation in the city, especially for isolated areas such as Vithkuqi and Lekas, which are more problematic due to the remoteness and isolation of winter.*

Korca has a consolidated economy and numerous businesses, but also a growing number of new-age populations due to migration from rural areas.

- *PPPs are necessary for the training and preparation for the labor market.*

The most developed sector in rural areas is agriculture and fruit crops. But the bulk of their products fail to be traded in the market. This is because the infrastructure and transport services are very limited in rural areas, especially in more remote areas as Lekas, Vithkuq, Panarit etc. that because of the harsh climate are isolated every year.

- *PPPs are needed to improve rural infrastructure and public transport which is non-existent in remote areas.*
- *PPP in irrigation and drainage system.*

Irrigation and drainage is the artificial application of water to land and artificial removal of excess water from land, respectively. Some land requires irrigation or drainage before it is possible to use it for any agricultural production; other land profits from either practice to increase production. Irrigation and drainage improvements are not necessarily mutually exclusive. Often both may be required together to assure sustained, high-level production of crops.

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- *PPP in organization and functioning of agricultural and industrial market in the city of Korca.*
- *Construction of schools that have infrastructure and facilities of the same standard.*

The necessary infrastructure will be provided in such schools not only to meet the needs of teaching, but also for sports and co-curricular activities. There will be enough facilities for sports, recreation and outdoor activities. Facilities like the playground, gardens, auditorium etc. will be provided in these schools. And it will also build a good library with books and magazines for students and teachers.

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This partnership is not new. In developed countries, in recent decades it was applied successfully in the health system. This is a way to enhance the impact of market mechanisms, while maintaining public control. Through PPP is provided the regulatory role of the state (social solidarity) and the benefits of market mechanisms, the opening of public health system to competition, etc.

Both partners (public and private) deal with product development and share the risk, cost and revenue. In public hospitals, public-private partnership can be applied more or less, in all the services provided by the state, which can contract the private sector to provide services: cleaning, catering food, kitchen; goods, medicines, etc. PPP will deal with all the management of the hospital.

- *PPP for social housing and improvement of neighborhoods in the city of Korca, through local property management and to provide housing and related services to the community in need.*

Korca offers a rich cultural heritage in architecture, urban planning, cultural monuments, culinary.

- *PPP in the preservation and promotion of historical and cultural assets and promotion of the traditions.*
- *Turning of the Korca bazaar, an authentic cultural element into a touristic destination with the aid of PPP.*

Ecotourism is a sector in rapid growth in the area of Korca. Although originally set as family businesses, the number of tourists and their interest continue to be growing bringing a necessity of:

- Improvement of the related infrastructure, public transport provision.
- Improvement of road infrastructure, especially in remote areas that are isolated from winter.

- PPP in improving the network to water supply and sanitation.
- *In remote areas are advised PPP in creating a single entity grouping several municipalities to reducing the costs of service.*

These are the areas that suffer most the consequences of migration.

- *PPP in formation and training of professional guides.*

Raised mainly as family businesses they have difficulties in providing personal guides that will encourage new forms of tourism and mountain sports.

- *PPP in creating markets to promote local traditional products*

In the park there are many natural resources as sources of Shen Gjergj, Pllake, Pllice.etj.

It is to be noted that the majority found in the park are the wood of black pine, maple and veil (Taxus BACATA) which is extremely rare.

- *PPP in rehabilitation and regeneration of forests and parks.*
- *PPP in the security of parks and forests, prevention of hunting.*
- *PPP in the field of defense and development of forest and pasture, in the rehabilitation of forest, protection and development of the National Park "Bredhi i Drenoves".*
- *PPP in the protection and development of flora and fauna of the national park and forest pheasants, monument of culture since the 60s.*

## **Fier functional area**

Fier functional area includes 11 administrative territorial units. The urban center of this area is the city of Fier. The functional area includes the communes of Cakran, Dermenas, Frakull, Libofshe, Mbrostar, Portez, Qender, Topoje, Zharrez, and the municipality of Levan.

The dominant sector of the economy in the Fier region is agriculture, which produces about 37% of the value added for the whole region. Although more detailed data at the local unit are not available, the configuration of new functional area suggests that with the exception of the municipality Fier the majority of new units included agricultural character. This hypothesis is supported by data on the distribution of businesses in these areas. Fier functional area has a total of 4242 businesses of which 71% are located in the city of Fier. On average 47% of employees in the area with the exception of Fier operate in the agricultural sector, while 11% work in construction and 10% in industry. Employment in Fier is dominated by services (42%) followed by industry (23%) and services (22%). As agriculture is the dominant sector in this functional area, PPP would come in help in these sectors:

- *PPP in irrigation and drainage system.*

Irrigation and drainage is the artificial application of water to land and artificial removal of excess water from land, respectively. Some land requires irrigation or drainage before it is possible to use it for any agricultural production; other land profits from either practice to increase production. Irrigation and drainage improvements are not necessarily mutually exclusive. Often both may be required together to assure sustained, high-level production of crops.

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- *PPP in the organization and functioning of agricultural markets.*

- *PPP in the rehabilitation of former wetlands that are threatened by floods.*

Fier includes a significant portion of the industry related to oil processing. As an important industrial area, Fier is suffering from environmental pollution inherited from pollution caused by the oil industry and edible oil refineries. So there is a need of assistance by PPP for the rehabilitation of the territory.

- *PPP for rehabilitation of the territory damaged by industry and water purification.*
- *PPP in the Integrated Environmental Monitoring System, through the analysis of natural resources, air, water (Seman), land.*
- *PPP in organization and operation of industrial markets.*
- *Water supply and sanitation*

One of the problems is the water supply and its quality control. In accordance with the National Strategy Sector Services Water Supply and Sewerage 2011-2017 Albanian government sees with advantage attracting foreign investors in the water sector and for this purpose provides for the merger of the water company and the creation of some regions as a way to absorb the main investors. The main argument for regionalization is to achieve economies of scale and attract more foreign investors after in the form of public-private partnerships.

- *Waste management*

PPP in improving the management of urban waste, removal and disposal of waste, maintenance of public sanitation in the city, maintenance of field assembly and redeployment of field assembly not approved in the municipality, campaigning for education and awareness of citizens. Albania has a large number of protected areas, some of them can be found in Fier. So far these areas in terms of fragmentation among many local LGUs didn't manage their natural potential. In terms of reorganization most protected areas will be managed by one or maximum two local units, which will have the opportunity and a better chance to build on the potential of these areas.

- *Rehabilitation of the Divjake-Karavasta national park.*
- *The protection of the archaeological park of Apollonia and other objects of cultural heritage.*
- *PPP in promoting cultural and archaeological tourism.*

- *PPP in the field of defense, development and rehabilitation of forests and pastures.*
- *PPP in the promotion and development of agro-tourism.*

Distances of the units absorbed by the new unit, the distance in time, travel to the city center is a crucial indicator to ensure the possibility of interaction between citizens and government. In general it is desirable that the center of the new unit be reached within 1 hour. Fier Center is accessible by citizens in less than 20 minutes. Only Libofshe and Cakran are located at a distance of 25 minutes from the center of Fier and less good infrastructure to achieve. There are several ways to address this problem. One of them relates to the need that will have residents to reach the center of the functional area in their daily life. A way would be to increase the concentration of investments and investment priorities in infrastructure and transportation that facilitates this access.

- *Road infrastructure.*

Inner city roads are partially amortized. The roads connecting many villages are in bad condition. The maintenance of these roads with the help of PPP would be a big opportunity for the region.

- *PPP in the construction and maintenance of infrastructure as a means to increase the quality of service.*
- *PPP in improving the quality of public order and civil security, traffic control.*
- *Public Service (buses).*

Involvement of private sector in the delivery of key public services should be part of an integrated investment of public sector and procurement framework.

Creating a public transport service in the service of the villages could help in the development of community life within the new administrative unit, as well as making services more easily accessible.

- *PPP in infrastructure and public services.*
- *Implementation of road lighting and public parking in the city with the help of public-private partnerships.*
- *PPP in infrastructure maintenance.*

- *Fieri is affected by frequent floods, so there is need for increased investments by the help of PPP in defense infrastructure along the Vjosa River and the maintenance of existing infrastructure, dredging of riverbeds, etc.*

An important category of the services provided at the local and the central part is education. Today LGUs are responsible for the maintenance of educational infrastructure. What attracts attention in this analysis is the poor quality of educational infrastructure directly related to generating lower revenues from LGUs. Reorganization in greater LGU - by functional area proposed would lead to efficiency and better allocation of available funds.

- *Construction of schools that have infrastructure and facilities of the same standard.*

The necessary infrastructure will be provided in such schools not only to meet the needs of teaching, but also for sports and co-curricular activities. There will be enough facilities for sports, recreation and outdoor activities. Facilities like the playground, gardens, auditorium etc. will be provided in these schools. And it will also build a good library with books and magazines for students and teachers.

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Both partners (public and private) deal with product development and share the risk, cost and revenue. In public hospitals, public-private partnership can be applied more or less, in all the

services provided by the state, which can contract the private sector to provide services: cleaning, catering food, kitchen; goods, medicines, etc. PPP will deal with all the management of the hospital.

Fier and Vlora regions have a significant number of Roma and Egyptian communities who need specific services, missing or currently offered on a project basis, which makes them unstable. All these aspects are added to the significance of a better management of the territory in terms of knowledge of community needs and efficient service delivery. The main argument is that municipalities have neither the financial capacity nor the human ones to provide social services. Territorial reorganization is expected to significantly affect the equitable service delivery, giving priority to rural coverage. All these can be made feasible also with the help of PPP.

## **Vlora functional area**

Vlora functional area is composed of 11 units: the municipalities of Vlora, Selenica, Orikum and the communes of Armen, Brataj, Kote, Novosele, Qender, Selenice, Sevaster, Vllahine.

Vlora functional area has a total of 5,678 businesses, of which 78% are located in the city of Vlora. Over 60% of employees in urban areas of Vlora operate in the service sector, while agriculture is prevalent in rural areas. Vlora has an unemployment rate around 19%, according to administrative data on registered unemployed.

Most functional units in the area have low number of businesses per 1,000 inhabitants. This is a mainly agricultural area, with the exception of the municipality of Vlora and Orikum, which have services oriented towards tourism, as well as Selenice municipality, which has the largest concentration of industry and service oriented.

In the area of Vlora there is a uniform distribution of education indicators and the figures do not show significant differences between the number of children per educator and students per teacher. Number of children ranges from 15 to 22, while it ranges from 10-17 students at 9-year schools and secondary schools 10-14.

Vlora has 2 hospitals and there is a distribution of family doctors and medical specialists.

In terms of social service distribution in Vlora district, it is observed a concentration of services in large urban centers, most of which are located in Vlora. While rural areas remain uncovered with services, residents must travel to the nearest urban center to receive service. Also, it is noted that the brunt of social services is held from non-public providers, NGOs, and the categories of services are limited and not necessarily influenced by the needs of the communities they serve, but the agendas of donors who are their main supporters.

There have been attempts to finance day center for the elderly by several municipalities such as Tirana, Kukes, Shkodra, Vlora, Korca, but these are insufficient. So it is necessary with the help of PPP to increase the number of these centers for the elderly.

While noted that for the period 2009-2011, there was an influx of returning emigrants in Tirana, Fier and Vlora. The phenomenon of increasing pressure and return to the labor office in which



only 2013 were registered as unemployed jobseekers over 2,000 returned emigrants, while education and recognition of qualifications acquired abroad are also aspects of emergency.

The average travel time to the center of the functional area, the municipality of Vlora, is 35 minutes. The center of this area is reached in less than an hour from each unit, which greatly facilitates the interaction of citizens with local government institutions and access to services. Transport infrastructure in Vlora is good in most of the functional area, with the exception of access to some communes (especially Brataj, Shushice and Sevaster). The union in a functional area will require added attention to the allocation of funds to improve access of these people to the center. However, despite the union in a unique administration functional area will store offices of the main services for citizens in existing municipalities in order to ensure normal service to the needs of local communities.

Vlora is an important commercial center in Albania. The fishing industry is very developed. Vlora produces diesel, natural gas, bitumen and salt. Textile manufacturing and construction industry is also very developed in the city. Recent years there has been a great development of tourism, associated with the construction of many hotels, restaurants, beaches.

Port of Vlore is Albania's second port after port of Durres ranked in terms of size and capacity. It is the largest port of the south and serves all the Southern centers of Albania and transit cargo in depth of the Balkans, Kosovo, Macedonia, etc.

It is an open port with two main dock where are processed commercial vessels and ferries. It is an integral part of the 8th corridor for the transport of various goods.

Given the ever-growing need for a port with modern infrastructure, PPPs may come in help for the realization of this project.

As there is an expansion of the coast in this region PPP may deal with:

- *The unified administration of the coast*
- *The administration of the public beaches*
- *The maintenance of the beaches*
- *The safeguard*

Regarding the other sectors that PPP may be implemented are:

Vlora is involved in a major construction boom that has brought major problems in the management of urban solid waste.

- *Road infrastructure.*

Inner city roads are partially amortized. The roads connecting many villages are in bad condition. The maintenance of these roads with the help of PPP would be a big opportunity for the region.

- *PPP in the construction and maintenance of infrastructure as a means to increase the quality of service.*
- *PPP in improving the quality of public order and civil security, traffic control.*
- *Public Service (buses).*

Involvement of private sector in the delivery of key public services should be part of an integrated investment of public sector and procurement framework.

Creating a public transport service in the service of the villages could help in the development of community life within the new administrative unit, as well as making services more easily accessible.

- *PPP in infrastructure and public services.*
- *Implementation of road lighting and public parking in the city with the help of public-private partnerships.*
- *PPP in the development of the fishing industry.*
- *Improved sanitation where buildings are with septic tanks, especially around “Uji i Ftohte”.*

- *PPP in the construction, infrastructure improvement and development of the economic area with the status of "Industrial Park" in Vlora, adopted on 4 June 2008.*

In this area of 125 hectares, the investment must have amounted EUR 21 million and would have been created 18 586 job vacancies.

- *Rehabilitation of coastal marine park of Sazan Karaburun.*
- *Water supply and sanitation*
- *PPP to improve water supply and sanitation. Constructions especially in Vlora, Orikum and Radhime have created an overload on basic public services.*

In accordance with the National Strategy Sector Services Water Supply and Sewerage 2011-2017 Albanian government sees with advantage attracting foreign investors in the water sector and for this purpose provides for the merger of the water company and the creation of some regions as a way to absorb the main investors. The main argument for regionalization is to achieve economies of scale and attract more foreign investors after in the form of public-private partnerships.

- *Waste management*

PPP in improving the management of urban waste, removal and disposal of waste, maintenance of public sanitation in the city, maintenance of field assembly and redeployment of field assembly not approved in the municipality, campaigning for education and awareness of citizens.

- *PPP in irrigation and drainage system.*

Irrigation and drainage is the artificial application of water to land and artificial removal of excess water from land, respectively. Some land requires irrigation or drainage before it is possible to use it for any agricultural production; other land profits from either practice to increase production. Irrigation and drainage improvements are not necessarily mutually exclusive. Often both may be required together to assure sustained, high-level production of crops.

Irrigation is so widely utilized, local irrigators generally have at least minimal understanding of how to operate and maintain the system. In addition, surface systems are often more acceptable

to agriculturalists who appreciate the effects of water shortage on crop yields since it appears easier to apply the depths required to refill the root zone.

- *PPP in the Integrated Environmental Monitoring System, through the analysis of the coast.*
- *PPP in organization and operation of agricultural and industrial markets.*
- *Construction of schools that have infrastructure and facilities of the same standard.*

The necessary infrastructure will be provided in such schools not only to meet the needs of teaching, but also for sports and co-curricular activities. There will be enough facilities for sports, recreation and outdoor activities. Facilities like the playground, gardens, auditorium etc. will be provided in these schools. And it will also build a good library with books and magazines for students and teachers.

These schools will have adequate infrastructure, access to the Internet and full time computer teaching.

Schools will have facilities for children with disabilities and must have special teachers. Warming will be enabled in these educational institutions with renewable energy.

- *In the economic conditions in which is the country, one of the only options to improve the situation in public hospitals is a Public-Private Partnership.*

This partnership is not new. In developed countries, in recent decades it was applied successfully in the health system. This is a way to enhance the impact of market mechanisms, while maintaining public control. Through PPP is provided the regulatory role of the state (social solidarity) and the benefits of market mechanisms, the opening of public health system to competition, etc.

Both partners (public and private) deal with product development and share the risk, cost and revenue. In public hospitals, public-private partnership can be applied more or less, in all the services provided by the state, which can contract the private sector to provide services: cleaning,

catering food, kitchen; goods, medicines, etc. PPP will deal with all the management of the hospital.

- *PPP in the field of defense and development of forest and pasture, in the rehabilitation of forest protection and development of the National Park "Llogara"*
- *PPP in national park management.*
- *Coastal and Mountain Tourism, improvement of services and infrastructure.*
- *The expansion of the industry on apparel that plays an important role in this area, because it has a good strategic position having close port that enables the export of goods in developed countries. This causes an increase in the employment.*

### **Përmet functional area**

Përmet functional area covers 9 existing units of local government: the municipalities of Përmet, Kelcyra and the communes of Ballaban, Çarshove, Deshnice, Frasher, Petran, Qender Piskove, Suke.

The dominant sector in the economy of the region of Përmet is agriculture, which employs about 50% of the employees of the units, with the exception of the city of Përmet. Although no detailed data are available in the local unit level, setting new functional area suggests that with the exception of the municipality of Përmet, the largest part of the new units included have agricultural character. This hypothesis is supported by data on the distribution of businesses in these areas. Gjirokastra functional area has 576 businesses in total, over 60% of which are located in the city of Përmet.

Another important category of services that is provided is education. Today LGUs are responsible for the maintenance of educational infrastructure. It is noted, almost in each region of the proposed LGU, the poor quality of educational infrastructure directly related to generating lower revenues from LGUs. Reorganization in larger LGUs under the proposed functional area, would result in efficiency and better allocation of available funds.

Përmeti has a hospital, while the distribution of health centers is as follows:

Regarding social services, Përmet functional area has no service center. Coverage with social services is a challenge for all the territory. Division into smaller areas will help to increase the functionality within new areas. Measures being taken towards various social services include coverage of the whole territory, paying special attention to rural areas where such services do not exist. Merging local unit provides opportunities for better management of not only financial resources, but also of those human ones in terms of service delivery. Recomposing and facilitating management system, the current structures in rural areas could be alleviated, to focus more on providing services and community needs assessment.

In terms of access to water supply and sanitation service, Përmet situation turns out to be somewhat problematic. Besides Përmeti and Kelcyra, other areas are lagging behind in terms of these indicators and there are communes, such as Frashëri, where only 10% of households have access to water and only 5% of them have access to the network. The situation is dramatic in

terms of access to fixed telephony and the Internet, where the latter coverage is minimal (13%) in Përmet, very few in Këlcyrë (6%) and Petran (5%) and not present in the other areas. Mobile phone service is somehow better and figures ranging from 24-28%.

The PPP in this functional area may be implemented in these sectors:

- *Road infrastructure.*

Inner city roads are partially amortized. The roads connecting many villages are in bad condition. The maintenance of these roads with the help of PPP would be a big opportunity for the region.

- *PPP in the construction and maintenance of infrastructure as a means to increase the quality of service.*
- *PPP in improving the quality of public order and civil security, traffic control.*
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- *PPP for organization and operation of agricultural and industrial markets.*
- *Water supply and sanitation*

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- *A PPP for the coverage of this functional area with fixed telephony and internet.*

Përmeti offers a rich cultural heritage in cultural monuments, religious monuments. So PPP may come in help in these fields.

- *PPP for cascade administration*
- *PPP in the preservation and promotion of historical and cultural assets and promotion of Albanian traditions.*
- *PPP in the field of defense, development and rehabilitation of forests and pastures.*

Përmet is known for the culinary tourism. PPP can help in this sector for the development of this culinary tourism.

Përmet is also known for the thermal baths. Benja thermal baths are one of our country's resources with subtermale sulphurous waters. Located about 8 kilometers away from the middle of Përmet. From the entrance area is seen Katiu Bridge, constructed in ancient times that stands still today without problem. There start the sources, from which are formed the small water lakes of various sizes. Each lake serves for the treatment of a specific problem, like for example acne and other skin diseases, rheumatism and bone diseases, stomach, etc. One of the special aspects

is the existence of healing clay basin, for which the elderly say that is a key to having always fresh and new skin.

- *PPP in spa management "Benja spa and thermal baths "*
- *PPP in the development of the agribusiness sector through the revival of the tradition of the original production of products like wine production, gliko etc.*
- *PPP in tourism. During the last years the tourism sector has started to develop in this area although family businesses.*
- *Training and preparation of professional guides.*
- *Prohibition of hunting.*

## **The benefits of Public-Private Partnership**

*Some of the reasons for adopting the PPP approach:*

- Increases the guaranteed quality of services provided towards citizens (public lighting, heating and public educational institutions).
- Significantly facilitates the functional areas' budget, making taxpayers' money go directly into investments for them. Focusing on the second point of being transparent to the citizen we clarify that for public electricity costs, the city spends considerable monetary value. Public lighting occupies 90% of the total public expenditure voice. This cash value cannot be earned only with service fee paying citizens. Also at a time when demand for comfortable environments in public educational institutions are quite right, despite budget limits of the functional areas the Public-Private Partnership would be a good answer of these requirements.
- Possibility of setting up much larger number of schools than what the public outlay can support, through contribution to capital expenditure from private partners.
- Functional efficiency of private entities enabling early delivery of quality education.
- Risk of project completion and delivery of agreed outputs will be carried by the private entity.
- Public funds would be expended only upon delivery of agreed outcomes.
- Private sector efficiency in the context of a long-term agreement is expected to optimize on life-cycle costs and improve on quality of education, including the school infrastructure.