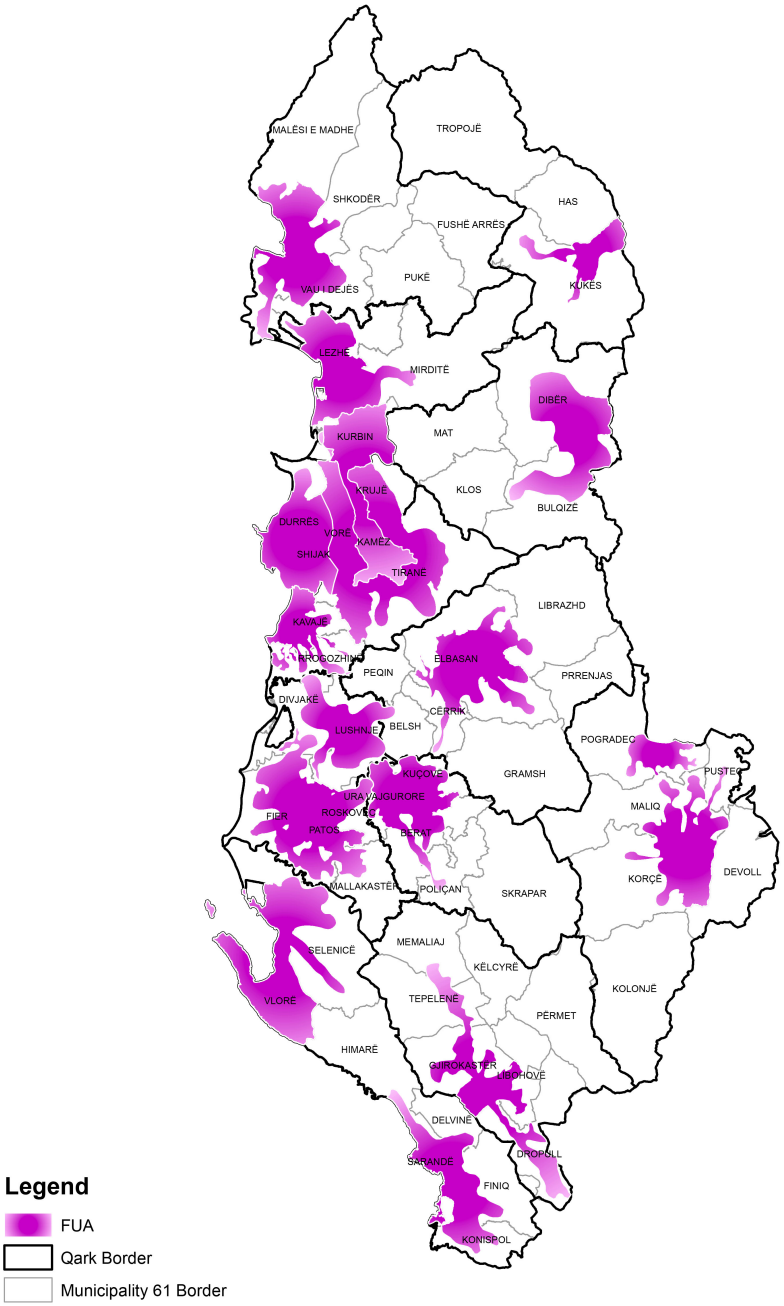
Figure 13. Map of the functional areas in Albania (FUAs)



Source: Author's calculations based on agglomerations of INSTAT (2014/a)

The mapping and designation of FUAs is made by using the INSTAT definitions of the Urban Cores, Urban Agglomerations and commuters' catchment areas in Albania, based on the respective data from Census 2011, including the 1km^2 grid (raster cells). This signals for a modification in the way FUAs are defined in the ESPON (2005) project. The is so due to the very different territorial structure that Albanian territory and urban settlements have (especially in terms of area and population size) compared to the 27 EU member states that ESPON (2005) considered as subject to the polycentricity study. The (base) maps used in the case of Albania were accessed

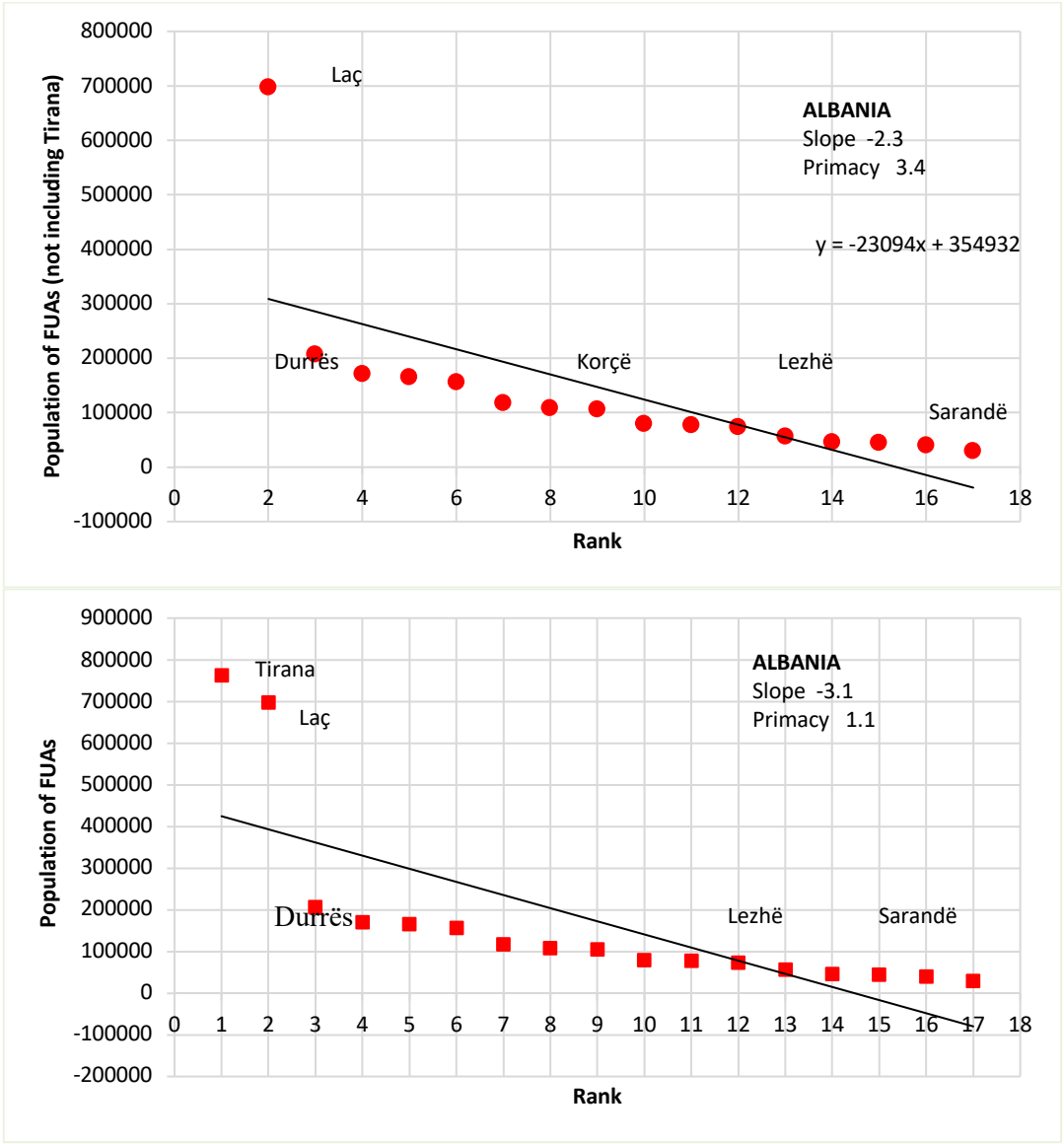
through the online[38] ASIG[39] platform. For the designation of the PUSH areas, the calculation of the 45 minutes (road public transport) isochrones from the FUA centres is made through own calculations on the Google map. Road public transportation is considered for this purpose.

The second step is conducting the analysis for morphological and functional polycentrism through seven indicators/indexes in each case, at national and FUA level. The morphological polycentrism is analysed by constructing indexes and sub-indexes, as defined in the ESPON methodology. However, the analysis for the functional/relational polycentrism is not completed in full, due to low data availability for the respective indictors. As a result, out of the 7 respective indicators, 6 are shown in this analysis.

In order to measure morphological polycentricity, the respective index is composed of three sub-indices, namely those of *size, location and connectivity*. Each has an equal weight in the composition of the overall index. The size index is built on the prerequisite that for polycentricity there should be a distribution of large and small cities, and that a polycentric urban system should not be dominated by one large city. The ideal rank-size distribution in a territory is log-linear and the flatter the rank-size distribution (regression line) is, the more polycentric a region is (ESPON, 2005); (Spiekermann et al., 2015).

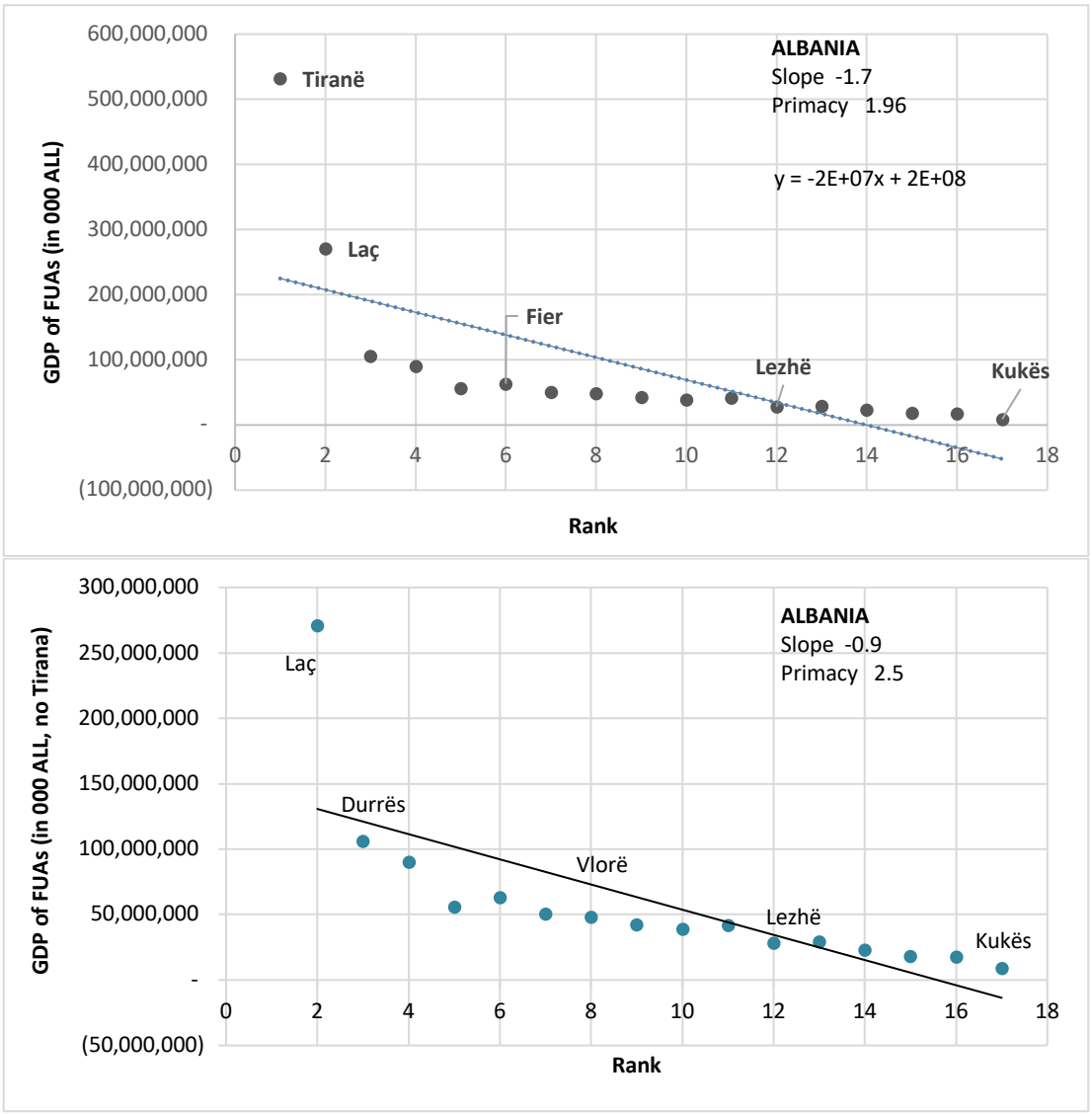
The indicators that compose the size index are GDP per capita and population, as size is measured in terms of both, population and economic position, or importance of the respective FUAs. For both, the slope of the regression line and the deviation of the largest city from the line are calculated. The analysis shows that in the case of the size index, Albania has an extremely monocentric territorial structure, with 26% of the national population and 36% of the country's GDP concentrated in the Functional Urban Area of Tirana, and with respective primacy rates of 1.1 and 1.96. Tirana is an outlier, but Laç functional area stands also quite distantly from the other FUAs, because it includes the urban Tirana in its FUA as well. In fact, primacy rates of Laç versus Durrës (the 3rd higher values for population and GDP among FUAs) are 3.4 and 2.5 respectively and are higher compared to primacy rates of Tirana FUA versus Laç FUA.

Figure 14. Regression lines for the *population of FUAs*, with and without Tirana



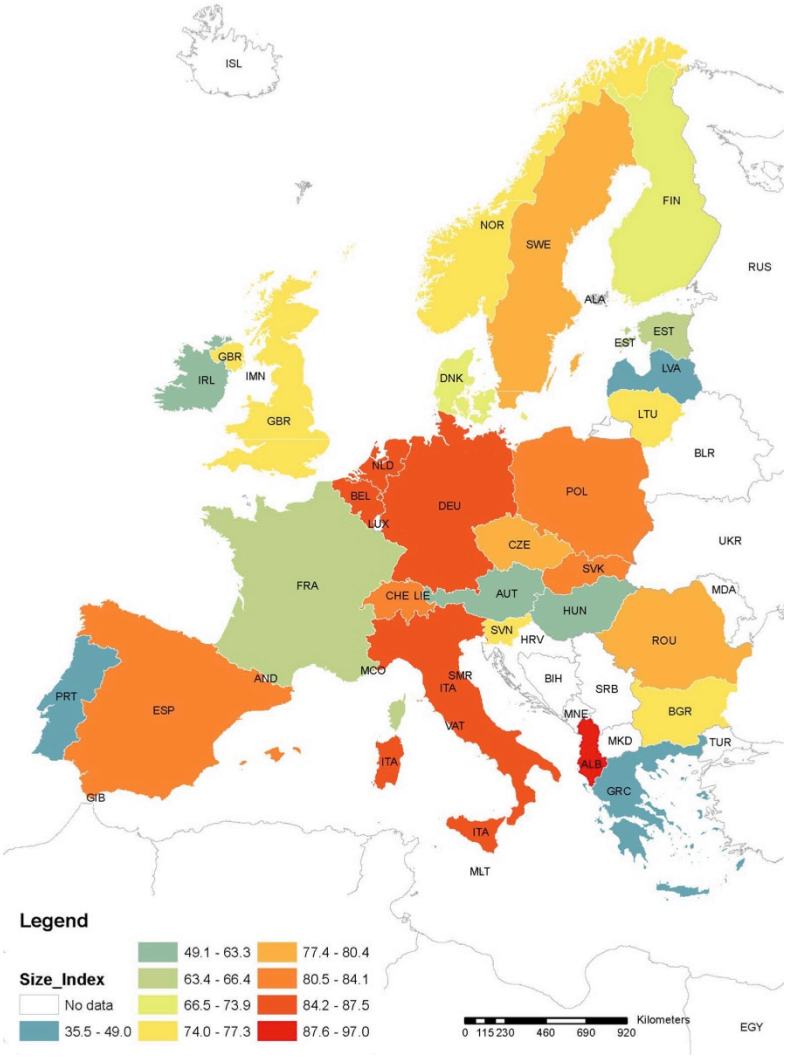
Source: Author calculations based on INSTAT, Census 2011

Figure 15. Regression lines of FUAs GDP for 2016, with and without Tirana



Source: Author's calculations based on INSTAT, Vjetari statistikor Rajonal (Annual Statistics for Regions, (2018, p.107): Table 1. Main economic indicators, 2016

Figure 16. National Size Index of Albania versus EU – 27 countries

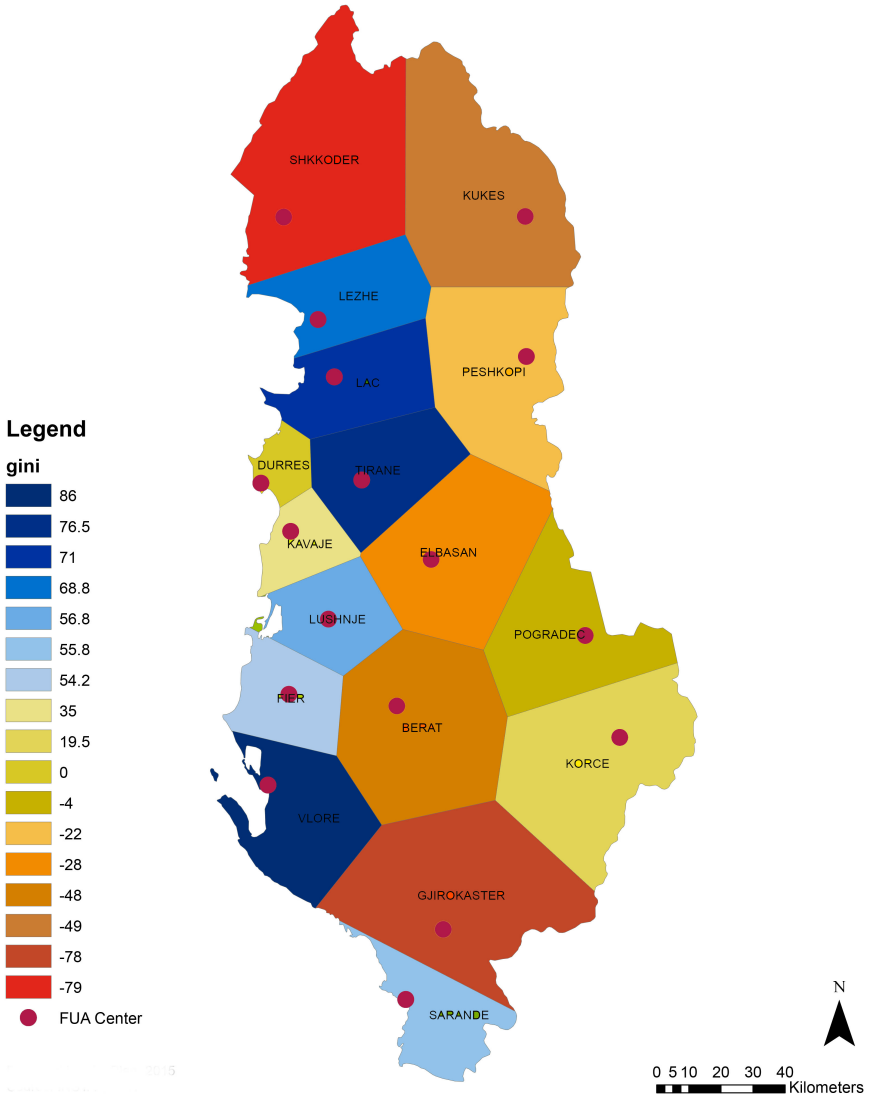


Source: Author's calculation based on INSTAT Census 2011, and ESPON (2005)

However, calculations show for a completely different and even reversed pattern in the case of the location index. The location index assumes that a polycentric urban system is one, where the main urban centres are equally spaced from one-another and are not clustered in one small part of the country/territory. Because of historical territorial development (see section 3.1), and especially due to the implementation of a national policy aiming at creating uniform spatial distribution of the urban centres during 1950s-1980s, the FUA centres are currently distributed uniformly all over the national territory. This results into a location index that leads to moderate polycentrism. Technically speaking, the location index (in this case) is the Gini coefficient of inequality of the size of the Thiessen polygons of the 17 FUAs centres. The closer the Gini is to 0, the more equal is the distribution of the sizes of the areas of the 17 FUAs and the more polycentric a region/country is. The map of the Thiessen polygons (figure 17) and the Gini coefficient (included in the Lorenz curve of the polygons' sizes values) show that

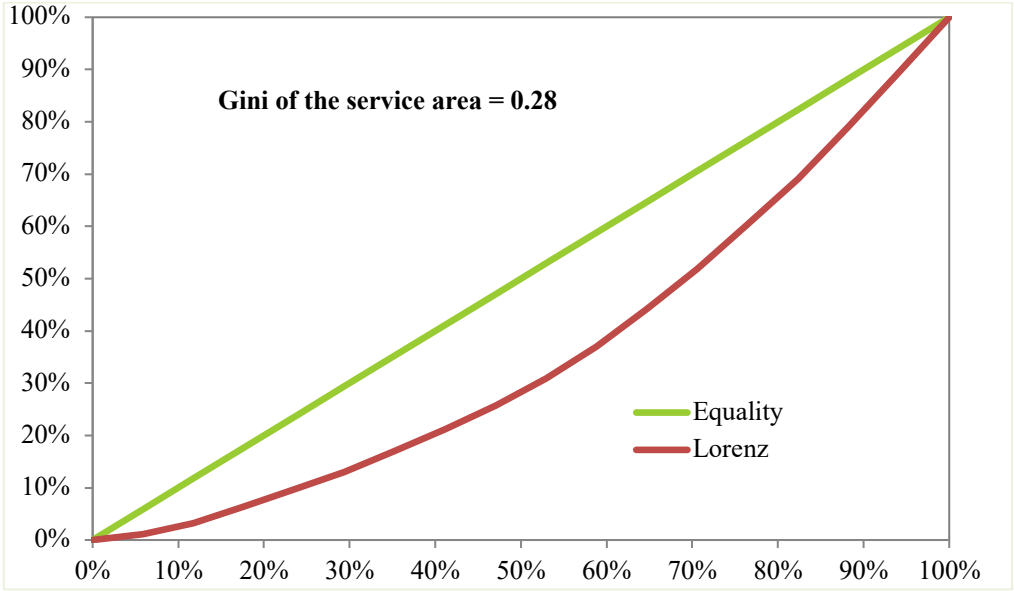
the geographical location of the centres is rather uniform. However, this should not be interpreted as an indicator of polycentrism, but as a good opportunity for Albania to develop its territory into a polycentric structure, due to favourable locations of the main urban centres. A "uniform distribution of cities across the territory is more appropriate for a polycentric urban system than for a highly polarized one" (ESPON, 2005, p.60).

Figure 17. Thiessen polygons of the 17 FUAs: Service areas of FUAs



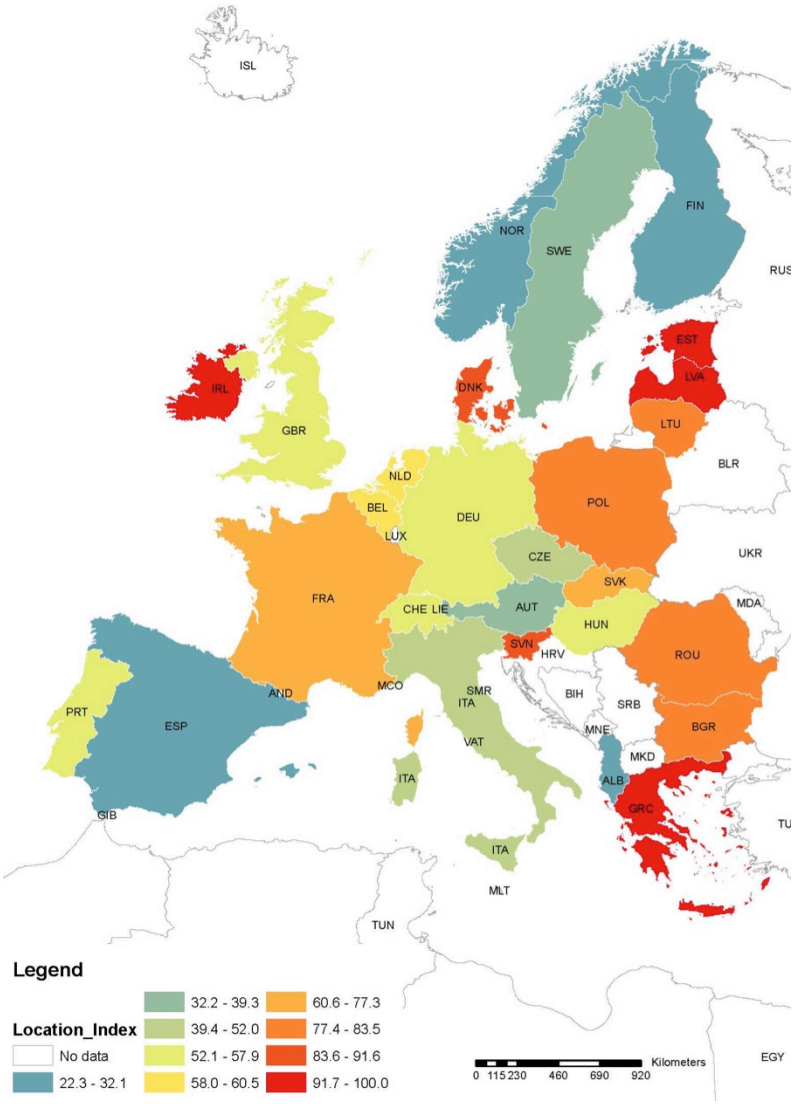
Source: Author

Figure 18.The Lorenz curve of the FUAs size and Gini coefficient of inequality



Source: Author

Figure 19. Polycentricity location index

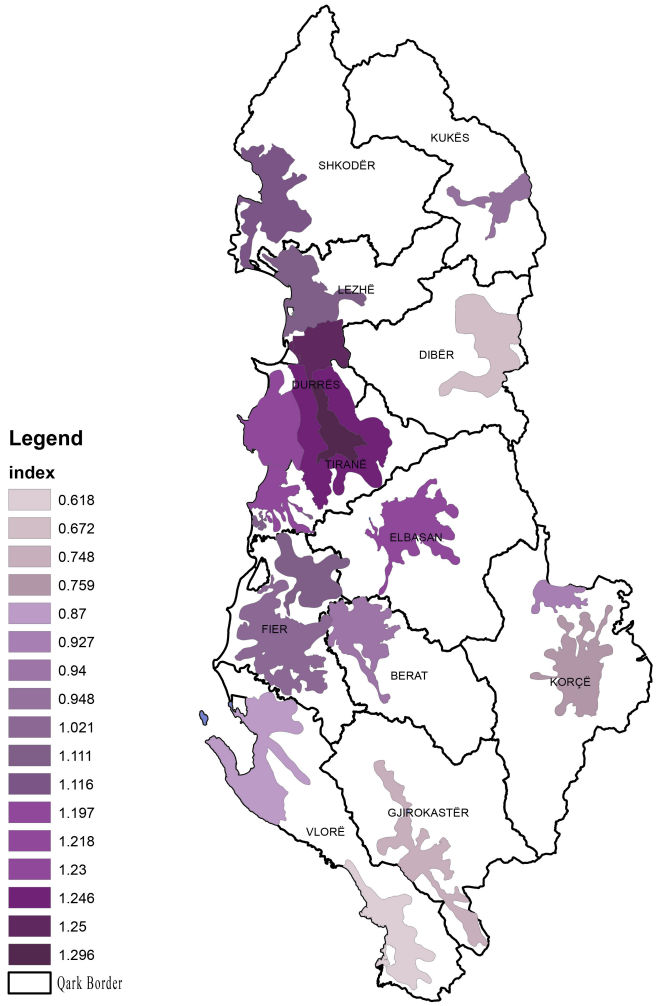


Source: Author's calculation based on INSTAT Census 2011, and ESPON (2005)

Furthermore, using Green (2007) line of argument, this locational opportunity for a polycentric territorial network of urban settlements is present in Albania due to historical-political processes, rather than a deliberate pursuit for polycentrism in the current national policies. The fact that locational poycentrism is not a current top-down outcome has both, advantages and disadvantages. On one hand it shows that there is a genuine possibility for the territorial structures to develop into a polycentric network, which is supposed to be more sustainable overtime. On the other hand, it shows that lack of government's interest to push for developing polycentric territorial structures may lead towards growing spatial polarisation opportunities, both as a policy decision and a natural bottom-up trajectory.

The third index is that of connectivity, which assumes (according to ESPON, 2005) that there should be a functional division of labour between cities. The latter implies that the channels of interaction between urban centres must be short and efficient. To measure the connectivity index, the potential accessibility of FUAs (figures 20 and 21) is used, i.e. the potential accessibility that each urban core in a FUA has to the rest of the other FUAs in the country. The potential accessibility of an urban centre is higher, the higher the population (or GDP) that it reaches in the other urban centres is and the fastest the reaching routes are (travel time used for travel costs). The slope of the potential accessibility regression line and the Gini coefficient are the two sub-indicators used in this index.

Figure 20. Potential accessibility of FUAs (Index)



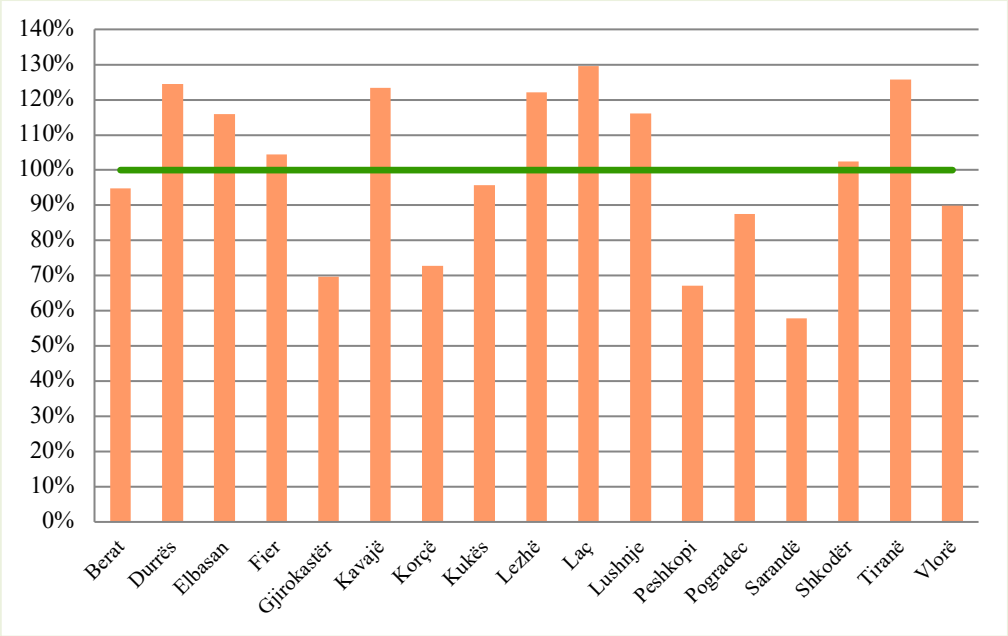
Source: Author's calculations

The two sub-indicators (figures 21 and 22) have a similar interpretation: "the flatter the regression line is, the more accessible the lower-level centres are compared to the primary city, and the lower the Gini coefficient, the less polarized is the distribution of accessibility" (ESPON, 2005, p.61). The connectivity index of Albania is 72.2 and shows for week polycentricity patterns. The FUA of Saranda has the lowest accessibility, more than 40% below the average.

The dominant FUA is that of Laç, which stands around 30% above the average. Laç is the second largest FUA in terms of population and is better located compared to Tirana, in terms of time connections with all largest FUAs in the country. On the other hand, the accessibility of Laç to Tirana is higher than the other way around, because Tirana has a larger population. This argument reinforces the fact that Tirana dominates and the national territorial structures is highly polarized instead of being polycentric. Last, but not least, the FUAs of Durrës, Tiranë, Laç and Lezhë have overlapping areas of

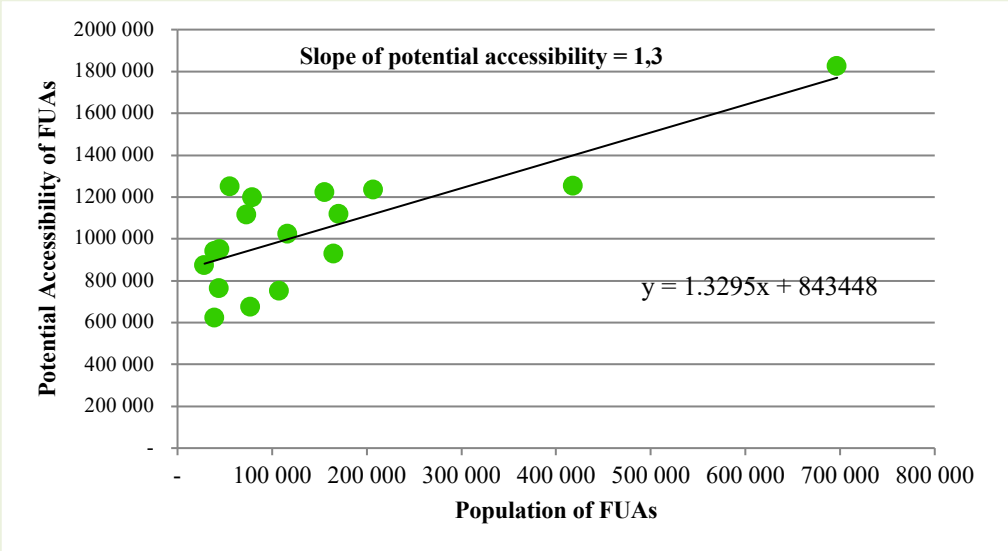
influence and this shows for their higher potential of creating a polycentric system within their common territory, getting thus polarized more and more from the rest of the country.

Figure 21. Potential accessibility of 17 FUAs



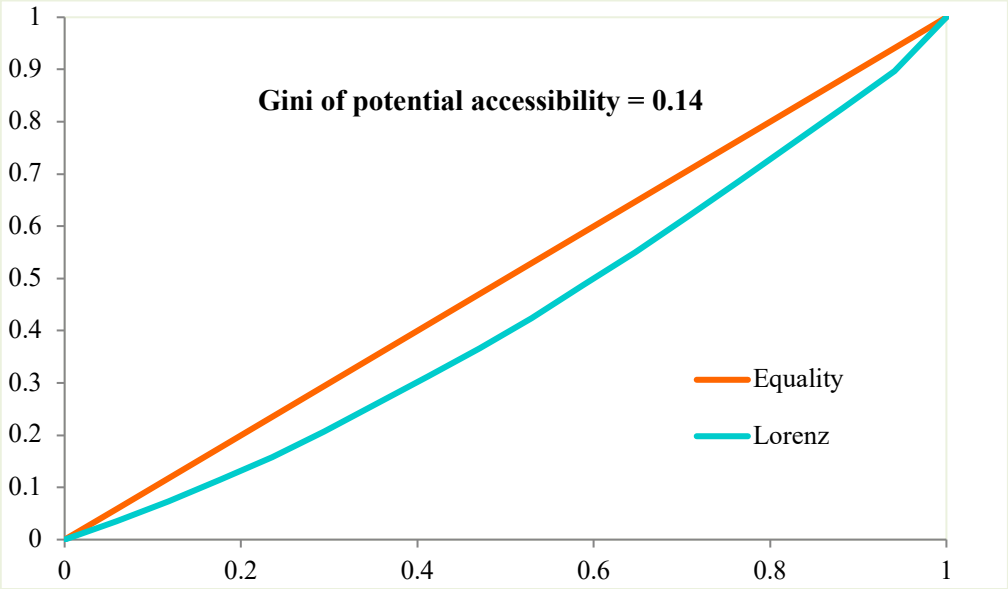
Source: Author's calculations based on INSTAT Census 2011 data

Figure 22. Regression line and slope of potential accessibility



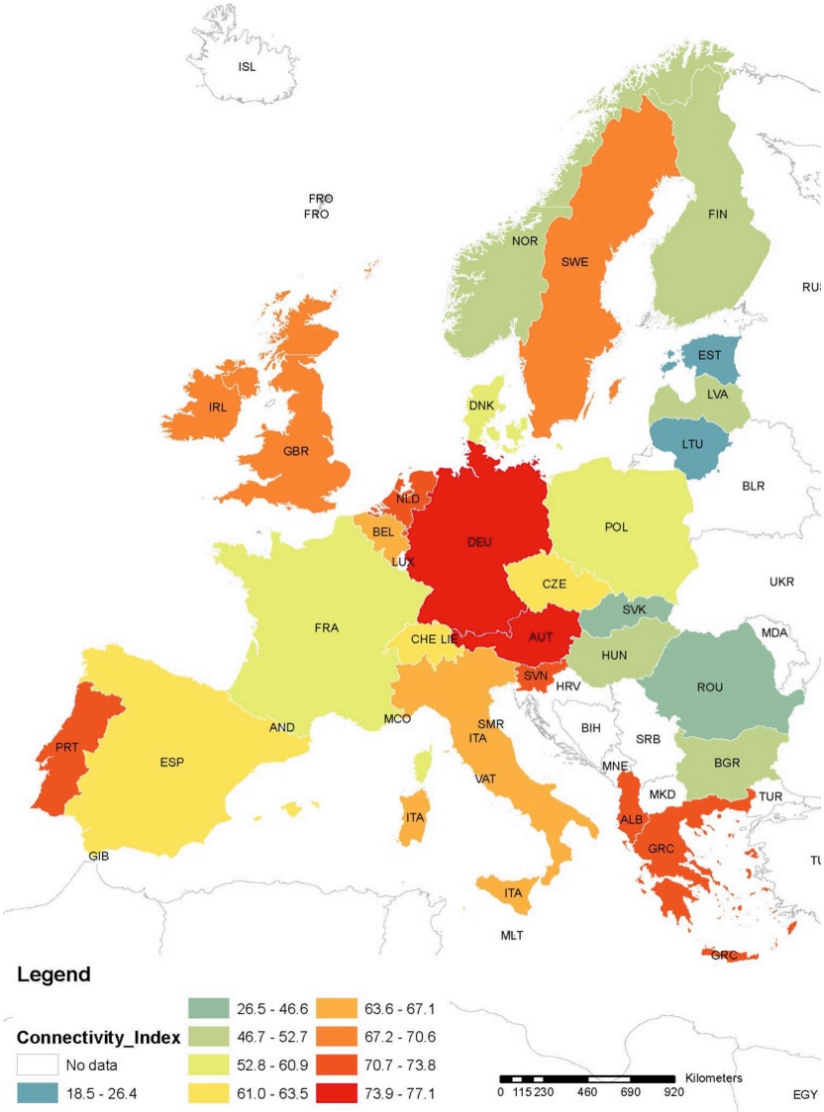
Source: Author's calculations based on INSTAT Census 2011 data

Figure 23. The Lorenz curve of potential accessibility and the Gini coefficient



Source: Author's calculations based on INSTAT Census 2011data

Figure 24. Polycentrism connectivity index



Source: Author's calculation based on INSTAT Census 2011, and ESPON (2005)

In conclusion to calculations for each of the components of the morphological polycentricity, the final composite index is constructed, where (as mentioned above) each of the three indices has an equal weight of 33.33%. The table 2 and figure 25 show the value of Albania's morphological polycentricity index versus European countries included in the ESPON (2005). The values so far demonstrate that Albania is a polarized country in overall, and it is extremely polarized in terms of economic potential (GDP and population). Still, because of the effect of low values of the location index, the overall morphological polycentricity appears at similar levels with some other EU member countries (i.e. Czech Republic, France, Greece, Italy, Romania, Slovakia, etc.). This location index is related to distribution of key settlements – hence, instead of normatively looking at it, it is important to factor in the thinking also historical and geographical factors. In this view then, distribution or location of settlements steers towards the existence of a relatively good potential to become polycentric. However, this clearly is not enough. As a matter of fact, the location opportunity would fail to promote polycentricity, if the economic potential remains locked in Tirana and in the Durrës – Tirana – Laç area. The latter would contribute to the further increase of domestic regional disparities and further weakening of the territorial cohesion, as the data under section 3.3 of this study tend to show.

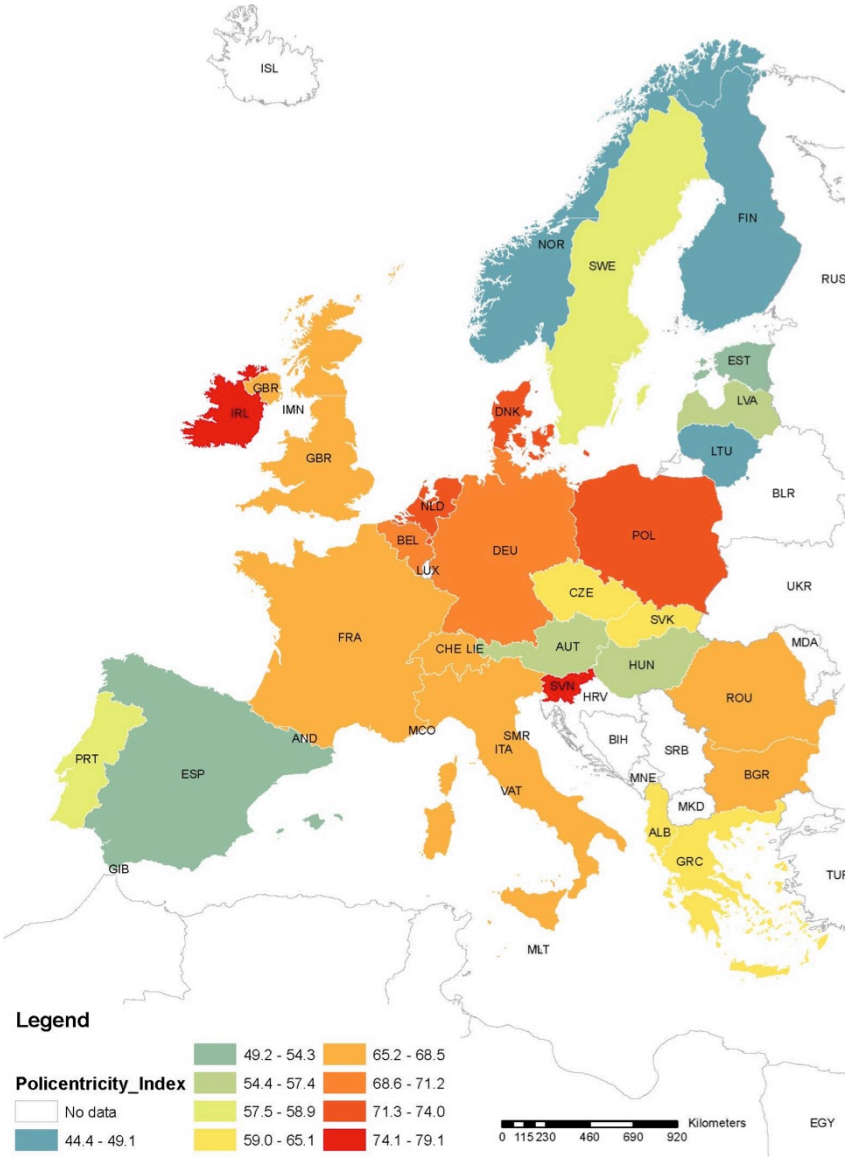
Table 2. The morphological polycentricity indexes in Albania and Europe – 27

Country	No. of FUAs	Size Index	Location Index	Connectivity Index	Polycentricity Index
Albania	**17**	**97.0**	**28.0**	**72.2**	**65.1**
Austria	24	63.3	39.3	77.1	57.4
Belgium	21	86.6	60.5	67.1	70.3
Bulgaria	31	77.1	80.2	52.6	68.5
Switzerland	48	82.9	57.9	62.3	66.6
Cyprus	4	75.7	100.0	89.1	87.3
Czech Republic	25	79.2	51.7	63.5	63.6
Germany	186	86.4	56.1	75.2	71.2
Denmark	35	71.6	90.9	59.3	72.5
Estonia	10	64.7	94.8	26.4	54.3
Spain	105	81.6	30.7	62.3	53.6
Finland	35	73.9	32.1	50.6	49.1
France	211	66.4	77.3	60.9	67.6
Greece	45	36.6	95.9	73.6	63.4
Hungary	77	61.6	57.7	50.4	56.1
Ireland	7	63.1	100.0	70.6	76.1
Italy	253	87.5	52.0	65.0	66.3

Lithuania	8	76.5	83.5	18.5	48.9
Latvia	8	35.5	97.0	52.4	56.3
Netherlands	39	86.0	60.2	73.8	72.2
Norway	36	75.1	22.3	52.7	44.4
Poland	48	84.1	83.1	58.7	74.0
Portugal	44	49.0	55.8	73.3	58.3
Romania	59	78.3	80.9	46.6	66.3
Sweden	47	80.4	37.3	69.0	58.9
Slovenia	6	76.0	91.6	72.0	79.1
Slovakia	27	83.5	77.0	41.6	64.2
United Kingdom	146	77.3	55.5	70.6	66.8
ESPON Space	**1588**	**88.5**	**35**	**57.9**	**56.2**

Source: Author's calculations for Albania and ESPON (2005, p.73) for the Europe-27 countries

Figure 25. Polycentricity Index – Albania versus Europe



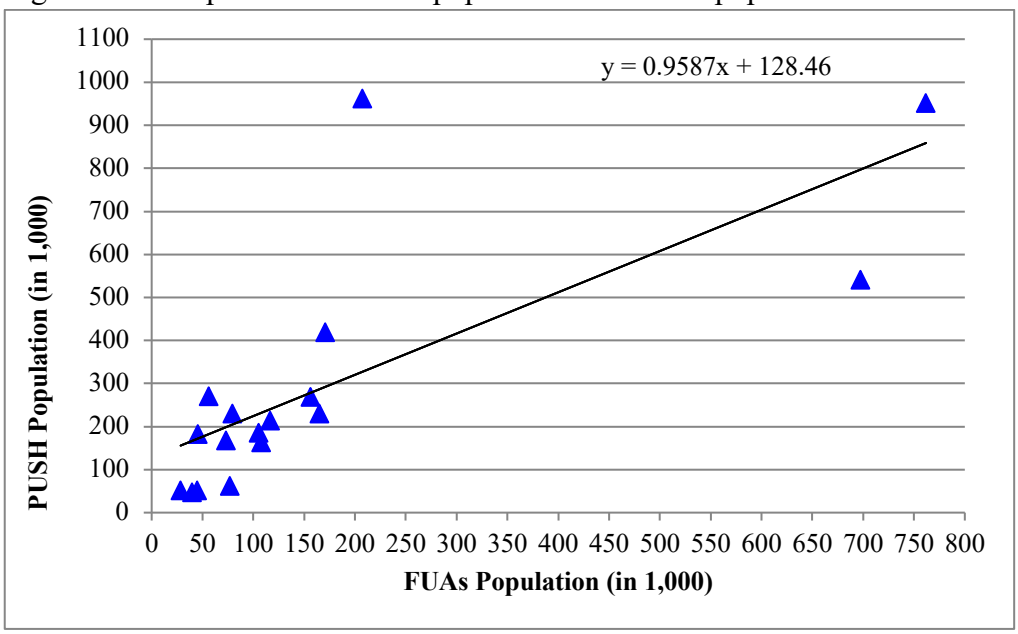
Source: Author's calculation based on INSTAT Census 2011, and ESPON (2005)

The next step of the analysis is to understand the functional polycentricity (presence and opportunity for) and for that, the identification of the functional specialisation at FUA level is conducted. However, the analysis contains limitations, due to data availability. 6 dimensions are investigated as follows, and reveal that:

1. **Decision-making in public sector:** All of the 17 urban cores (one per FUA) are municipalities – hence, local governments. Their roles and functions are defined in the law 'On local self-governance', 139/2015 and on the sectorial legislation (planning, natural resources, energy, environment, infrastructures, transportation, economic development, tourism, etc.) that provides detailed regulations on decision making power and authority at different government's levels, therefore defining the level of governance decentralization in Albania. 12 out of the 17 FUAs are *qark* centres (the 2nd tier of local governance in Albania). All of the 17 urban cores (one in each FUA) used to be district centres (previous units and denominations for local government) and in some of the FUAs there are more than one district centre. Because of these classifications (municipalities, *qark* centres and former district centres), several regional agencies and institutions of the national government (depending on line ministries) are located within the territory of each FUA. From a public sector decision-making perspective, the FUAs, with the exception of Tirana, do not differ in specialization. The municipality of Tirana hosts in its territory the parliament and related institutions, and all national government institutions (the Prime Minister's office, ministries, national agencies, and the national institutions of the judiciary system). So, again, Tirana's FUA appears as an outlier compared to other FUAs.
2. **Decision-making in the private sector:** The figures provide information on the location of the 50 biggest companies in Albania. 28 out of them are located in the municipality of Tirana and 14 in the municipality of Durrës[40]. The large companies influence significantly the development of the urban system, and the strength of the latter relies also on its current attractiveness to private investors and companies. In the case of Albania, the current location shows that development activities decision-making in/of the private sector remains highly concentrated in the Tirana-Durrës metropolitan area.
3. **Population:** The number of inhabitants represents the level of economic activities in a region, both for intensity and diversity. In Albania, at least 1/3 of the population is located in the Tirana-Durrës metropolitan area, hence in two

overlapping FUAs. Similarly, the situation is presented for most of the services and activities provided to/delivered from the population.

Figure 26. Comparison of PUSH population with FUA population



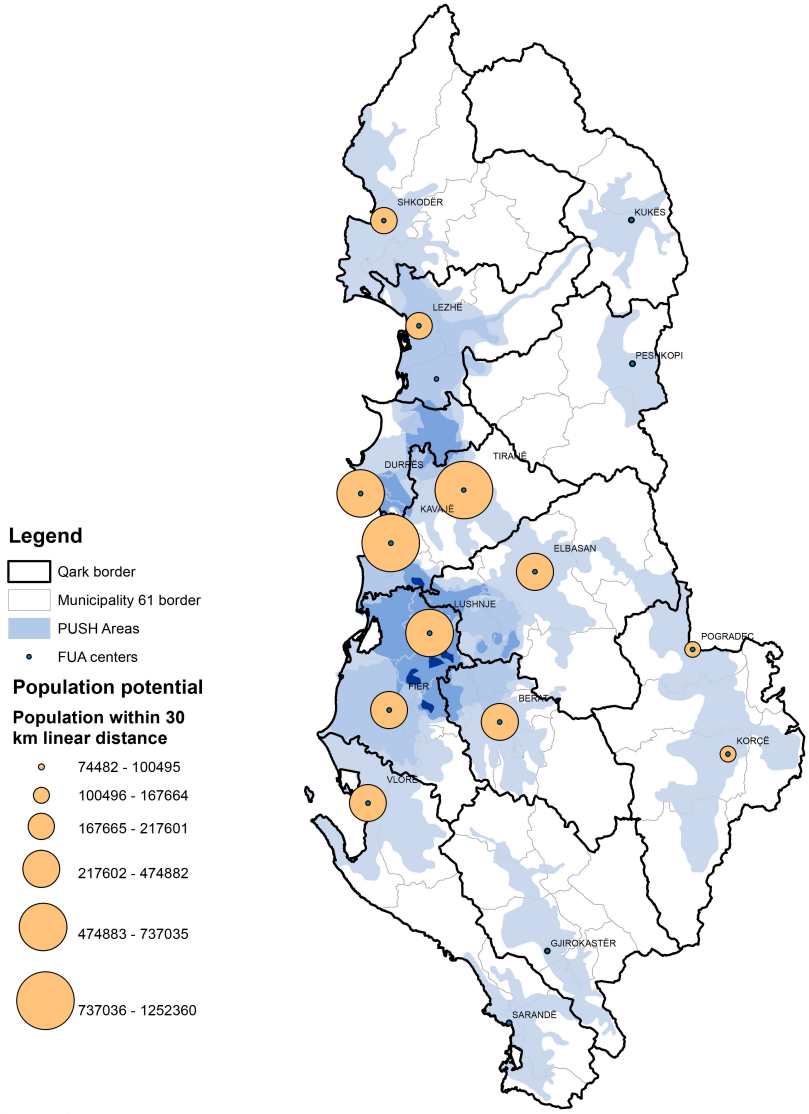
Source: Author's calculations based on INSTAT Census 2011 data and INSTAT Raster cells

Table 3. Comparison of PUSH population with FUA population

No.	Name of PUSH/FUA	Population FUA	Population PUSH
1	Berat	116,653	213,117
2	Durrës	206,979	961,451
3	Elbasan	155,969	268,733
4	Fier	170,499	419,211
5	Gjirokastër	44,464	51,232
6	Kavajë	55,949	270,735
7	Korçë	107,901	163,151
8	Kukës	28,526	51,017
9	Laç	696,962	540,83
10	Lezhë	73,165	167,462
11	Lushnjë	79,468	230,611
12	Peshkopi	77,025	61,08
13	Pogradec	45,118	182,523
14	Shkodër	165,241	230,198
15	Sarandë	39,696	46,581
16	Tiranë	761,814	950,764
17	Vlorë	105,209	184,687

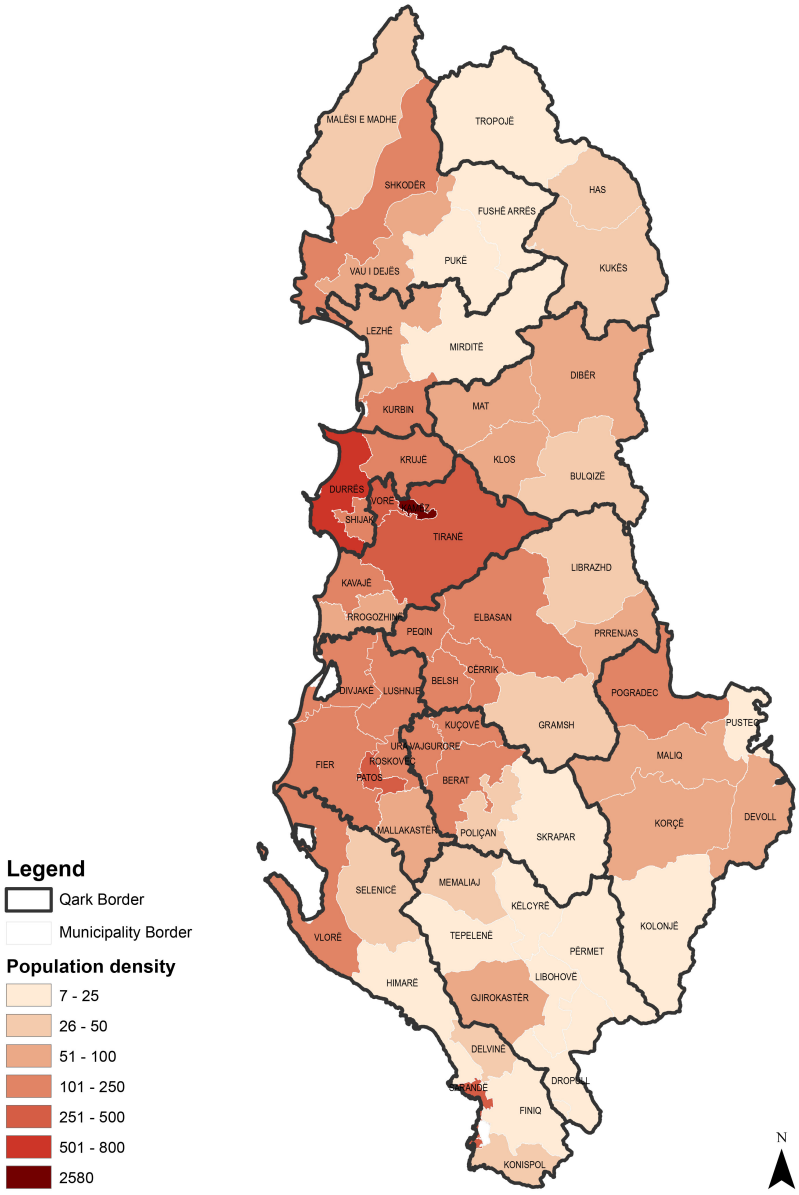
Source: Source: Author's calculations based on INSTAT Census 2011 data

Figure 27. Number of persons reachable from FUA centres within 30km of linear distance



Source: Author's calculations based on INSTAT Census 2011 data

Figure 28. Population density

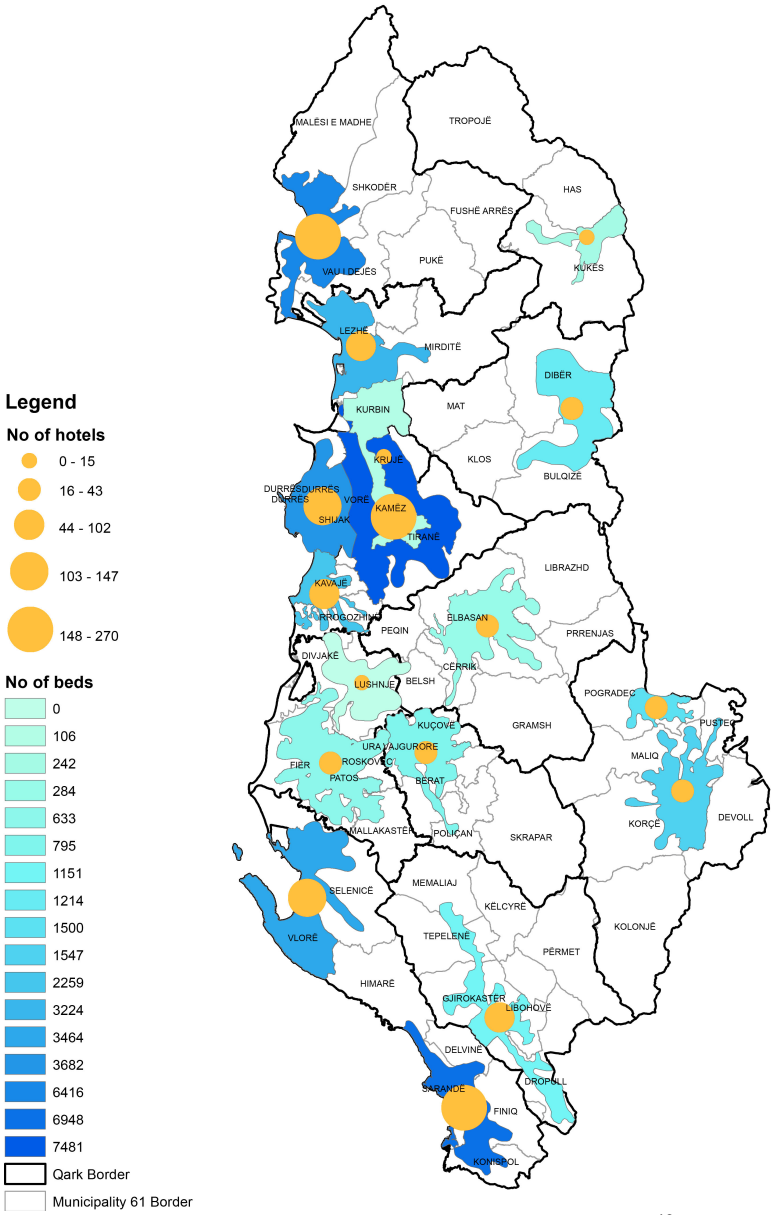


Source: INSTAT Census 2011 data

4. **Tourism[41]:** The performance of this sector provides indications on the current and potential attractiveness of the regions. Albania has an enormous touristic potential in terms of natural resources. However, the development of infrastructures and facilities related to tourism and accessibility in and towards the sites, including the concentration of the private investments in the Tirana-Durrës metropolitan area, are highly correlated with the location of the hotels. Thus, around 400 hotels (all categories) are located in the metropolitan area of Tiranë-Durrës. Only 11% of the hotels are located in the North (from Kruja and above). There is also a concentration of hotels along the western coast

cities/FUAs with 70% of the hotels. From a geographical point of view, it is clear that there is no correlation between the location of hotels (investments and services) and the touristic attractions (natural sites and leisure activities). It is also worth mentioning that the recorded hotels are only those that operate in the formal market. The number of hotels (touristic accommodation of all categories) is much higher, considering the accommodation facilities that operate informally.

Figure 29. Distribution of hotels (all categories)



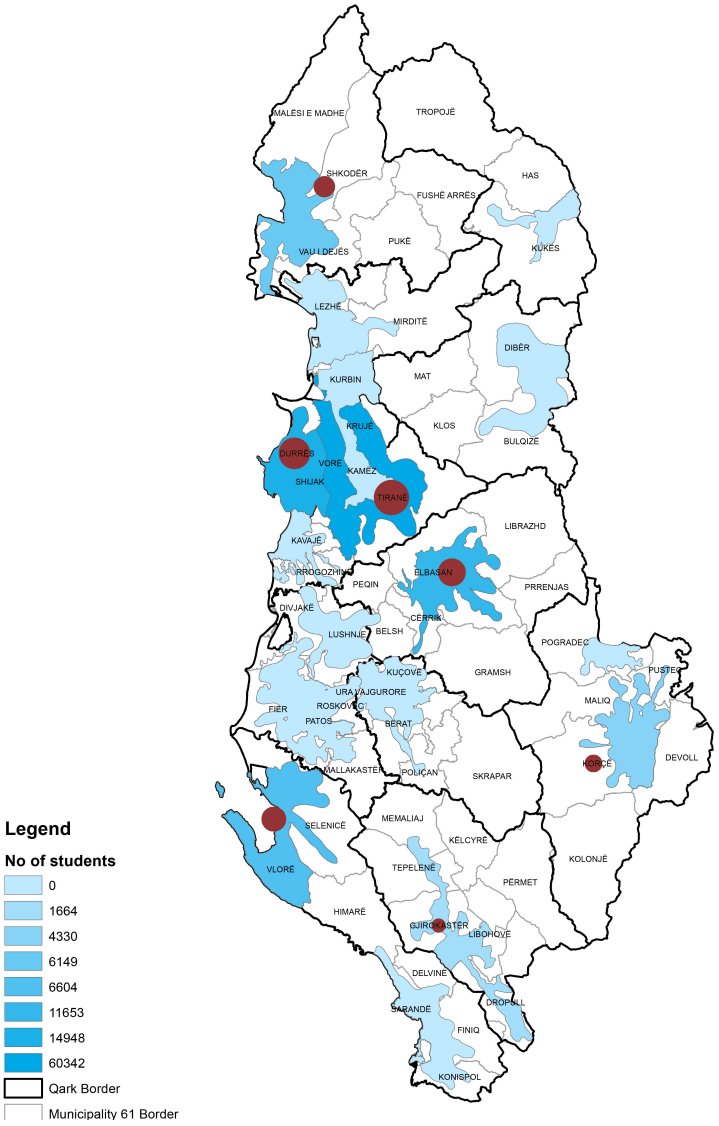
Source: Ministry of Finances and Economy (2018)[42]

5. **Industry:** The strongest FUAs in terms of GVA (Gross Value Added) in industry are Elbasan, Fier, Shkoder and Durrës. This is certainly linked to the industrial activities located in these *qarks* and show for a potential of new urban

transformations taking place in these areas.

6. **Knowledge:** For this function the number of students attending higher education institutions in 2015-2016 is calculated. The FUA of Tirana scores obviously and convincingly higher compared to other FUAs in terms of knowledge institutions and number of students. On the other hand, there is a relatively uniform distribution of the high education institutions and students in some of the other *qarks* and in their respective FUAs. While figures show for some balance, the quality of the institutions is not necessarily uniform across the territory, with Tirana again making a difference. In any case, the figures are about university education. Institutions of elementary and high school education are distributed among FUAs proportionally to population.

Figure 30. Number of students attending tertiary education

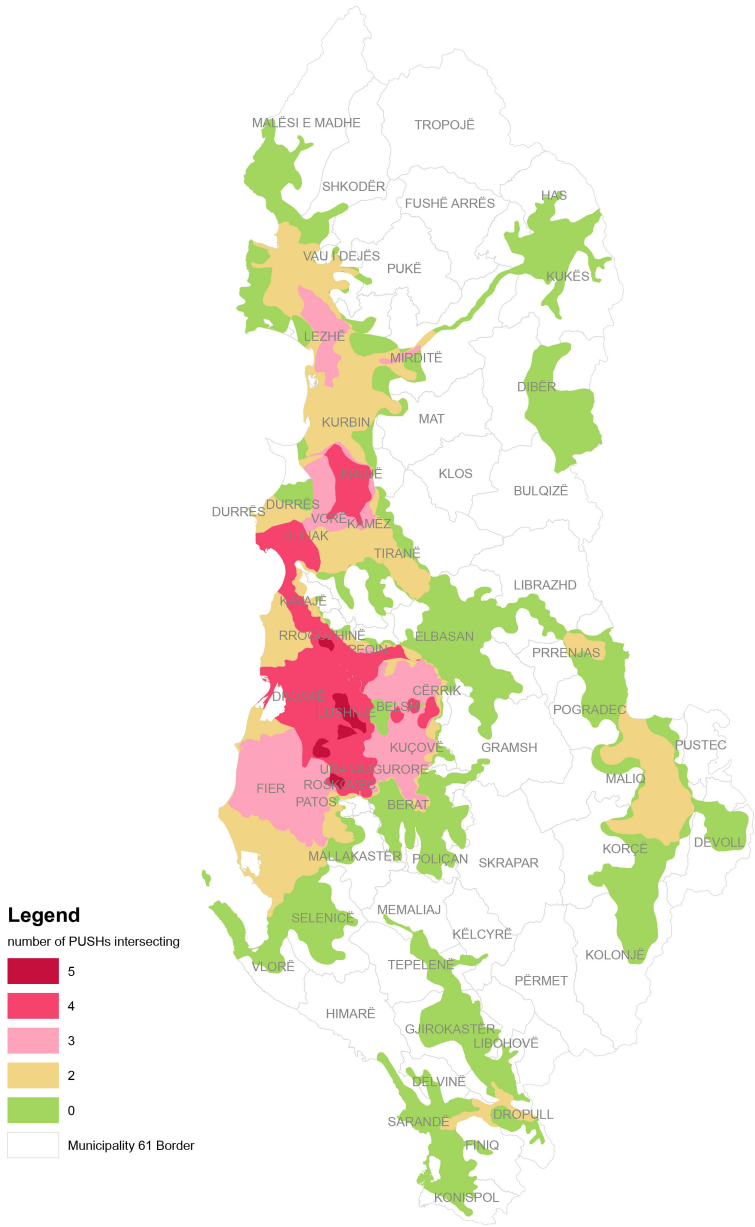


Source: (INSTAT, 2018)

The morphological and the functional analysis of polycentrism shows that Albania has a polarized territorial structure, with Tirana being an outlier at all cases of analysed indicators, and Tirana-Durrës metropolitan area following. Both cases have major gaps from the other municipalities, regions and FUAs. However, the morphological and functional analysis is descriptive and a 'photograph' of the current situation. Besides understanding the current structure (a typical normative analysis), it is also important to understand what could be *potentials* for territorial polycentricity. Polycentrism is not only about territorial structures, but functions and stakeholders' interactions as well. However, at this stage of the analysis, functions are considered only those that one can read in the territorial structure, and do not include potential functions that rise due to stakeholders' cooperation and presence of networks. This means that if a territorial structure has the potential to become polycentric (from a morphological perspective), this does not guarantee that cooperation and networking will happen in the future exactly where territorial potential is present.

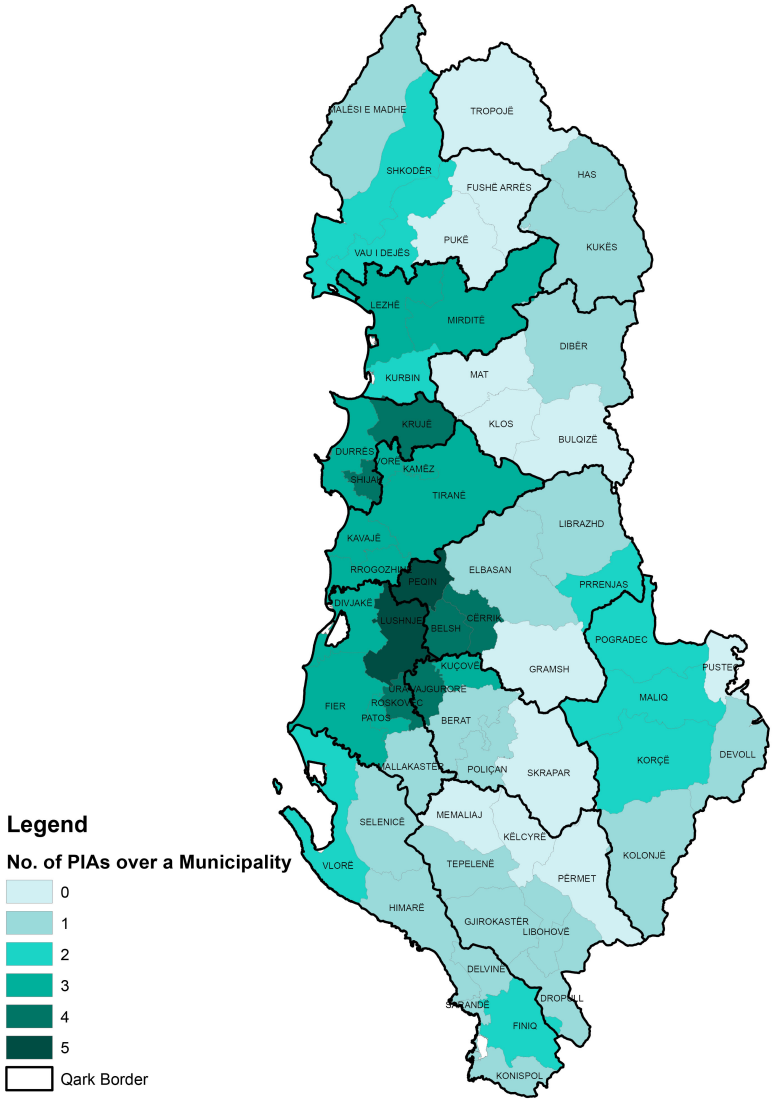
In order to understand the territorial structure potential for polycentricity, the analysis (which remains morphological in character) defines the Potential Urban Strategic Horizons (PUSH areas) and the Potential Integration Areas (PIA) (see methodology in section 1.4). The results are indicative to planning and governance processes and could be used as a guide in steering development and polycentric governance in the future. In order to identify PUSH areas (based on ESPON, 2005), for each FUA, the respective area that can be reached within 45 minutes by road public transportation is defined on the map. The resulting polygons are named as the 45 minutes isochrones. This time limit is widely recognized as the most appropriate and common for daily commuting, therefore defining the so-called work catchment areas. The areas included within this commuting radius provide cities with a "better opportunity for functional integration", based on the hypothesis that "cities with overlapping travel-to-work areas have the best potential for developing synergies" among them (ESPON, 2005, p.13). The work catchment areas are further approximated to municipal boundaries, because the municipalities, as ESPON (2005, p.13) defines, are the "potential building blocks in polycentric development strategies". This approximation results into the PUSH areas. The further integration of PUSH areas results into the designation of PIAs (figures 31 and 32).

Figure 31. Potential Urban Strategic Horizon areas (PUSH, intersection 45 minutes isochrones)



Source: Based on author's calculations

Figure 32. Potential Integration Areas (PIA, at municipality 61 level)



Source: Based on author's calculations

The analysis of PUSH areas and PIAs in Albania shows that 20% of the municipalities, or 23% of the territory are not covered by any PUSH polygons at all. Geographically, this coincides with the most mountainous area of the country (in several cases being also border areas), which as shown in section 3.3, has also very low accessibility. The municipalities located geographically in the middle (from Durrës and Tirana in the north, to Fier and Lushnje in south) remain advantageous in overall (similarly to the FUAs situation). This is strongly related to accessibility potential (both from the polycentricity analysis perspective and as shown in section 3.3 – accessibility analysis), to the presence of most of the agriculture land within this territory, and to the concentration of population and most of work and services activities.

However, the most interesting finding is that the highest number of intersections is found in the area composed from municipalities of Krujë, Shijak, Peqin, Lushnje, Belsh,

Cërrik, Roskovec and Ura Vajgurore. These are some of the smallest municipalities in the country, located at the periphery of the major urban centres (such as Tirana, Durrës and Fier), with 11% of the total population of Albania, and, with the exception of Lushnje, do not constitute urban cores to any agglomerate, or FUA. These municipalities constitute inner peripheries, which have a very strategic location, within the commuting basins of at least 5 FUAs/Urban cores; and do have a potential for hosting functional specialization that the current urban cores either do not have (due to congestion and high densities), or need to have in complement to their major functions and activities. These features increase the opportunity for these municipalities to be integrated into a polycentric urban system, if significant investments in infrastructure and services are made, and business opportunities are explored.

3.3 Territorial/regional disparities and/or competitive advantages

While "early regional development theories did not pay attention to processes of spatial polarization and peripheralization", since at least 50 years, countries and policymakers engage in the analysis of spatial disparities (Ehrlich et al., 2015, p.5), as a means to understand development on the territory and tackle problems through an integrated multi-disciplinary and multi-policy framework. Studies of spatial disparities are undertaken in Albania as well, and are in a continuous reviewing process in order to feed regional development policy efforts since 2009. The earliest study of regional disparities[43], was conducted for the period 2000-2009, showing that Albania was in a peripheral position (from the regional development perspective) compared to EU countries, while disparities at local level were significantly more pronounced than those at the regional[44] level. The current analysis (of this research) has extended the time series to 2014-2015 (depending on the availability of data). The geographical area of analysis has changed as well, and it is represented by: i) the regional level – four regional development areas designated by the Government of Albania through the DCM no. 961[45]. This Decision of the Council of the Ministers is currently abolished, but the 4 regional development areas are still effective based on DCM no. 438 approved in 2018[46]; ii) the *qarks* – INSTAT data are produced and/or published at this geographical level, therefore *qark* is an important unit of spatial analysis; iii) local government level – 61 municipalities. The key data analysed at this level are those related to local finances.

In order to identify territorial disparities, a list of 116 indicators is compiled and, due

to data availability, around 90 indicators are analysed, either at all of the above levels, or at one or two of the levels. More information on the indicators is provided in Annex 4.4. The summary[47] of the analysis and related conclusions are organised upon the following sections: economic growth and development, socio-economic cohesion, environment and sustainability, territorial development and accessibility.

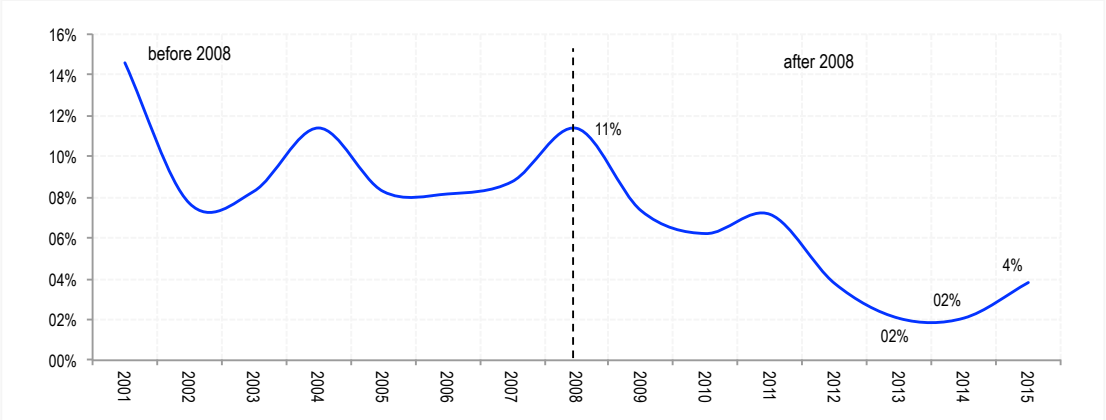
Economic growth and development

One of the important macroeconomic indicators to measure economic growth and development, and conclude on economic disparities is the Gross Domestic Product (GDP). Data from INSTAT show that till 2008 (the world pre-financial crisis period) GDP levels show variations, but have generally an increasing trend. Then, an overall decline is recorded from 2008 to 2013, and from 2014 to date GDP peaks an increasing path again. The year 2008 is often indicated in graphs, because it represents the year of global financial crisis, probably the strongest since the Great Depression in 1930. While Albania was not immediately hit by this crisis, its effects were gradually felt after 2008.

In real terms, GDP increased with 2.2% in 2015, or 0.4 percentage points more compared to the previous year. Quarterly data for real GDP suggest that in 2016, real GDP grew 3.36% and in 2017 with approximately 3.84% (based on preliminary data from INSTAT).

Structurally, Albania's GDP consists primarily of services (45%). Agriculture is also a key sector in the Albanian economy accounting with approximately 18% of GDP, higher than industry with 11%. On the other hand, due to changes in the planning legislation and practice, the construction sector has diminished in size, representing 9.5% of GDP in 2014 from 15.8% in 2008. The data are not present as yet, but it is assumed that the construction sector has increased again its contribution after 2015, when the construction moratorium was lifted and several municipalities started to issue building permits based on their new territorial plans.

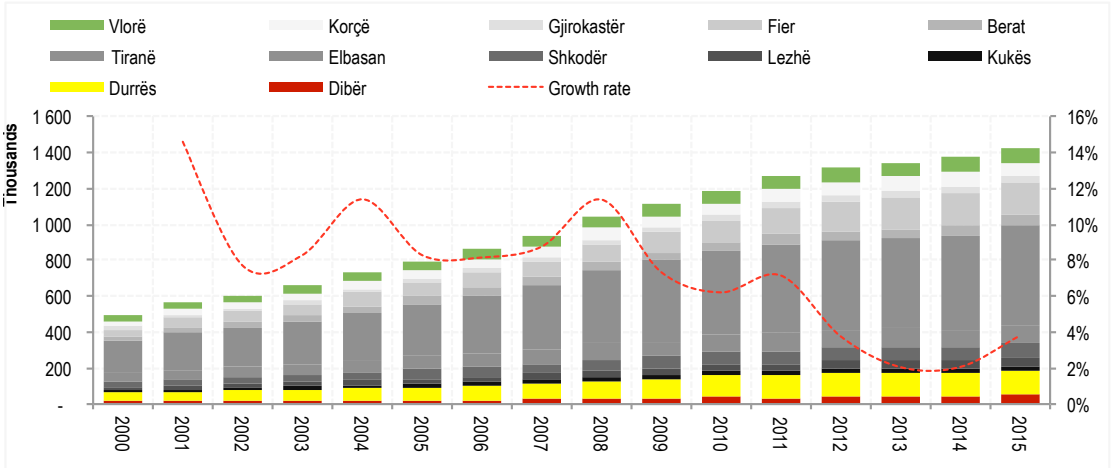
Figure 33. Albania GDP year on year growth rates (in %) (GDP at current prices)



Source: Author's calculations based on INSTAT

Albania has a consumption driven economic model, with strong domestic demand (the main driver of economic growth in the last 20 years financed mainly from: remittances, public assets privatization, and inflows of foreign direct investments) and high imports of consumption and investment goods. However, the external financing sources are also experiencing decline and privatization is close to an end. The migration cycle seems to be changing its patterns (well educated people are looking for opportunities abroad), and the crisis of some European labour markets has obliged several Albanian emigrants to return home. This reduction of sources, combined with diminishing financial intermediation from the Albanian banking system, led to reduction of private investment levels. GDP levels have increased latter, after 2013, due to public investments in the infrastructure sector, and due to investments on the (housing) construction sector after 2016-2017, when most Albanian municipalities had their territorial plans approved, and initiated delivering construction permits.

Figure 34. GDP by Qark at current prices, in ALL Million (lhs) and GDP annual growth rates in % (rhs[48])

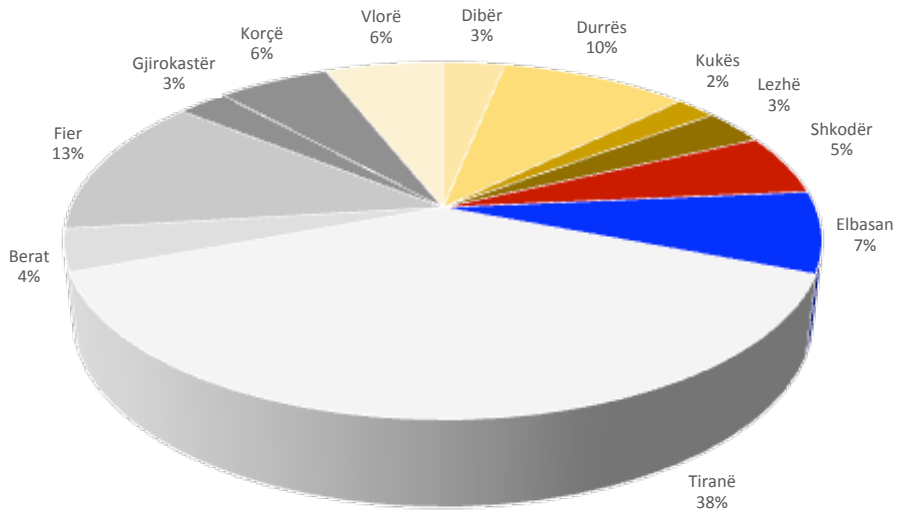


Source: Author's calculations based on INSTAT data

Nominal GDP breakdown by 12 *qarks* emphasizes some permanent patterns over time, such as: the contribution of the *qark* of Tirana dominates broadly and constantly GDP formation, generating on average 37.7% of total nominal GDP over 15 years. Sectorial analysis for Gross Value Added (GVA) data show that the main contributors in the case of Tirana are the *wholesale and retail trade, repair of motor vehicles and household goods, hotels and rest, transport and communications, financial, real - estate, renting and business activities,* and *construction.*

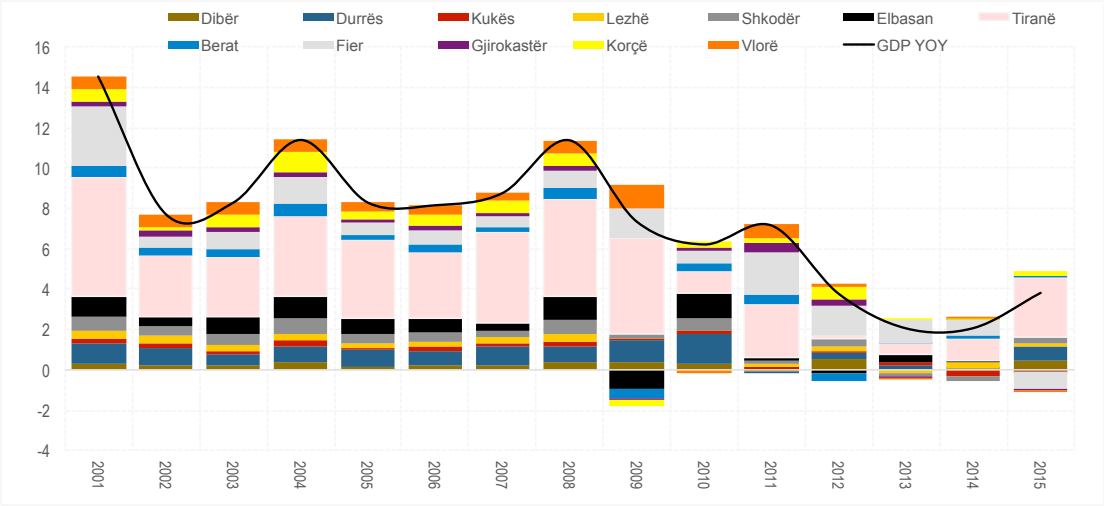
The second largest contributor to overall GDP formation is the *qark* of Fier with 12.6% of total nominal GDP in the last 5 years. This may be related to the sectorial contribution in the GDP, mainly to agriculture and industry. In the case of Fier, sectorial analysis of GVA shows that *agriculture, hunting and forestry, and fishing* are the main contributors in the *qark*'s GDP.

Figure 35. Average weight of nominal GDP per *qark* (% versus total)



Source: Author's calculation based on INSTAT data

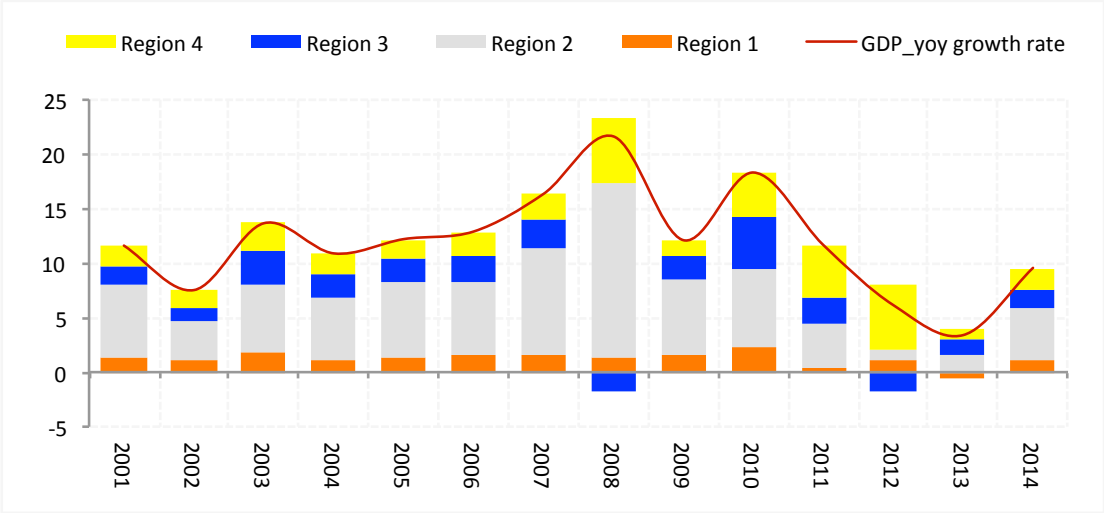
Figure 36. Contribution of *qarks* at annual (nominal) GDP growth rate (in percentage points) and GPD annual growth rate (in percentage)



Source: INSTAT & Author's calculations

At regional level, GDP formation is historically broadly dominated by the contribution of Region 2 (Tirana, Durrës and Dibër). Region 2 has contributed for more than 50% of total GDP over the last five years. Dibër as a *qark* had a minimal contribution over the years, but this becomes invisible when Dibër data are merged with Tirana and Durrës in one region. This may lower the overall positioning of region, but still it does not affect its position compared to other regions. This lowering effect may however be beneficial from a future structural funds' distribution prospective, as it keeps the region at eligibility levels. It also contributes to 'artificially' lowering the disparities between regions – hence while local disparities might be significantly pronounced disparities between regions are less prominent. This could also affect the distribution of the regional development fund among regions or localities, in way that might not necessarily positively influence the reduction of disparities. The second region with largest GDP is region no. 4, composed of Fier, Vlorë and Gjirokastër *qarks*. Fier qark is the dominant *qark* in this case affecting figures at regional level. Region 1 (Shkodër, Lezhë and Kukës) is the lowest scoring region.

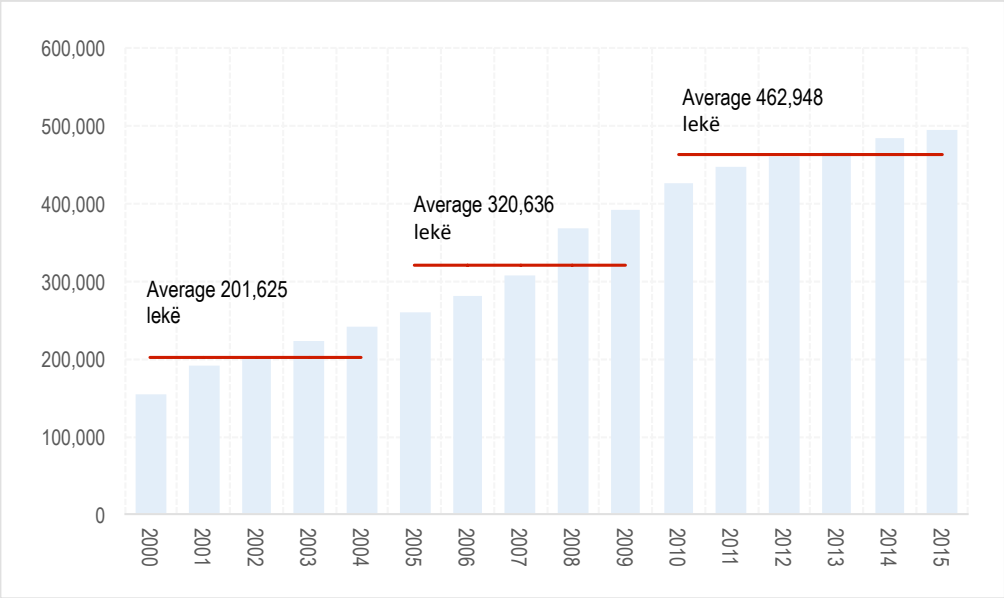
Figure 37. Contribution of regions in (nominal, total) GDP (in % points) and GDP annual growth rate (in %)



Source: INSTAT & Author's calculations

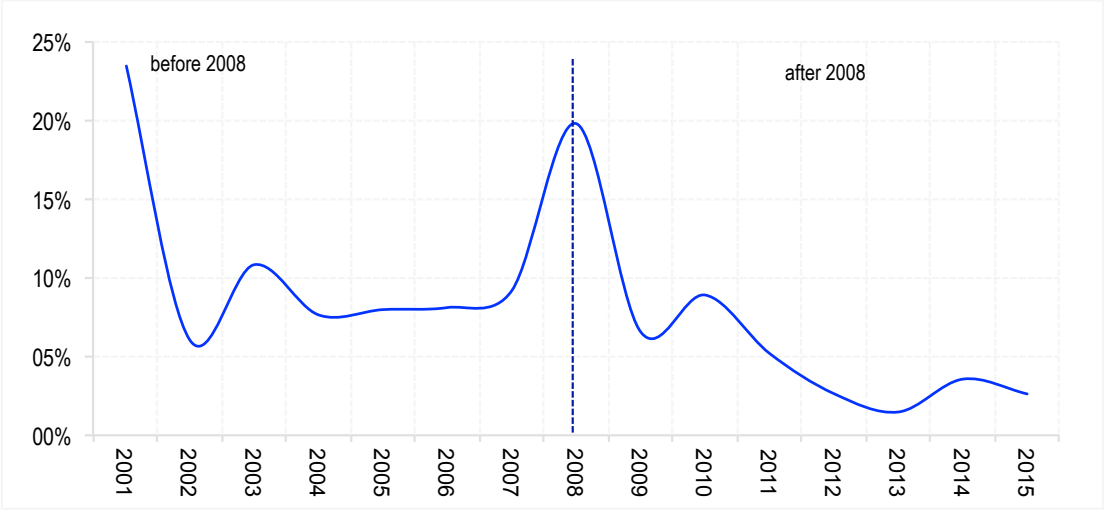
However, though *qark*/Region contribution to national GDP displays growth patterns, the same cannot be stated for the values of GDP per capita (Albanian Lek). Though on average, GDP per capita has increased, the growth rate per year has slowed down.

Figure 38. Nominal GDP per capita (in lekë)



Source: Author's calculations based on INSTAT data

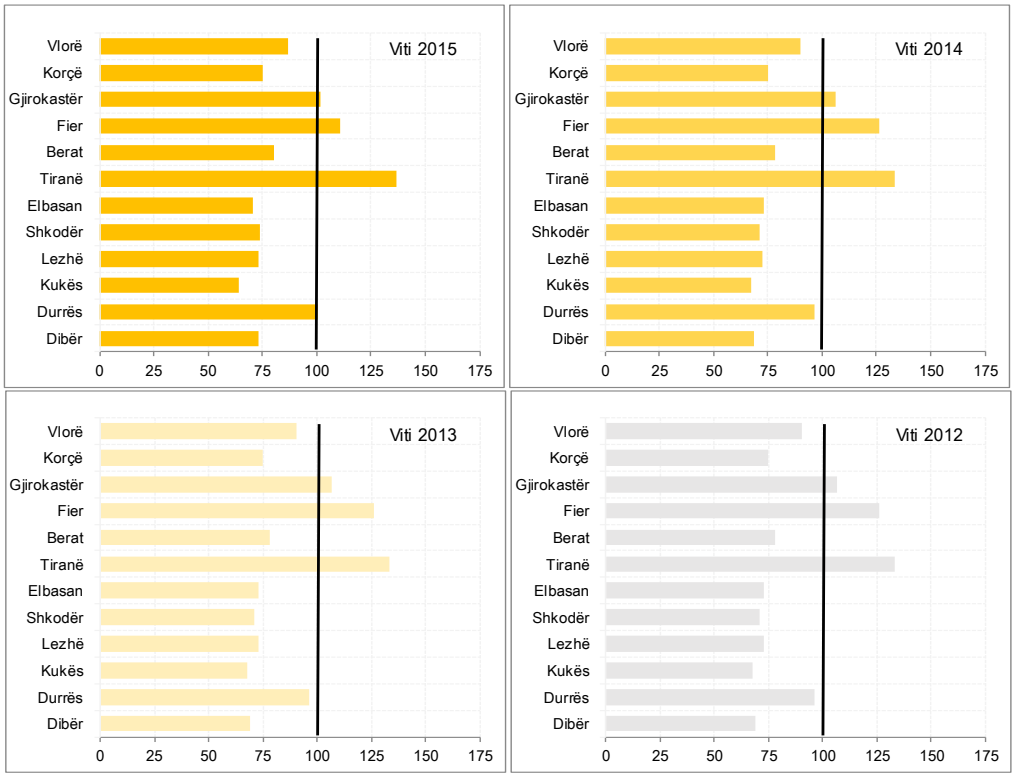
Figure 39. Growth rate of nominal GDP per capita (%)



Source: Author's calculation based on INSTA data

The decreasing rate is mainly due to decreasing income per capita in Fier, Gjirokastër and Kukës. The GDP per capita values and their indexes (both at *qark* and regional levels) are useful in providing a better understanding of the disparities and the nature of the sectors' development within each region. Over years, Tirana has remained constantly above other *qarks* and above the national average. Yet, in the recent years, the gap between Tirana and the national average results seem to be narrowing somewhat. The other *qark*s show rather moderate differences among them, with the northern *qarks* (Dibër and Kukës) remaining still in the most disadvantageous position.

Figure 40. GDP per capita by *qarks*, indices (Albania = 100)

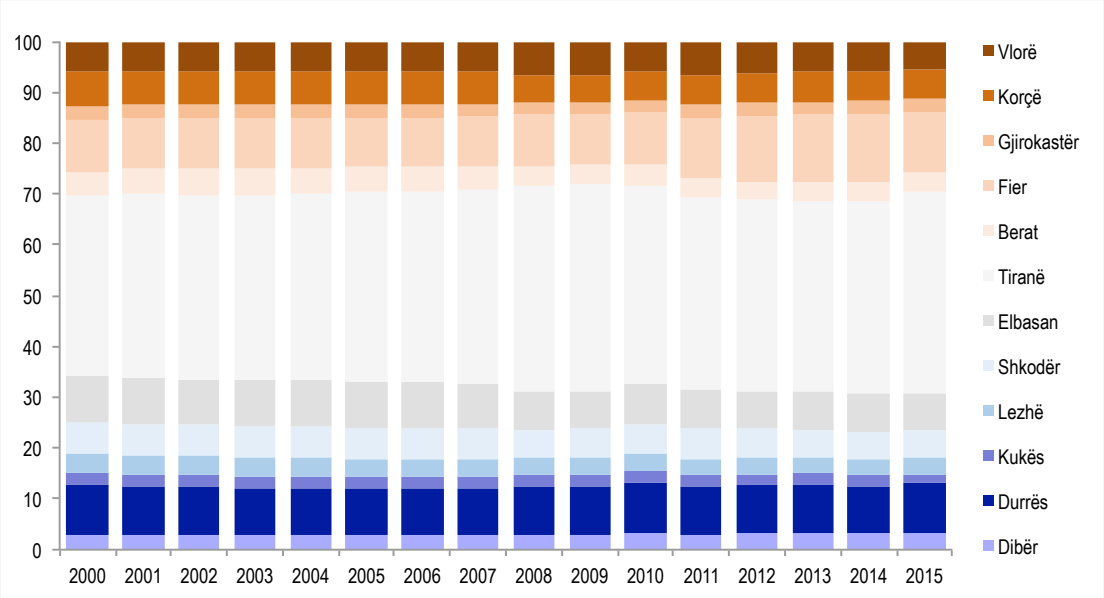


Source: Author's calculations based on INSTAT data

Clearly in this case as well, Region 2 scores above the national average and is better positions compared to other regions, due to Tirana and Durrës *qarks* being part of it. The other regions have similar indices, with Region 1 being in a slightly disadvantageous position.

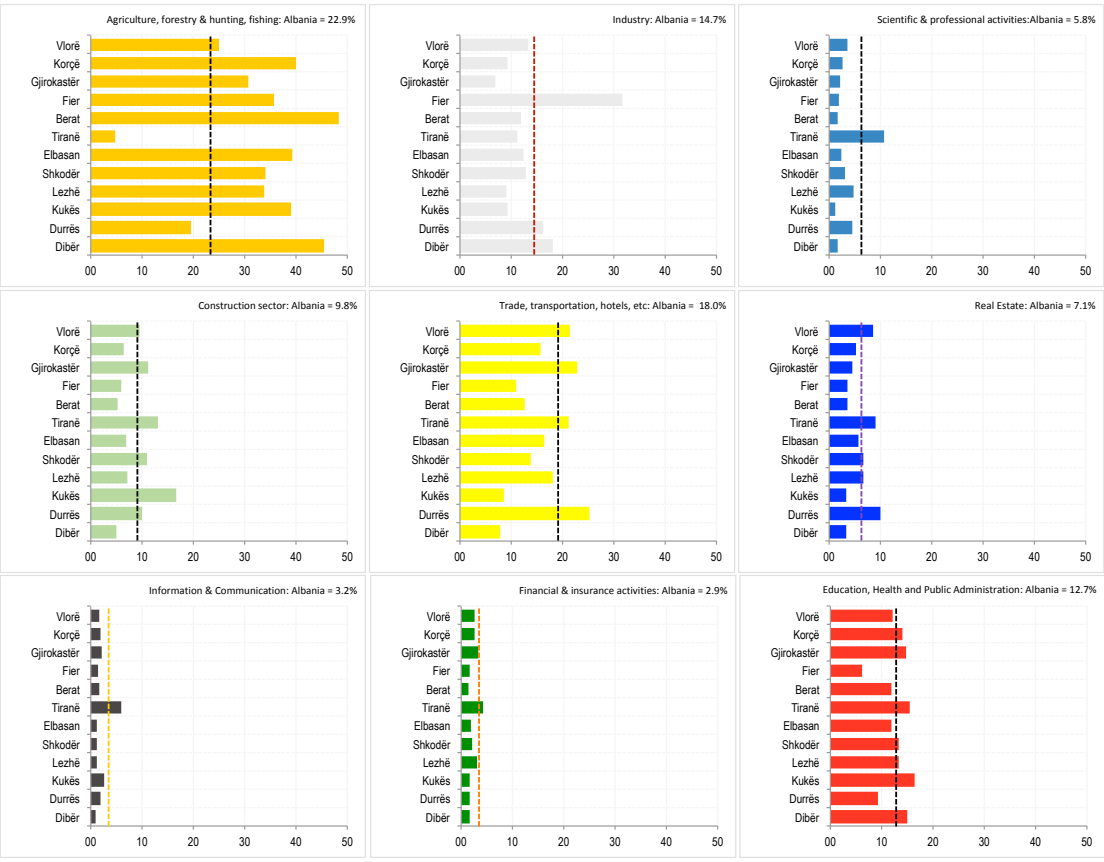
The Gross Value Added (GVA) is another important indicator that besides helping in understanding better GDP figures provides also an understanding on each *qark* and region sectorial contribution in the overall economic growth. GVA formation is dominated from the contribution of the *qark* of Tirana during 2000-2015. The second and third main contributors are the *qark* of Fier and Durrës respectively.

Figure 41. Participation of Qarks at Gross Values Added formation, (weights in %)



Source: INSTAT & Author's calculations

Figure 42. GVA weight (%) by qark for each economic sector and sectors' GVA (weight in %) versus total (Albania) in 2015



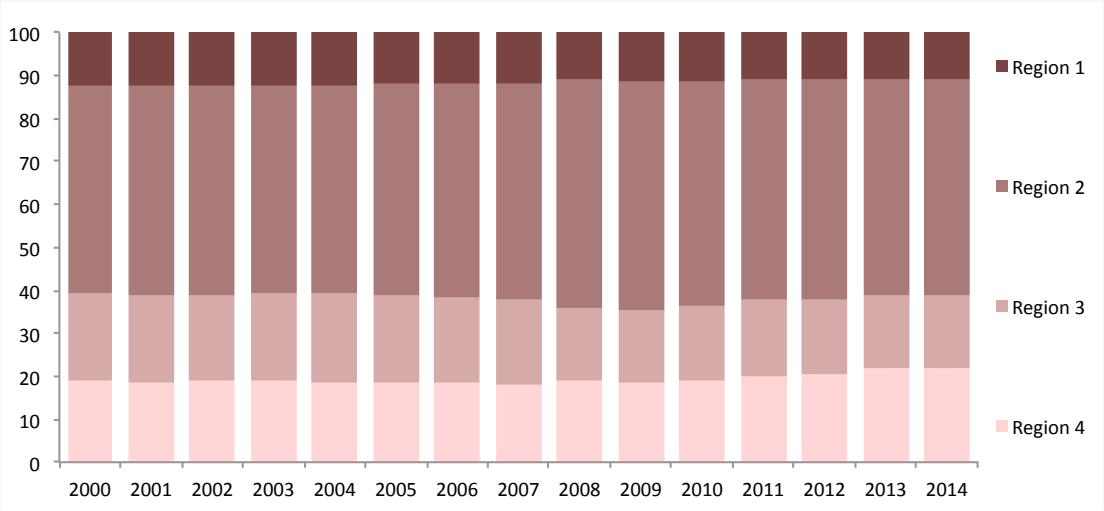
Source: Author's calculations based on INSTAT data

Some sectors, such as financial, communication and information and scientific and professional activities have a very low weight in GVA formation. Agriculture on the other hand dominates GVA formation in all *qarks*, with the exception of Tirana. Next

sectors that dominate GVA formation are industry and services. In the case of industry, Fier has the major contribution, but in the other sectors, Tirana is a major contributor. Tirana is the main contributor to GVA in overall, but its position has fluctuated overtime, with significant decrease during 2011-2014. The latter is mainly due to the construction and trade sectors' negative performance during this period. In case of construction, the negative performance is related to the ceasing of construction permits delivery that happened, due to the territorial planning reform. Fier, on the other hand keeps more balanced contribution overtime – most probably due to the stable role of agriculture and industry.

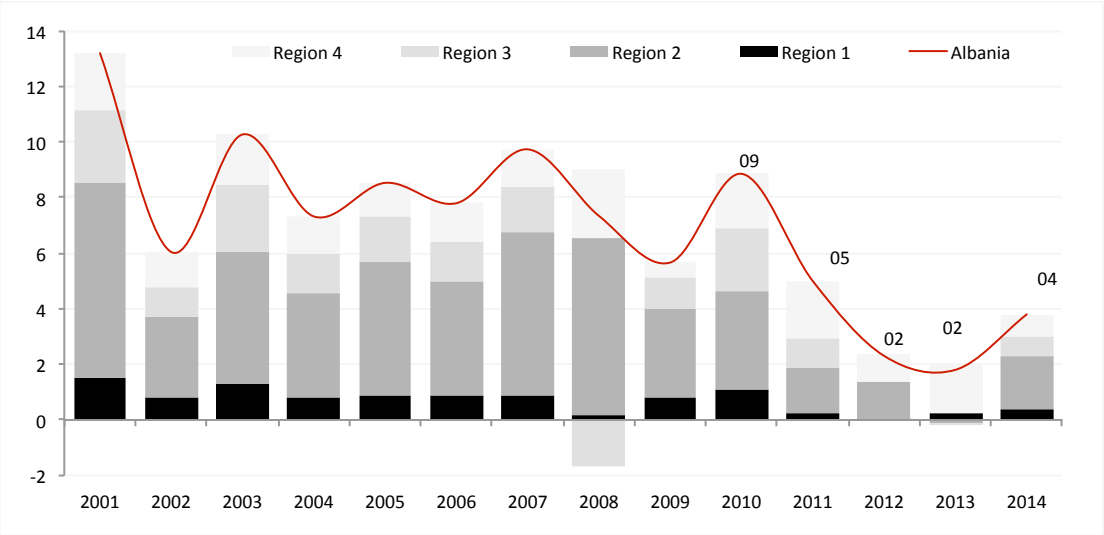
At a regional level, GVA formation is dominated by the increasing contribution of Region 2 (Tirana, Durrës, Dibër), which accounts on average for more than 50% of total gross value added of the country. This is due to Tirana and Durrës respective contributions in several sectors, and also Dibër contribution in industry. Differences remain high though between Region 1 and Region 2 (specifically), and between Region 2 and all three other regions.

Figure 43. Participation of Regions at GVA formation, (weights in % vs. total GVA)



Source: Author's calculations based on INSTAT data

Figure 44. Contribution of Regions GVA, (in pp) and GVA annual growth rate (in %)



Source: Author's calculations based on INSTAT data

GVA at regional level shows that agriculture, hunting and forestry and fishing accounts for more than 30% of total region GVA in regions 1, 3 and 4, with the highest value in Region 3 (37.5%), due to the dominant contributions of Korçë and Gjirokastër. In Region 2, on the other hand, agriculture, hunting and forestry and fishing contributes with less than 10% to the region's GVA formation, and this is due to the strong role of Durrës and Tirana in the services, construction and real estate sectors, as well as Dibër in industry. Region 2 has a multidimensional growth profile compared to the other regions, therefore being more diversified. Region 4 has a better representation of the industry sector (24%) compared to other regions (less than 12%) and this is due to the role of Fier *qark*. It actually suggests for a rather diverse economic character of Fier *qark*, which constitutes both an advantage and a disadvantage for the overall profiling and visioning of future economic growth. The disadvantage is mainly environmental, because agriculture, tourism and the oil extraction industry compete for resources and land within the same territory.

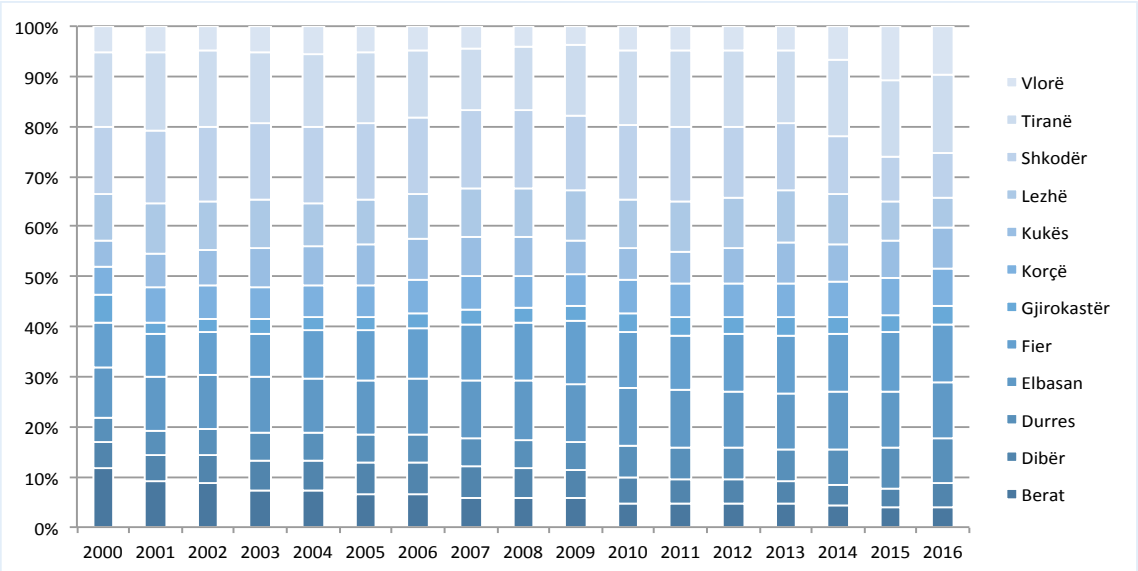
Labour market

The labour market indicators are subject to frequent changes from a methodological perspective. Shifting from administrative data to labour force surveys (LFS) data has led to changes in labour market indicators[49]. In general and over the years, the administrative data for unemployment show lower rates compared to those of LFS. For instance, in 2016, the overall unemployment rate according to the administrative data was 10.3%, while LFS was reporting an unemployment rate of 17.9%.

Unemployment rate is one of the most important indicators to describe the labour market development, because it signals for the health of the economy, labour market frictions and also living standard conditions. At the national level, unemployment rate for the age group 15-29 was 32.5% in 2014 and 28.9% in 2016, quite high compared to other age groups. This may suggest on one side for friction and rigidity of the labour market in absorbing the available human resources, and on the other for inappropriate quality of the labour force or mismatch between offer and demand in the labour market. Unemployment rate by gender for this age group is higher among males than females. The age group 30-64 years had an unemployment rate of 13.3% in 2014 (gradually increasing since 2007) and decreasing in 2016 to 11.8%, with males' unemployment again higher than that of females.

The distribution of unemployed jobseekers by *qarks* seems to be almost uniformly distributed. The highest number is registered in the *qark* of Tirana (about 16% in 2016), followed by Fier and Elbasan with 11% each, though over the years Fier has had slightly higher figures than Elbasan. The lowest levels are in the *qarks* of Gjirokastër and Berat with 4% in each case. The data for long-term unemployed jobseekers is similar. The fact that Tirana, Shkodra, Lezha, Elbasan and Fier have higher numbers could be, to a certain extent, related to higher numbers of working age population in these *qarks*, due to better living conditions and job opportunities, but also perhaps because the salaries are also at better levels.

Figure 45. Registered unemployed jobseekers at *qark* level (% versus total)



Source: Author's calculations based on INSTAT data

Table 4. Registered unemployed jobseekers at region level (number)

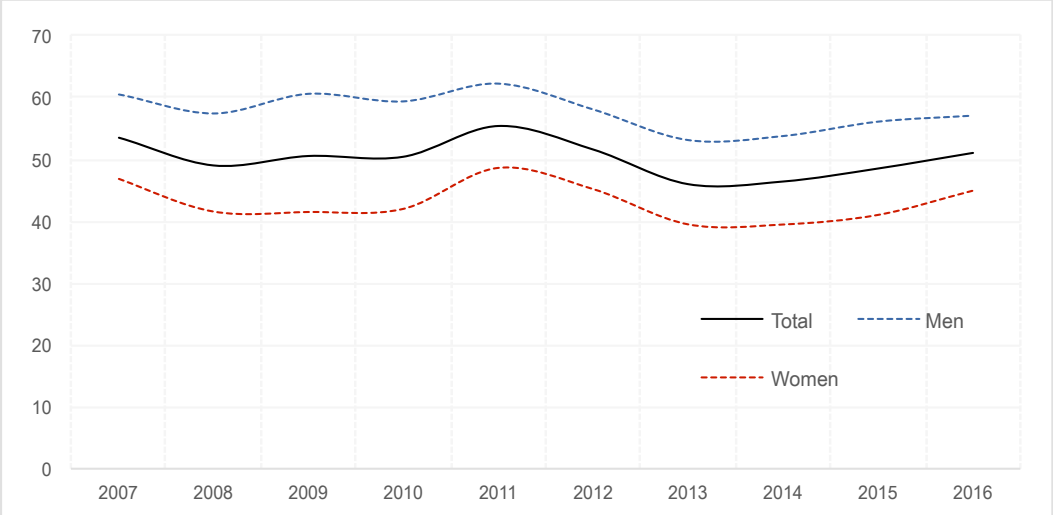
	Total					Females				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Region 1	44,723	44,856	44,610	45,428	41,154	21,206	21,130	44,610	22,052	19,993
Region 2	38,390	37,950	37,651	35,925	37,413	20,635	20,740	37,651	19,202	19,597
Region 3	32,371	31,872	32,128	32,691	32,377	15,823	16,053	28,964	16,429	15,967
Region 4	28,351	27,808	28,142	28,604	31,054	15,193	15,021	28,142	16,012	16,909
Albania	**143,835**	**142,486**	**142,531**	**142,648**	**141,998**	**72,857**	**72,944**	**139,367**	**73,695**	**72,466**

Source: Author's calculations based on INSTAT data

Disparities are even less visible in the case of the distribution of the registered unemployed jobseekers at a regional level, because of the equal mix, in each region, between *qarks* with low and high figures of unemployed jobseekers. Region 1, which has also low figures on productivity, has slightly higher levels of registered unemployed jobseekers. Region 2 (so far the best performer in most of growth indicators) is ranked second in terms of higher levels of registered unemployed jobseekers. This indicator is closely related to other structural indicators, such as demography and trust on the employment support system. The lowest level of unemployed jobseekers is registered in region 4 with only 20.2% of total unemployed jobseekers. The lowest figure here may be due to the potential of the region for rather diversified economic sectors and probably also due to informal employment. This is also a region highly impacted by emigration.

As unemployment has decreased over the last 4 years, employment has slightly increased, though it has not reached the levels prior to 2008. Employment rate is higher for male, than female employees, and it is higher than the national average.

Figure 46. Average employment rate (%, average of employment rate for age groups and gender)



Source: Auhtor's calculations based on INSTAT data

In terms of age groups, employment is higher for ages 30-64. Employment rate for 15-29 age group females is lower compared to males. The gender gap is persistent over the time series, indicating for low results of gender equality policies. High unemployment within this age group carries implications for overall social and economic development, education outcome and investments, increasing informal employment and brain drain.

Table 5. Employment rate per age and gender (%)

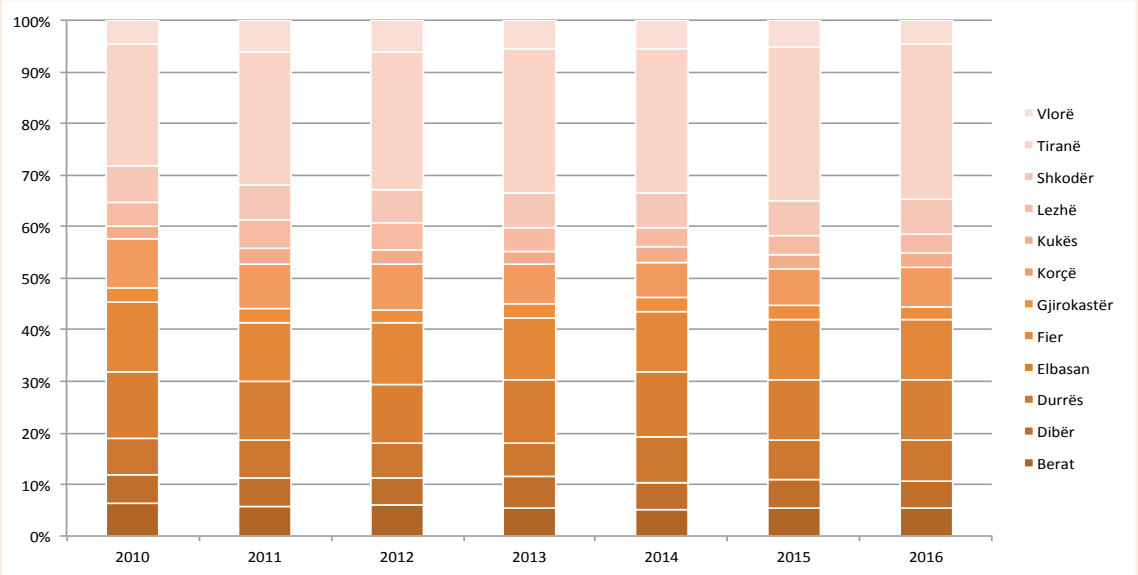
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gjithsej	15-29	40.2	31.3	35.6	34.3	42.8	34.5	28.2	28.2	29.8	32.4
	30-64	67.5	64.6	65.6	66.4	68.2	66.4	61.8	62.7	65.2	67.2
	15-64	56.6	53.9	53.5	53.5	58.7	55.9	49.9	50.5	52.9	55.9
	15+	50.3	46.3	47.5	47.5	51.9	49.6	44.1	44.3	46.2	48.7
Meshkuj	15-29	44.1	35.9	41.1	39.3	48.0	38.8	33.7	33.0	35.8	36.3
	30-64	77.2	76.5	79.8	79.2	76.7	75.4	70.8	72.7	74.8	75.4
	15-64	64.0	63.3	64.5	63.1	65.7	62.2	57.3	58.0	60.5	61.9
	15+	57.3	54.0	57.0	55.9	58.6	55.9	50.7	51.4	53.3	54.7
Femra	15-29	36.4	27.2	31.0	29.6	37.3	29.4	23.0	23.3	23.1	28.0
	30-64	58.0	54.1	52.5	54.4	60.1	58.3	53.9	53.6	56.3	59.3
	15-64	49.3	45.6	43.6	44.5	51.8	49.6	43.1	43.4	45.5	49.7
	15+	43.4	39.4	38.9	39.5	45.3	43.5	38.0	37.6	39.2	42.8

Source: INSTAT

The highest employment level is registered in the *qark* of Tirana (around 34% of total employment in 2016) followed by Fier (13.8%) and Elbasan (13.5%). These *qarks* have high population numbers, but also sector employment dominances. For instance both Fier and Elbasan have an employment dominance of the private agricultural sector, while Tirana has an employment dominance of the non-agricultural private sector.

Employment levels in the *qarks* of Durrës, Korçë and Shkodër present similar patterns, while Gjirokastër has the lowest level of employment (2.9% in 2016) followed by Kukës.

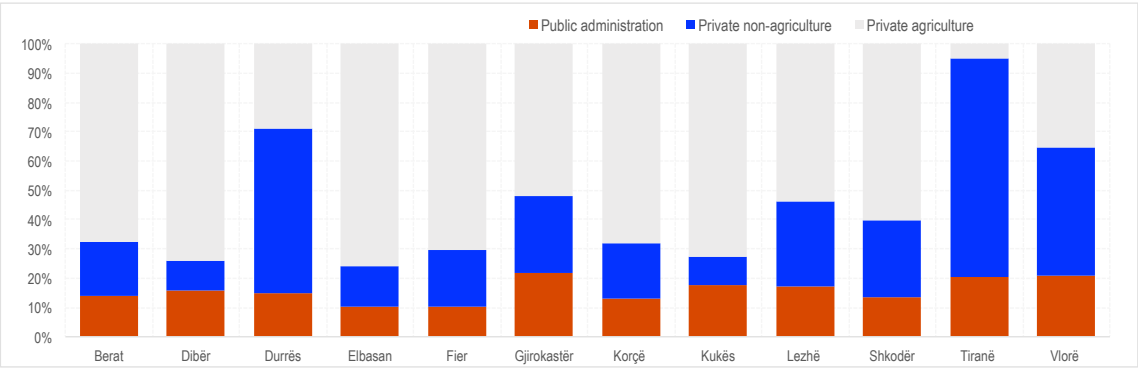
Figure 47. Qark contribution in overall employment (in %, weight)



Source: Author's calculations based on INSTAT data

From a regional perspective, Region 2 has the highest employment level and Region 1 has the lowest, while 3 and 4 stand in similar positions. Furthermore, most of the employment is registered in the private agriculture sector, followed by private non-agriculture. Employment in public administration is similar among all *qarks*, but still Tirana is a dominant *qark* and therefore Region 2 also dominates in terms of employment in this sector. Furthermore, Tirana is dominant also in employment in private non-agriculture as opposed to Elbasan, Kukës, Fier and Korçë, where private agriculture sector dominates convincingly.

Figure 48. Employment per sector and qark (2016)



Source: Author's calculations based on INSTAT data

Entrepreneurial spirit

The business demography statistics, such as the number of active enterprises, birth rate etc. mirror broader developments in the economy, i.e. job creation and dynamism of economic growth. Birth of new enterprises is important to increasing competitiveness of a region or country enterprises, pushing them to become more efficient. Births and survival together simulate innovation and adoption of new technologies, therefore increasing productivity. The stock of active enterprises had an increasing trend till 2008. After 2008, growth rates slowed down, becoming negative in 2012 and increasing again afterwards. As for most of the economic activity, active enterprises are located mostly in the *qark* in the *qark* of Tirana (33.2% of the total of active enterprises in 2016). This is due mainly to the better business infrastructure and service offered in Tirana and proximity with institutions that facilitate businesses operation. Second in classification is Fier with 12.8% of the total and with growing trends in the last three years, while Kukës and Dibër have the lowest number of active enterprises with 1.1% and 1.8% of the total respectively. These very low figures explain also their low contribution in GVA formation.

Table 6. Active enterprises, stock at the end of the year

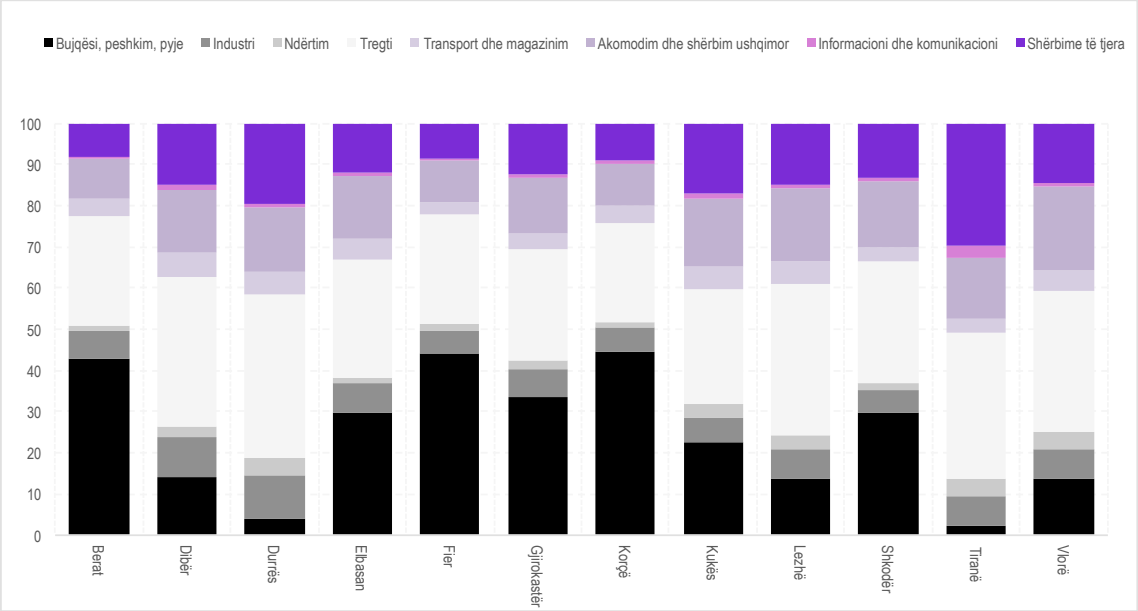
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Berat	4,366	4,545	4,470	4,557	4,302	7,205	8,300
Dibër	2,097	2,142	1,945	2,077	2,164	2,850	2,935
Durrës	12,316	12,918	11,625	10,599	9,578	13,125	13,310
Elbasan	6,972	7,611	7,311	7,442	7,859	11,493	13,301
Fier	9,416	9,924	9,527	9,830	9,693	19,199	20,497
Gjirokastër	2,926	3,022	2,642	2,814	2,681	3,661	4,600
Korçë	6,673	6,843	6,610	6,728	7,311	11,609	14,032
Kukës	998	1,053	986	1,062	1,068	1,543	1,780
Lezhë	2,844	3,104	2,954	3,189	3,388	4,902	5,550
Shkodër	6,258	6,607	6,543	5,945	5,446	10,299	11,349
Tiranë	39,656	42,117	43,295	47,477	49,467	54,237	53,405
Vlorë	8,516	9,153	8,929	9,363	9,580	12,165	11,620
Shqipëria	**103,038**	**109,039**	**106,837**	**111,083**	**112,537**	**152,288**	**160,679**

Source: INSTAT

The distribution of active enterprises by economic sector and *qark* shows that trade and services dominate in general the activity of the enterprises in all *qarks*. However, in Fier, Korçë and Berat agriculture enterprises constitute 44.3%, 44.5% and 42.7% respectively, scoring noticeably higher compared to other sectors. For instance, the second more prominent sector for active enterprises in these three *qarks* is trade, with

26.8%, 24.1% and 26.8% respectively. In the case of Tiranë and Durrës, the agriculture sector constitutes only 2.4% and 3.9% respectively (the lowest weight among all *qarks*), while services in general, accommodation, and trade constitute the majority of the enterprises activity. The situation is similar for Kukës, Lezhë and Dibër. This is an indication of a rather sluggish economy in the latter *qarks* given their low population figures low quality of infrastructures generally.

Figure 49. Active enterprises by sector and *qark* in 2016



Source: Author's calculations based on INSTAT data

Table 7. Active enterprises by *qarks* per 10,000 inhabitants (number)

Qark	2010	2011	2012	2013	2014	2015	2016
Berat	285	304	305	314	299	510	621
Dibër	142	149	138	150	157	211	231
Durrës	464	479	424	385	347	473	471
Elbasan	225	248	240	246	260	388	466
Fier	285	305	298	309	306	612	675
Gjirokastër	356	385	354	382	368	514	687
Korçë	285	297	291	297	325	521	650
Kukës	109	118	112	123	124	182	221
Lezhë	202	222	213	231	246	360	428
Shkodër	273	293	294	268	248	475	543
Tiranë	531	552	554	602	622	673	626
Vlorë	454	495	489	512	524	664	617
Albania	**353**	**375**	**368**	**383**	**389**	**528**	**559**

Source: INSTAT

While Tirana constantly has the highest number of active enterprises at *qark* level, figures on the stock per 10,000 inhabitants do not necessarily favour always Tirana. The figures per 10,000 inhabitants are important to get an interpretation of the dynamic

entrepreneurship patterns among *qarks*. Hence, Berat, Fier, Gjirokastër and Korçë have experienced growth by 100% in terms of enterprises per 10,000 inhabitants in 2016 compared to 2013 and 2014. Dibër and Kukës on the other hand, have very low figures showing for pronounced disparities that have persisted over the years and emphasises the fact that most economic activities are concentrated in Tirana.

Figure 50. Indexes of stock of active enterprises per 10,000 inhabitants (2016)

Source: Author's calculations based on INSTAT data

Similarly as for other indicators, at regional level, Region 2 scores higher in terms of the stock of active enterprises and active enterprises for 10,000 inhabitants, due to the presence of Tirana and Durrës. Region 1, where Kukës and Dibër are located is highly in disadvantage compared all other regions.

Table 8. Active enterprises by regions, stock at the end of the year (number)

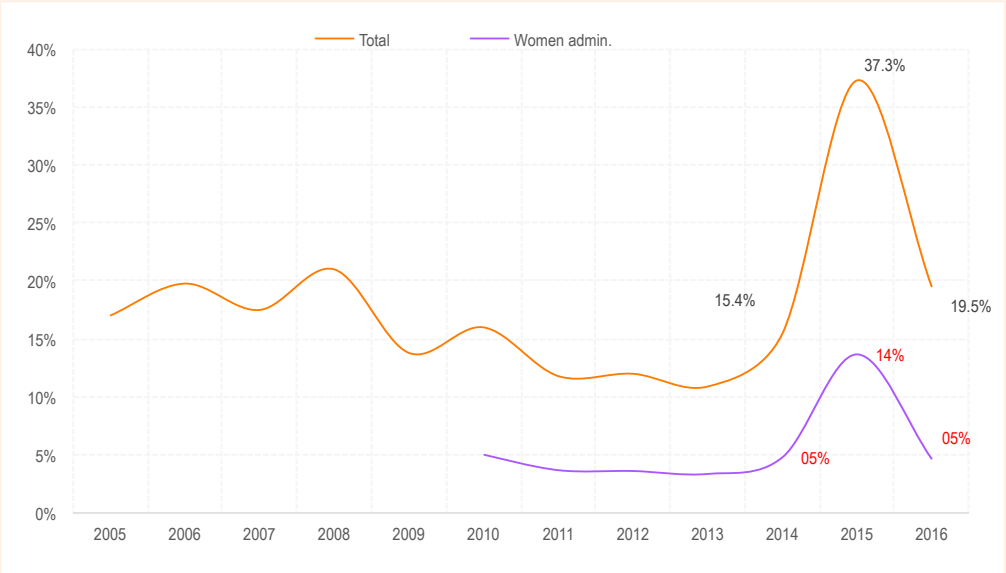
	2010	**2011**	**2012**	**2013**	**2014**
Region 1	10,100	10,764	10,483	10,196	9,902
Region 2	54,069	57,177	56,865	60,153	61,209
Region 3	18,011	18,999	18,391	18,727	19,472
Region 4	20,858	22,099	21,098	22,007	21,954

Albania	103,038	109,039	106,837	111,083	112,537

Source: INSTAT

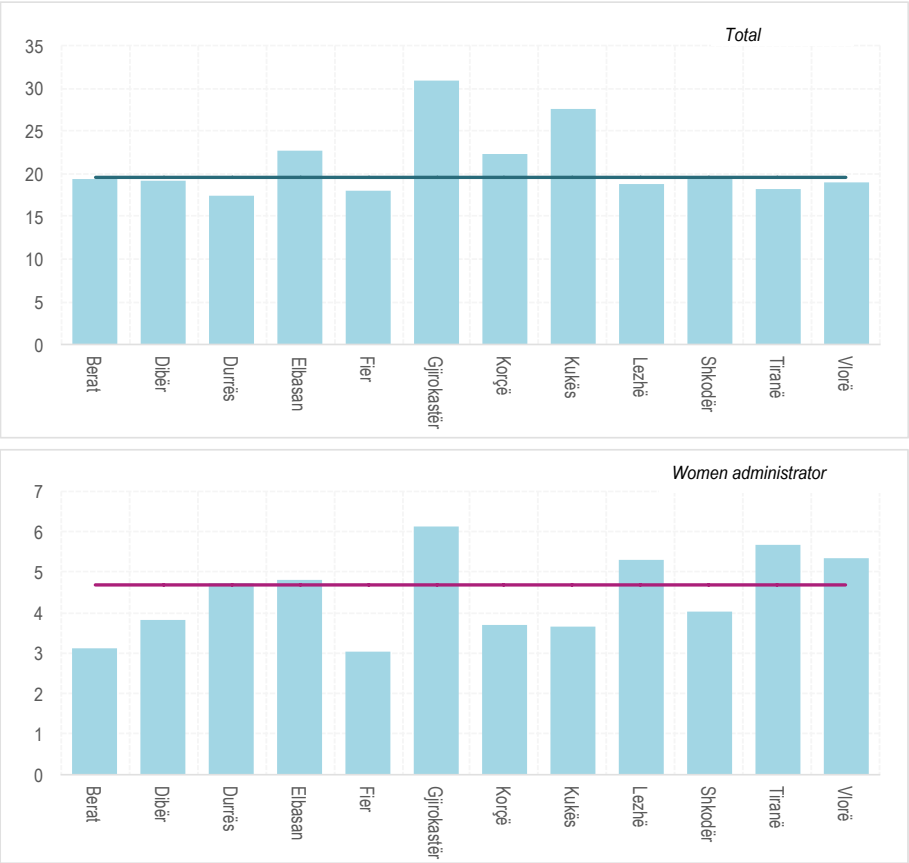
In terms of the entrepreneurial activity Albania has experienced decline of the new enterprises birth rate from 2008 to 2013 and afterwards the rates have more than doubled in 2014 and 2015, to experience again decline in 2016. At a *qark* level, Gjirokastër and Kukës have the highest rates in 2016 with 30.9% and 27.5% respectively. This might be due to the formalization effort made in 2016, when several small businesses were obliged to register in the formal market. The lowest values of new enterprises birth rates were registered in the qarks of Durrës, Tiranë and Fier with values that stand between 17% and 18%. This is explained with the fact that these three *qarks* have a large base of existing active enterprises. As the birth rate is calculated as the proportion of newly born versus this base, then the ratio will be lower compared to other *qarks* with a limited number of existing active enterprises and subject to the formalization of the economy.

Figure 51. New enterprises birth rate



Source: Author's calculations based on INSTAT data

Figure 52. New enterprises birth rate per *qark* and gender based (2016)



Source: Author's calculations based on INSTAT data

At a regional level, Region 2 has the highest number of the total newly created enterprises, as well as the highest concentration of female owned/administered new enterprises versus total female owned/administrated new enterprises in Albania. However, the highest birth rate of new enterprises was recorded in Region 1 (22.8% in 2014), about 7.4 percentage points above the national average. The same dynamics might be notices in the female owned/administrated new enterprises birth rate where the value recorded for Region 1 in 2014 stands about 10.0 percentage points above the national average.

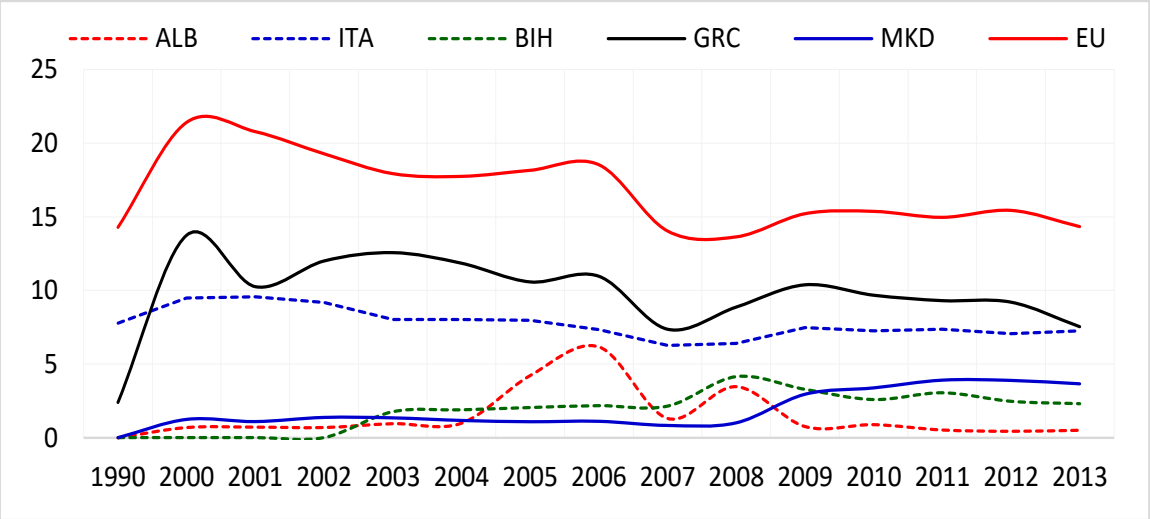
Competitiveness

The economic competitiveness refers to the ability of economy to grow and compete for human capital, investments and other resources. Competitiveness is measured by a set of indicators. The Global Competitiveness Report measures indicators in 12 pillars, among which institutions, infrastructures, ICT adoptions, business dynamism, skills, market size, financial system, etc. This report, for 2015-2016 ranked Albania 94th out of 140 countries, scoring 3.9 out of 7. In 2018, Albania was ranked 76th out of 140, with

a global competitiveness index of 4. In overall, Albania had improved scores in most of the pillars, but had also worsening values for the infrastructure and labour market pillars[50]. Being a new objective to Albanian policy-making, data on competitiveness are not generated as yet at *qark* or regional level.

In the case of *high technologies exports as % of manufactured* exports. Albania had a figure of 0.5% in 2013, quite low in comparison to other countries in the region and to the 14.3% ratio of the EU countries.

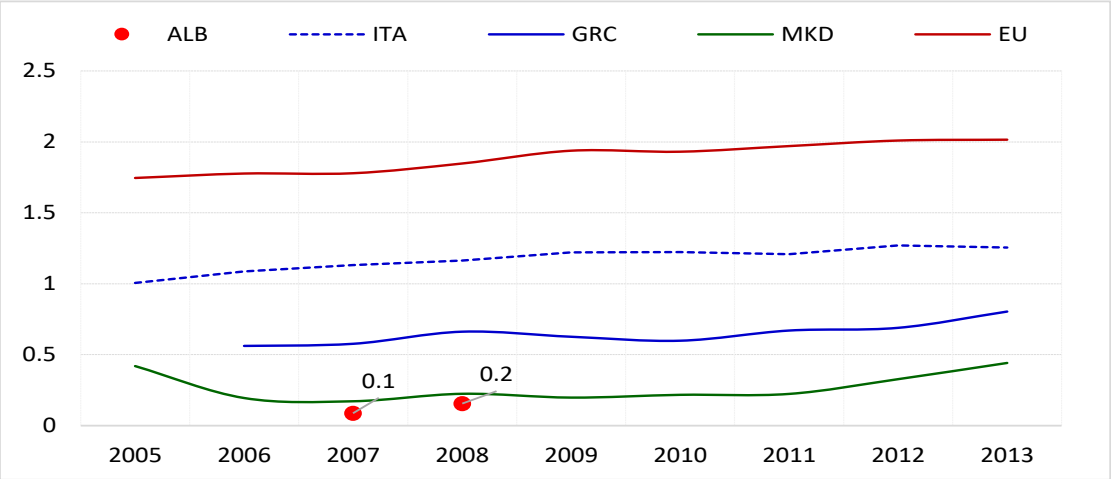
Figure 53. High-technology exports (% of manufactured exports)



Source: World Bank Database http://databank.worldbank.org/data/home.aspx

For technological competitiveness data on spending on research and development as % of GDP, and the ratio of high technologies export as % of manufactured export are used as a proxy. Data on R&D expenditures as a % of GDP for Albania are available for 2007 and 2008. According to these data, R&D expenditures in Albania are the lowest compared to some surrounding countries in the broad region (Italy, Greece, Republic of North Macedonia, the previous two also being main trade partners), and remain below EU levels.

Figure 54. R&D expenditures in selected countries



Source: World Bank Database http://databank.worldbank.org/data/home.aspx

The data show that Albania still lags behind the neighbouring countries and main trading partners in terms of competitiveness, which not only sets it in a peripheral position, but also suggests that the government should invest more towards education and training of human resources, and selection of high productivity investments projects, aiming at the tradable sectors of the economy. This should contribute to uplifting Albania from the peripheral position as well as strengthen its competitiveness factors, both towards other countries and within its territory. The existing abundant natural resources constitute a good basis for use in economy, but lack of knowledge and innovation undermines efficiency of resources' use and therefore of productivity and sustainability.

Education

Education is highly important as an economic growth driver as it defines the quality and specialization of the workforce. Gross expenditures dedicated to education increased in annual terms by 51% during 2013 and decreased by 4% in 2015, compared to 2014, following fiscal consolidation policies of the government. Education funds are highly concentrated in the *qark* of Tirana (64.3% of the total in 2012 and 35% in 2015). Kukës and Gjirokastër have the lowest expenditure allocation shares for the period 2012-2015.

Table 9. Expenditures in education by *qarks* (% of total)

Qark	2012	2013	2014	2015
Berat	2.7	4.3	4.1	4.1
Dibër	2.8	4.4	4.5	4.3
Durrës	1.1	7.9	7.5	7.7

Elbasan	5.4	10.9	10.8	10.4
Fier	4.6	7.9	8.0	8.0
Gjirokastër	2.6	4.2	4.1	3.9
Korçë	4.1	6.5	6.4	6.1
Kukës	2.1	3.5	3.4	3.3
Lezhë	2.3	4.0	4.0	4.1
Shkodër	4.1	7.9	7.6	7.2
Tiranë	64.3	32.9	33.8	35.2
Vlorë	3.8	5.7	5.8	5.8
Albania	100.0	100.0	100.0	100.0

Source: Author's calculations based on Ministry of Finance data.

At a regional level, gross expenditures in education are the highest in Region 2 compared to the other regions, but have however diminished overtime due to decreasing values for the *qark* of Tirana, which dominates figures in the region. Around 47% of total education expenditures were allocated in Region 2 in 2015. The lowest level is allocated to region 1 (only 15% in 2015), though this region has experienced significant increase of expenditures from 2012 (9%) to 2015.

Table 10. Expenditures in education at development regions level (% of total

Region	2012	2013	2014	2015
Region 1	9	15	15	15
Region 2	68	45	46	47
Region 3	12	22	21	20
Region 4	11	18	18	18
Albania	100	100	100	100

Source: Ministry of Finance and Authors calculations.

The number of schools in basic education (primary and lower secondary) has diminished during 2009-2015, mainly in rural areas, which is in line with the overall decrease of rural population over the selected period (by 13% during the same period).

The *qarks* of Tirana, Elbasan and Fier account for the largest number of basic education institutions. Disparities among these three exist, but are not so high. Tirana stands at 192% against Albania = 100, while Elbasan and Fier stand at 161% and 139% respectively (academic year 2013-2014). Berat, Dibër, Durrës and Vlorë have similar indices among them, around 20 percentage points below the country average. Korça is almost equal to the country average, while Gjirokastër has the most disadvantageous position with 38%. The divergences are high among all 12 *qarks*, but not as extreme as in the case of GDP, or population, etc. Disparities are stronger when comparing schools in urban versus rural areas. Tirana has more than half of the schools in urban areas and around 28% of the urban areas' schools were located in Tirana in 2014. Dibër, Kukës and Gjirokastër (very mountainous geography, sloppy terrain, low population) have a

very low number of schools in the urban area compared to rural ones and to the other *qarks*. This could also be positive as it means that pupils can access schools in their villages. However, if schools are close to the community and far from the urban area, it means that an efficient strategy for schools maintenance and teachers' employment and distribution has to follow as well.

Table 11. Distribution of schools for basic education by *qarks* (in %)

Qark	2009 - 2010		2010 - 2011		2011 -2012		2012 - 2013		2013 - 2014	
	Total	Urban	Total	Urban	Total	Urban	Total	Urban	Total	Urban
Berat	6.4	5.8	6.5	5.6	6.4	5.7	6.4	5.8	6.4	5.8
Dibër	6.1	2.9	6.6	2.7	6.7	2.8	6.6	2.8	6.6	2.5
Durres	7.1	10.0	7.2	10.3	7.1	9.9	7.1	9.9	7.2	9.9
Elbasan	13.7	8.0	14.2	7.6	13.4	7.8	13.5	7.8	13.5	8.1
Fier	11.0	10.2	11.4	10.6	11.7	10.6	11.6	10.4	11.5	10.1
Gjirokastër	3.8	3.3	3.2	3.1	3.2	3.2	3.2	3.2	3.1	3.0
Korçë	8.2	6.2	8.5	6.1	8.6	6.2	8.5	5.8	8.5	6.0
Kukës	6.6	2.0	5.5	2.2	5.6	2.1	5.6	2.1	5.7	2.3
Lezhë	5.3	5.1	5.1	4.9	5.2	4.8	5.4	5.3	5.5	5.3
Shkodër	9.2	8.0	9.1	8.3	9.2	8.5	9.4	8.8	9.4	9.2
Tiranë	15.5	30.1	15.9	29.7	16.2	29.2	16.0	29.0	15.7	28.3
Vlorë	7.3	8.6	6.9	8.8	6.7	9.2	6.9	9.2	6.8	9.4
Albania	100	100	100	100	100	100	100	100	100	100

Source: Author's calculations based on INSTAT data

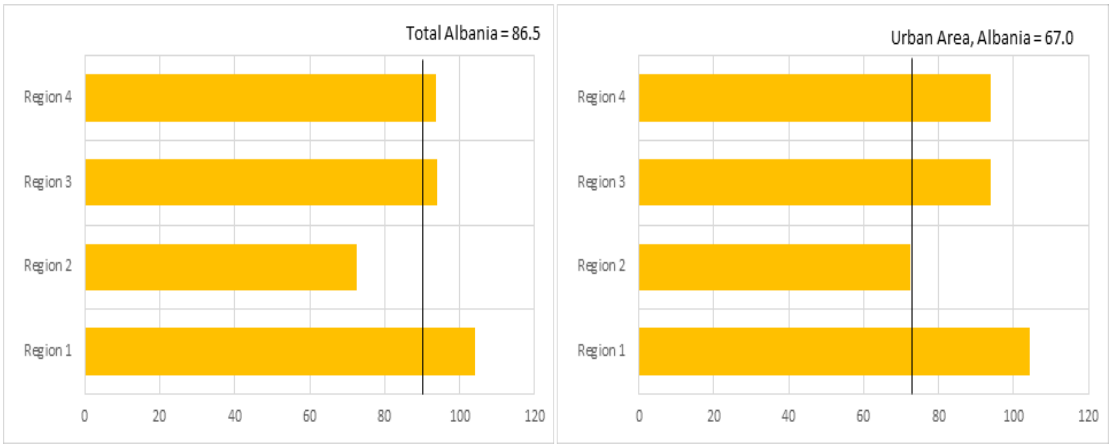
The number of teachers per 10,000 inhabitants helps assessing the relation between education provision/access and population dynamics. The number of teachers for 10,000 inhabitants (for basic education for the 5-years period) is highest in the *qarks* of Kukës (130.3) followed by Gjirokastër (116.6), Dibër (112.5) and Shkodër (104.3). The lowest level of this indicator is registered in Tirana (68.2) and Durrës (78.2) and in both cases is also lower than the national average of 86.5. This indicator is higher in the more mountainous and remote areas, due to depopulation, and lower in the most urbanised and central areas of the country, such as Tirana and Durrës, due to overpopulation.

Figure 55. Number of teachers per 10,000 inhabitants at *qark* level (2014)

Source: Author's calculations based on INSTAT data

At a regional level, the average highest number of teachers for 10,000 inhabitants (for basic educations in 5 years) was in Region 1 (106.6 teachers for 10,000 inhabitants) and the lowest level was in Region 2 (75.7 teachers for 10,000 inhabitants). Disparities exist but are not extreme and are less extreme than in the case of *qarks*. The figures at regional level reflect to a considerable extend the composition of the region by *qarks*.

Figure 56. Number of teachers per 10,000 inhabitants at qark level (2015)



Source: Author's calculations based on INSTAT data

In the *upper secondary education* the number of schools has remained almost constant over the last 5 years, at national, *qark* and regional level. (500 in 2009-2010 and 512 in 2013-2014). 447 schools out of 512 are located in urban areas. However, the distribution of upper secondary schools shows for considerable variation among *qarks*.

Around 20.1% of upper secondary schooling institutions were located in the *qark* of Tirana in 2013-2014, out of which 83.5% in the urban area. The *qark* of Fier accounted for about 12.5% of upper secondary schools, out of which 92.2% in urban areas and Elbasan had 10.4% of the total, out of which 90.6% in the urban areas. Gjirokastër and Kukës have the lowest levels, with 4.3% and 3.7% each. The largest number of upper secondary schools in Albania is located in urban areas, with Kukës as an outlier, where all upper secondary schools are located in the urban area. This is in contrast to the basic education, as the location of upper secondary education facilities is not correlated with geography, transport and demography. This could be an efficiency-related choice, but also a legacy of the previous political systems, where the dominant policy was to invest on schools and dormitories concentrated in urban areas, rather than on road network, housing for teachers, and transportation schemes.

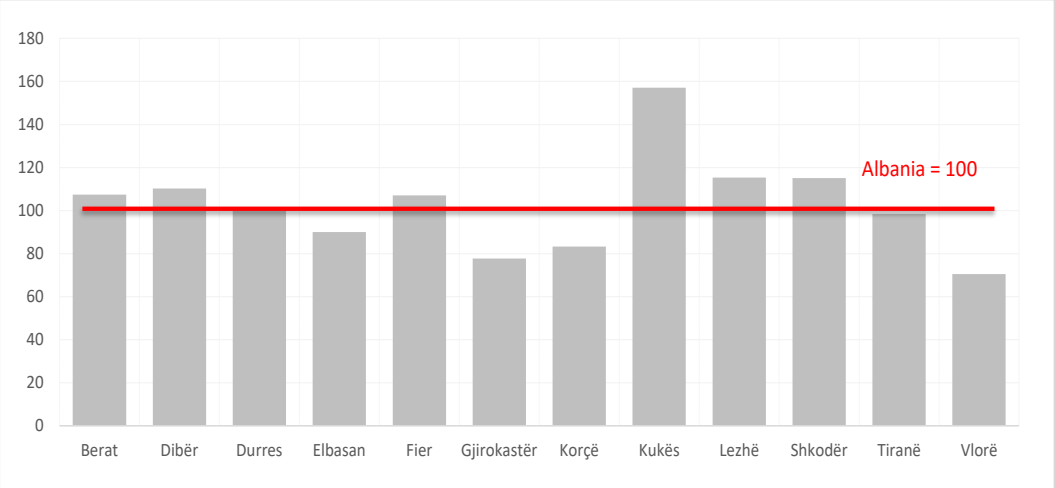
The number of teachers in upper secondary education decreased during the academic year 2010/2011 by 0.9%, registering 8,179 teachers from 8,250 in the previous year, and had a slight increase in the academic year 2013-2014 when about 8,606 teachers were recorded. The highest number of teachers is located in the *qark* of Tirana with about 2,310 upper secondary schools. There's a high divergence between the *qark* of Tirana and the other *qarks*, as well as differences among the other *qarks* themselves. The differences are similar for urban areas. During 2011-2015, the average number of teachers in upper secondary education per 10,000 inhabitants was 29.0. It did not change much over time, (28.3 in 2009-2010 and 29.7 in 2013-2014) and it is higher in urban areas (average, 33.0 per 10,000) – also higher than the national average.

The highest number (5-years average) of teachers for 10,000 inhabitants (for upper secondary educations) is in Gjirokastër (37) followed by Shkodër (35), Vlorë (31.7) and Berat (31.4). The lowest numbers are in Dibër (23.6) and Durrës (23.8). The factors behind the high figures may be related to demography, but also (in the case of Gjirokastër), because a large number of teachers is graduated in the local university. In Gjirokastër, these newly graduated teachers come from the city itself as well as the surrounding areas of the south Albania and most of them, after graduation, keep living in their hometowns.

There is variation among *qarks* regarding the number of graduated pupils in the upper secondary schools per 10,000 inhabitants. Disparities are not extreme, but Kukës stands around 57 percentage points above the national average, being thus an outlier in the group. The lowest level of those graduated in upper secondary schools per 10,000

inhabitants is found in the *qarks* of Gjirokastër, Korçë and Vlorë, with 17-30 percentage points below the national average.

Figure 57. Number of pupils graduated per 10,000 inhabitants at *qark* level (2015)



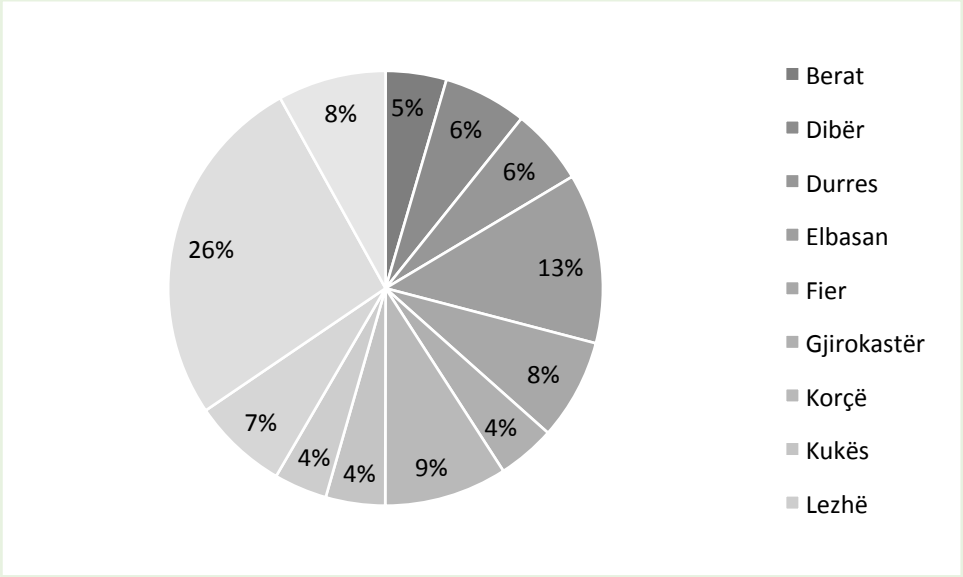
Source: Author's calculations based on INSTAT data

At a regional level, Region 2 has the highest concentration of upper secondary education facilities (32.0%, or 164 schools in 2013-2014 – due to the impact of Tirana), out of which 41.0% (or 141 schools) located in the urban area. In terms of teachers per 10,000 inhabitants, disparities are higher among urban areas of the regions than among regions.

Health care

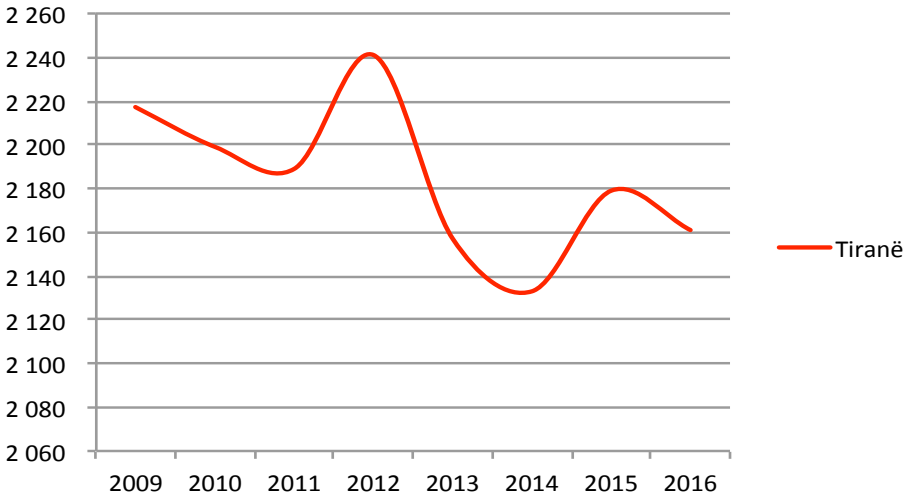
The number of hospital beds has experienced decrease overtime, while the differences between the *qarks* have only slightly changed. In 2016, Tirana had 2161 beds (the highest figure), followed by Elbasan with 1034. All of the other *qarks* have 3-digit numbers in terms of hospital beds, while the lowest levels are recorded in Gjirokastër and Lezhë with 352 and 323 beds each. The total number of beds has decreased each year in Albania from 2009 to 2016 to account for a total decrease of 633 beds. The graph on Tirana is used to illustrate this decrease that has actually happened in all of the *qarks*.

Figure 58. Hospital beds per *qark* (2016, % of total)



Source: Author's calculations based on INSTAT data

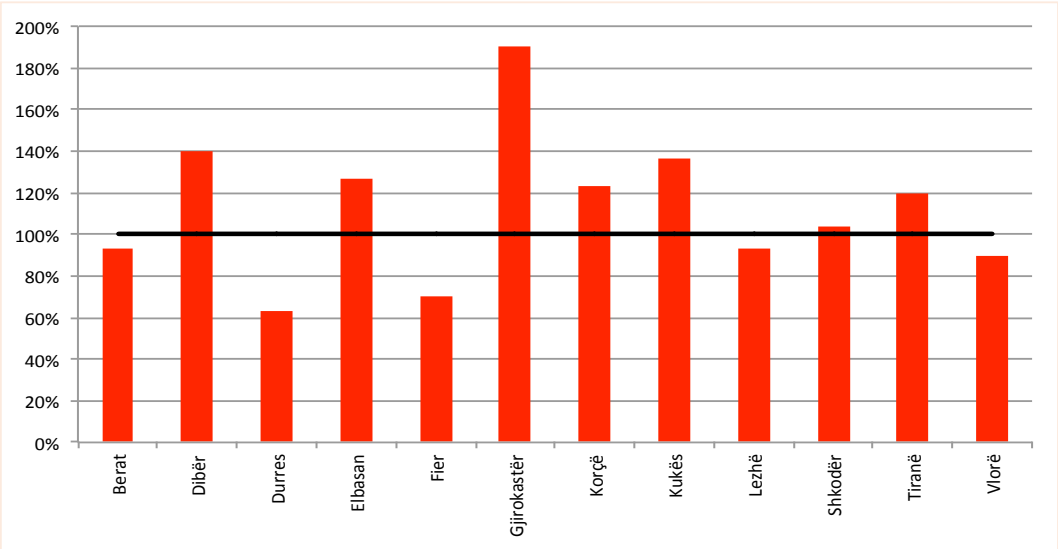
Figure 59. Number of hospital beds in the *qark* of Tirana (2009-2016)



Source: Author's calculations based on INSTAT data

The indexed graph shows for high disparities among *qarks* in terms of public hospitals capacity, where Gjirokastër stands more than 80% above the national average, followed by Diber with 40%, while Durrës and Fier are well below the national average with 30-40%. Tirana is only 20% above the national average. This scenario is reversed when considering the quality of the services in the same *qarks*. Access to the health care service in different locations is faced with the challenge of both capacity and quality, which means that different investments policies are needed for each *qark*.

Figure 60. Index of the number of beds for 10,000 inhabitants, at *qark* level (2016)

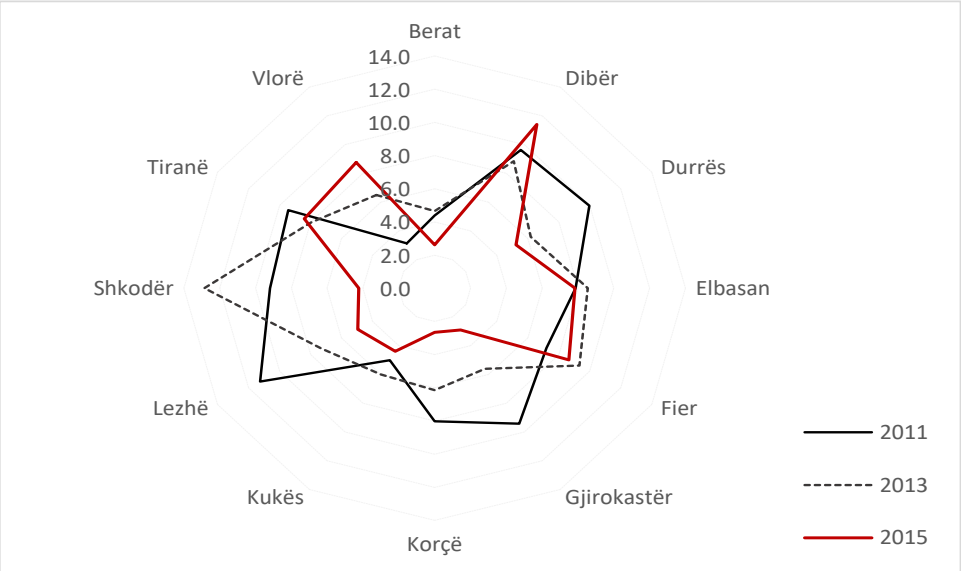


Source: Author's calculations based on INSTAT data

From a regional analysis point of view, the number of service providers and hospitals shows for moderate divergences, with Region 3 having a higher concentration and Region 2 having a lower one. As in the case of education this is due to population dynamics. The larger number of health care facilities (at any level of the service) is in Tirana, but the population in this *qark* is so high that on a per capita level the quality of the service and access to the service is still lagging behind. In other regions, access stands in much better levels, but the quality of the service and of the facilities is very low, which obliges most people from other *qarks* to seek for healthcare services in Tirana hospitals and health clinics. The reported data cover only public facilities, but a good portion of the service is provided privately and this is not accounted for in this study.

As far as infant mortality is regarded, there has been a declining trend during 2011 – 2015 in Albania. The average infant mortality rate was 8.7% in 2011, declining to 7.1 in 2015, with Shkodër going from 12.6% in 2014 to 4.2% in 2015. The opposite trend was registered in the *qarks* of Fier and Dibër.

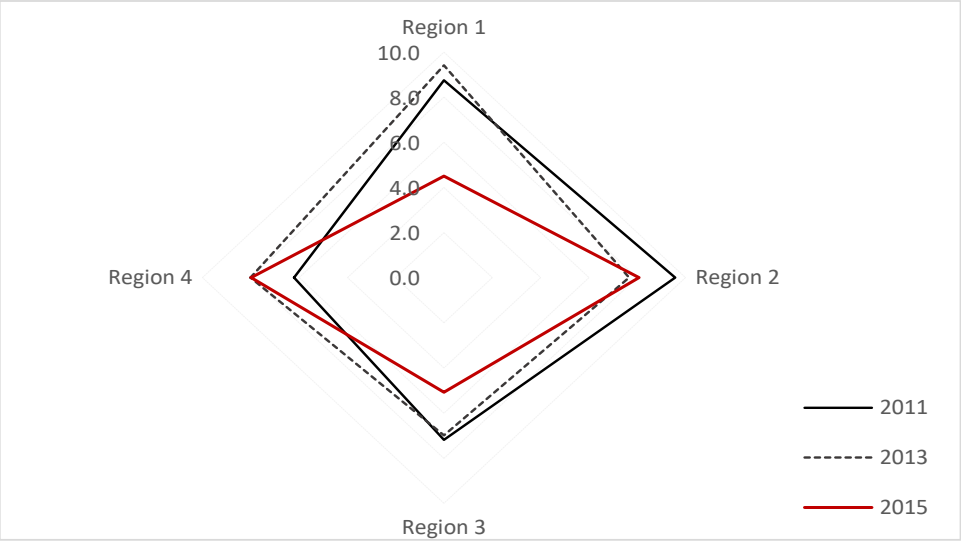
Figure 61. Infant mortality (for 1,000 live births)



Source: Author's calculations based on INSTAT data

At a regional level, Region 1 has the highest infant mortality rate followed by Region 2. However, while all regions have experienced decline with the exception of region 4 (Gjirokastër, Vlorë and Fier), which has been subject to growth in infant mortality rate. This is due mainly to the path this indicator has gone through in Vlorë and Fier.

Figure 62. Infant mortality (for 1,000 live births) (regions 2011-2015)



Source: Author's calculations based on INSTAT data

Poverty

A key source of information with regard to living conditions and poverty in Albania is the Living Standard Measurement Survey (LSMS) conducted at household level. There are four LSMS-surveys implemented by INSTAT in Albania, respectively in 2002, 2005, 2008 and 2012. Poverty indicators from LSMS are available at *qark* level only

for 2012. Prior 2008, higher GDP growth rates, increasing wages and pensions have determined a decrease in overall poverty. The share of population whose *real per capita monthly consumption* is below the poverty line[51] of Lek 4,891 (deflated in 2002 prices) fell progressively form 25.4% in 2002 to 12.5% in 2008. Also, for the extremely poor population[52], the headcount indicator decreased from 4.7% in 2002 to 3.3 in 2005 and to 1.2% in 2008, showing that more people were lifted out of poverty and extreme poverty. However, after 2008, in the aftermath of the global financial and economic crisis, and with the weak economic growth rates in the succeeding years, poverty in Albania has increased. The share of population whose real per capita monthly consumption is below the poverty line of Lek 4,891 (in 2002 prices) increased from 12.5% in 2008 to 14.3% in 2012. The same is for the extremely poor population, which increased from 1.2% in 2008 to 2.3% in 2012.

The highest number of poor in 2012 was in the *qark* of Kukës (22.5%) followed by Lezhë (18.4%), and the lowest headcount was in the *qarks* of Gjirokastër (10.6%), Vlorë (11.1%) and Elbasan (11.3%).

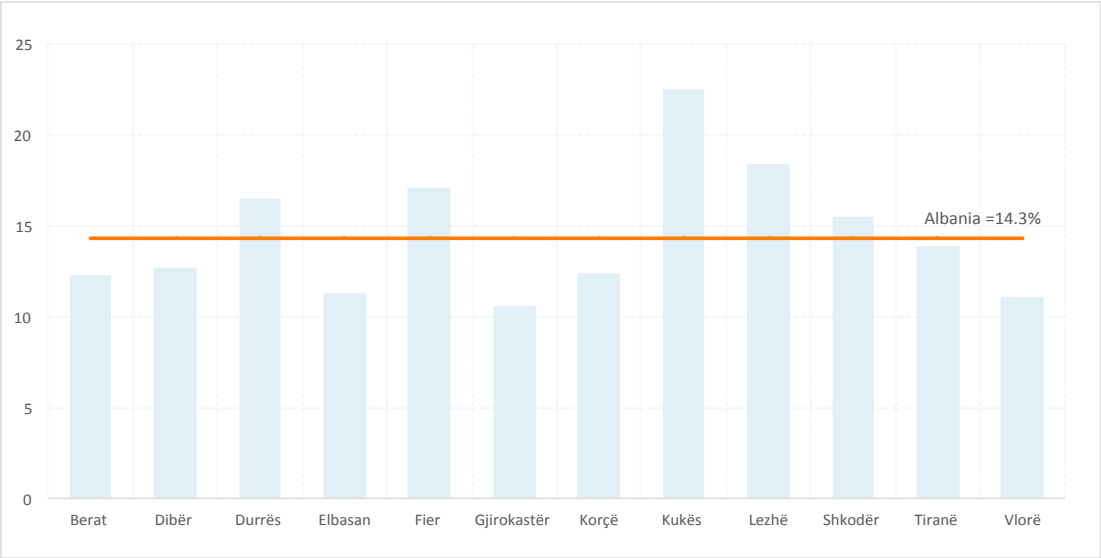
Table 12. Poverty indicators by qark (in %)

	Headcount	Depth	Severity
Albania	14.3	3	1
Berat	12.3	2.3	0.7
Dibër	12.7	2.3	0.7
Durrës	16.5	3.6	1.3
Elbasan	11.3	2.3	0.7
Fier	17.1	3.4	1.0
Gjirokastër	10.6	2.4	1.0
Korçë	12.4	2.5	0.7
Kukës	22.5	3.8	0.9
Lezhë	18.4	4.7	1.8
Shkodër	15.5	3.7	1.6
Tiranë	13.9	2.7	0.8
Vlorë	11.1	2.4	0.8

Source: INSTAT LSMS 2012

Lezhē has also the highest levels of poverty depth and poverty severity in 2012 with 4.7% and 1.8% respectively. Kukës has the second highest poverty depth (3.8%), but has a lower severity compared to other *qarks* as for instance Durrës and Shkodër. So, the headcount has a diverse distribution among *qarks* and is not necessarily related to the geography and locational peripherality. It seems to be impacted more by population number and access of people to a diversity of living means and sectorial employment, as well as to the dominance of rural/urban structure that is present within each *qark*.

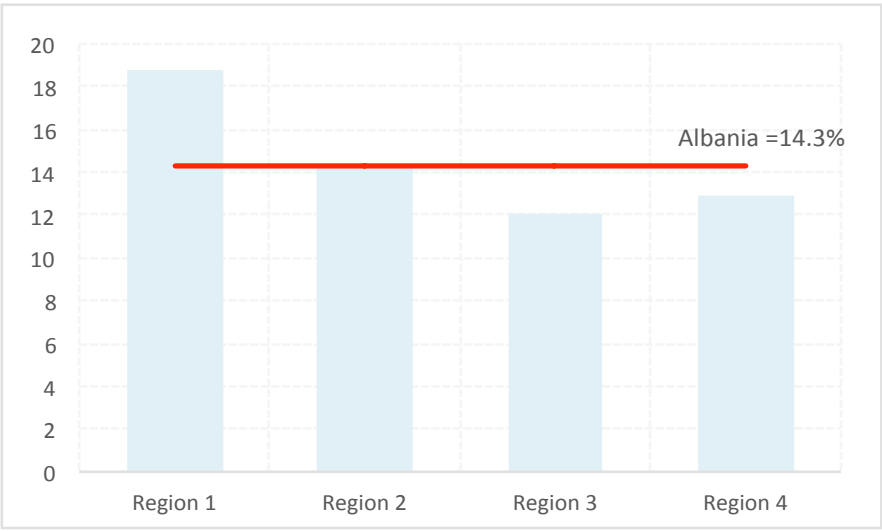
Figure 63. Poverty headcount ratio by *qark* (in %)



Source: Author's calculations based on INSTAT LSMS 2012

Region 3 and region 4 have similar levels of poverty with 12.0% and 12.9% respectively, and stand below the national average of 14.3%. In region 2, about 14.4% of the individuals are poor, which is very close to the national average, probably because of the large number of population and diversity of population strata and of economic sectors presence.

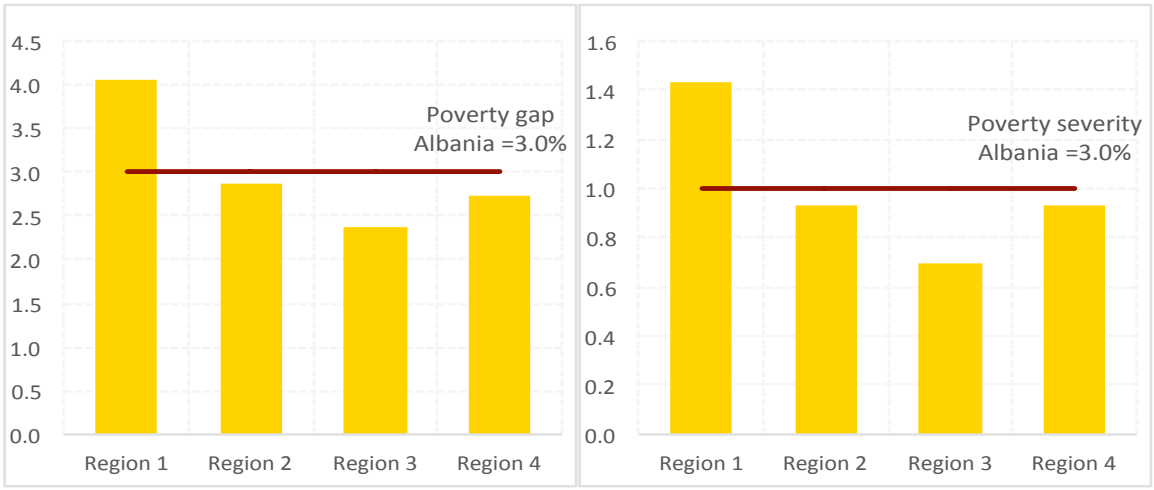
Figure 64. Poverty headcount ratio by region (in %)



Source: Author's calculations based on INSTAT LSMS 2012

Region 1, on the other hand has the highest poverty headcount, gap and severity, with all three indicators standing above the national average. Region 3 is the best performer having the lowest levels in all three indicators.

Figure 65. Poverty gap and poverty severity by development regions (in %)



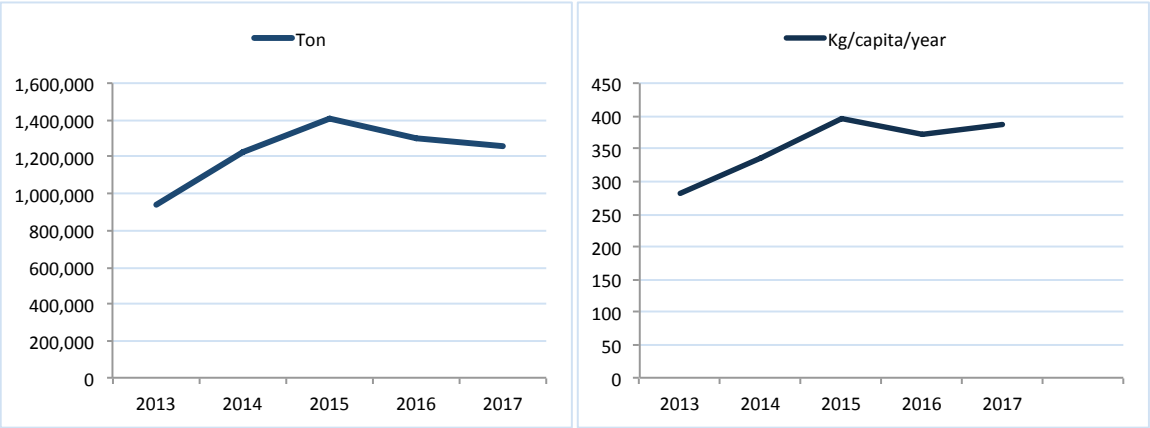
Source: INSTAT LSMS 2012 and Author's calculations

Environment and services

Albania is very rich on natural resources, which are high risk of pollution, depletion and even extinction (the latter mainly due to climate change effects). Different data on environment is accessible at different geographical scales, making it difficult to study disparities among *qarks* and among regions. Individual studies show among others, a high concentration (above norms) of heavy metals (mainly lead, iron, copper, cadmium, chromium and nickel) and nitrates in water (the latter mostly due to use of chemicals in agriculture, but also wastewater discharge). Heavy metals originate from industrial sources and are also an effect of the crude oil drilling/spilling industry. These pollutants cause serious damage to water sources, aquifers, agricultural land and products, and biodiversity, thus as a result also to human health.

One of the main causes of natural resources pollution is urban waste. The urban waste per capita (tons per inhabitants) at the national level has increased progressively during 2003-2012 (in 2008, the data doubled those of 2003) and in 2012 the production more than tripled the quantities of 2003. In 2013 there is a drop in quantities per capita (0.286 ton/capita or 0.106 ton/capita less than in 2012), and the quantities increase again afterwards, till 2015 to experience some decrease in 2016 and 2017. However, while the total urban waste is decreasing the amount per capita is increasing on a national level. In a context where population is also decreasing and urban population increasing, this means that people are generating more urban waste on per household level. These data refer to INSTAT.

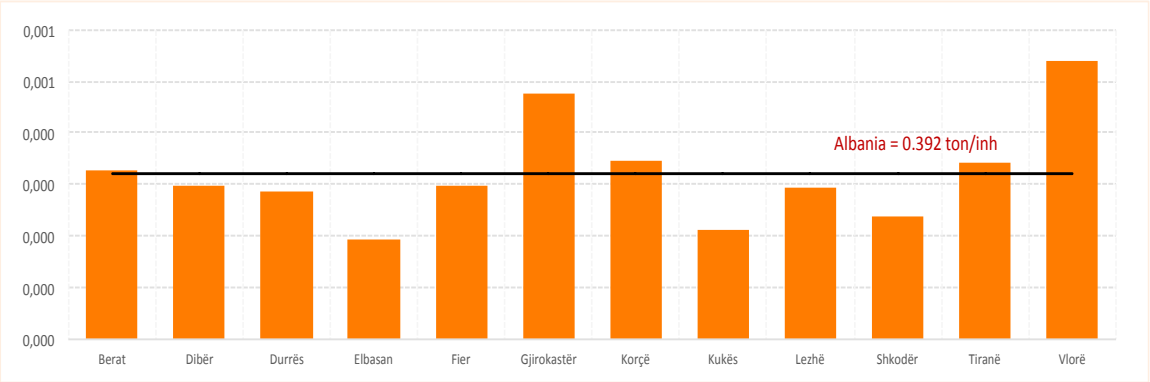
Figure 66. Urban and inert solid waste (total and per capita, 2013-2017)



Source: Author based on INSTAT data

The urban waste data at *qark* level are available only till 2013. These data show that the increase of solid waste has happened in all of the *qarks*, with the highest level of waste generation in Gjirokastër and Vlorë and the lowest in Kukës. Usually, urban waste generation is higher in those *qarks* or regions presenting better economic conditions and thus having higher consumption per capita. In correlation to other indicators the *qarks* of Tirana, Vlora, Gjirokstra and Korçë have the highest levels of urban waste generation per capita (above the national average, till 2013), and the *qarks* of Kukës and Elbasan have the lowest levels and below the national average.

Figure 67. Urban waste per capita in 2013 (ton per inhabitant) by *qarks*

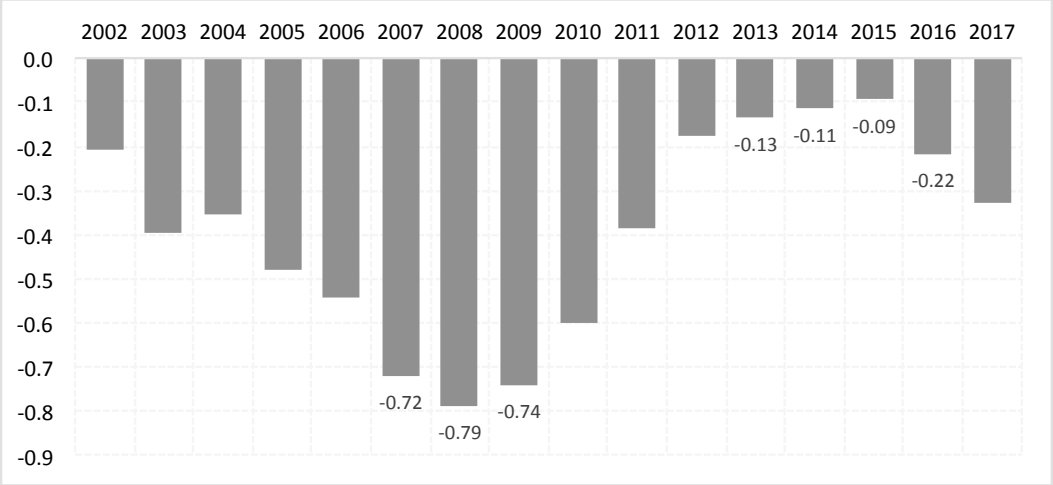


Source: Author's calculations based on INSTAT data

Demography

The population of Albania is in continuous decline since 1990, due to both outmigration and decreasing rates of the natural growth. The rate of population decline has increased from 2002 to 2008, to decrease afterwards till 2015. After 2015, the decreasing rate has grown again to reach -0.3% in 2017. The trend is mainly as a result of the population emigration abroad. Furthermore, internal migration has had a major impact on the territorial structure. Urban population has increased steadily, and the metropolitan area of Tiranë-Durrës has received more than 1/3 of the country's population.

Figure 68. Population trends (annual change of population every 1st of January in %)



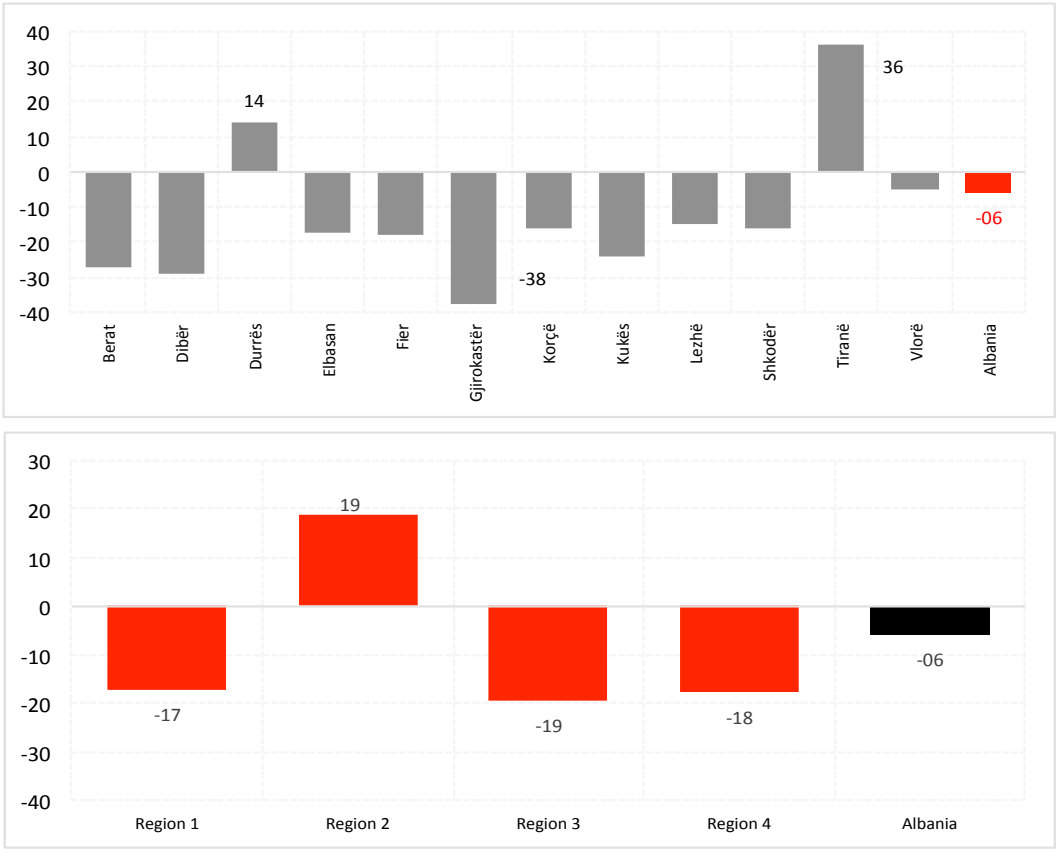
Source: Author's calculations based on INSTAT data

Massive displacements from remote and peripheral mountainous areas towards the western coast and central Albania resulted into: increased population density and concentration of economic activities in the recipient areas, therefore leading to higher economic production in one single territory in the country; dynamic and chaotic urbanization; and significant relocation of the workforce, economic resources and investments. This population reallocation resulted into two major typologies of cities: i) cities experiencing dynamic and fast growth together with the pressure from development, lack of infrastructure and services investments – insufficient to respond to the development pressure, and negative environmental consequences; ii) depressive shrinking cities that lost population and inherited vast brown/greyfields – areas of previous industrial activity that were either abandoned, or shut down for future decision making and privatization.

Next to these two major typologies, it is noticeable a third one, still in formation, without any clear distinct features, composed of formal and/or informal settlements established in the outskirts of the traditional cities, or on agricultural land. This third typology constitutes the continuum of urban areas towards rural ones, some kind of suburbanisation close to developed centres, but still far enough to benefit from lower land prices and better environment. This is dispersed development – the sprawl that has fragmented agriculture land and increased the demand for services and infrastructure along the western coast in Albania, from north to south.

As a result, despite overall population decline some *qarks* and municipalities, such as Tiranë and Durrës, have experienced an increase of population. Other *qarks* facing population decline are Gjirokastër, Dibër, Berat and Kukës.

Figure 69. Population changes 2016/2001 (as by January 1) by *qarks* (in %)



Source: Author's calculations based on INSTAT data

Similarly, as for absolute figures, the density of the population has declined in all of the *qarks*, but in Tiranë and Durrës. Not only the trends of these two *qarks* are reversed, but their differences compared to other *qarks* are outstandingly high. In 2016, Durrës population density per km^2 stands at around 350% the national density, while Tirana at almost 500%. The *qark* of Tirana had 491.3 inhabitants per km^2 at the beginning of 2016, from 484.7 inhabitants per km^2 in the same period of the previous year. At least theoretically speaking, in larger cities, there are density-competition effects showing that these cities must be more productive than smaller ones, and the better is the connection among larger cities and between them and smaller cities, the higher will be the regional productivity (Dijkstra et al., 2013). However, larger cities and city regions, are often associated with agglomeration effects, not all being positive, such as the higher environmental pressure (on resources and the quality of infrastructures) and possible social segregation.

Figure 70. Index of population density by *qarks* (2016)

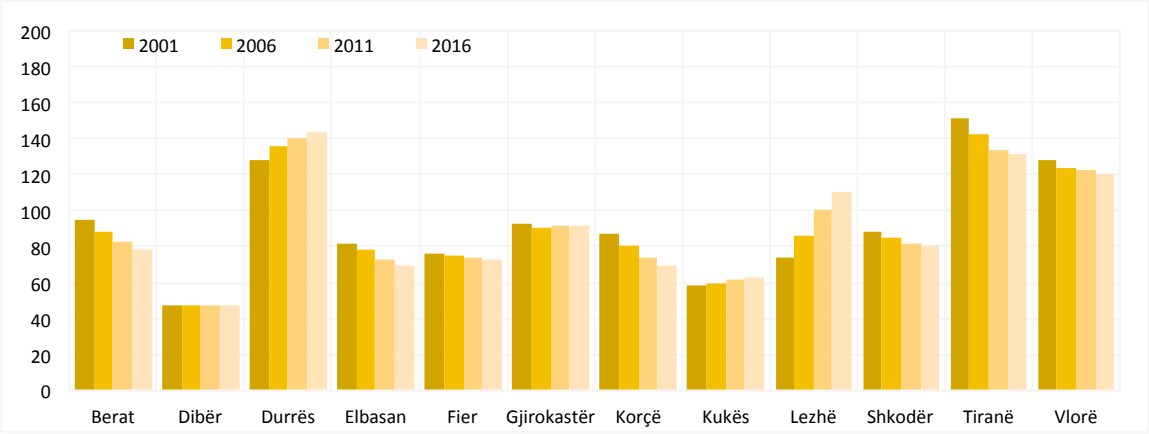
Source: Author's calculations based on INSTAT data

The second *qark* with the highest density of population in Albania is Durrës with 363.9 inhabitants per km^2, followed by Fier with 165.3 inhabitants per km^2. The lowest levels of population density and below the national average are in the *qarks* of Gjirokastër (24.4 inhabitants per km^2), Kukës (35.4 inhabitants per km^2) and Dibër (51.9 inhabitants per km^2).

The most urbanized *qarks, in terms of urban population (population that lives in the urban areas as per INSTAT definition of the latter)* for 2016 are Durrës (83.3%), Tiranë (76.0%), Vlorë (69.8%), and Lezhë (63.8%). The lowest urbanization level was noted in Dibër (27.3%), Kukës (36.6%), and Elbasan (40.0%). The indexation of urbanization data shows that the two most urbanised *qarks* have different tendencies in time. Thus, the urbanization ratio of Durrës has increased during 2001-2016 compared to the

national average, while the one for Tirana has decreased. Nevertheless, both *qarks* stand above the national average.

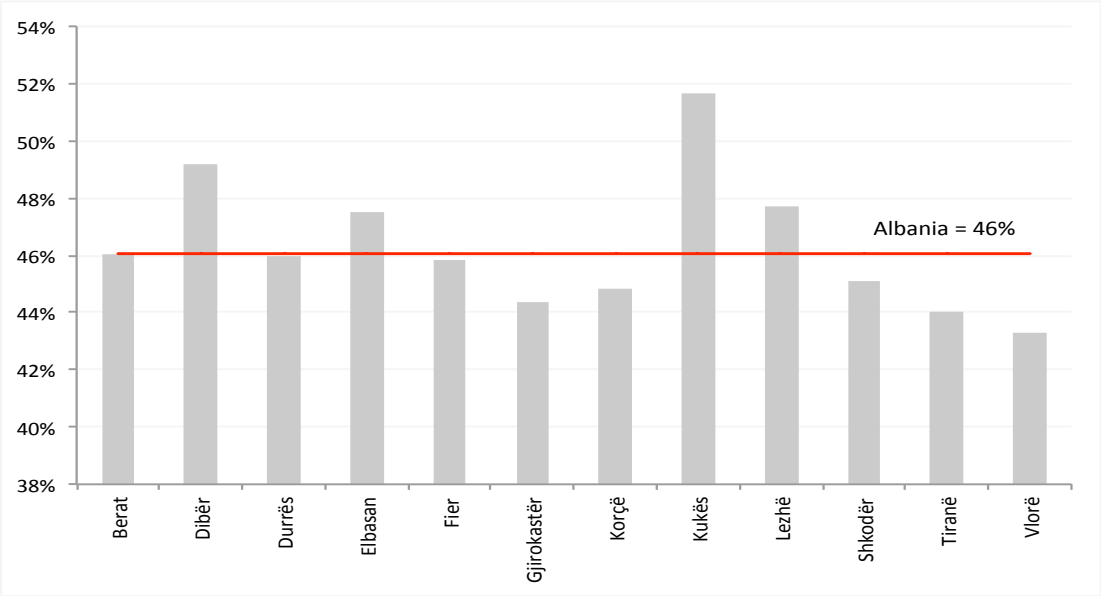
Figure 71. Index of urban population per *qark*



Source: Author's calculations based on INSTAT data

Structural changes in the population of Albania are further analysed using the age dependency ratio calculated as the ratio between the young people aged 0-14 years and elderly over 65 years, against the total working age population (those 15-64 years). Based on this methodology, in 2016, the age dependency ratio in Albania was 46%, higher than in 2014 (45.2%). The highest level of age dependency ratio is found in Kukës (52%), Dibër (49%) and Lezhë and Elbasan (each 48%). The lowest age dependency ratio was registered in Vlorë (43%), followed by Tiranë and Gjirokastër (each 44%). In general, Albania is experiencing population ageing, with the number of births decreasing overtime and emigration of young age population (abroad) increasing. This will increase further the dependency of older age population on the younger age population in the country. This fact signals for the need for policies and interventions that address population ageing, which "can focus on improving the provision of social and healthcare infrastructures and services activating business and employment opportunities in these sectors" (ESPON, 2018a, p.14).

Figure 72. Age dependency ratio at *qark* level 2016 (in %)



Source: Author's calculations based on INSTAT data

Accessibility of Regions

Accessibility within Albania is measured in two different ways, hence as access that people and settlements have towards main transportation corridors and major cities and hubs, and as accessibility of functional urban areas towards FUAs with higher GDP and population. The latter was already presented and analysed in the polycentricity analysis. The previous is used by earlier disparities' studies conducted in Albania, but in this case it is complemented (for as much as data availability allows) with the methodology developed by Spiekermann et al. (2015) in their applied research for the TRACC (Transport Accessibility at Regional/Local Scale and Patterns in Europe) ESPON project 2013-2015[53].

The first step of the accessibility analysis was to determine travel distances (km) and time (hours) as access of *qarks* to hubs and national communication corridors. This information is particularly relevant for the *qarks* that are considered peripheral, due to geographical location and relatively long travel time to reach the core metropolitan area of Tiranë-Durrës. Albania, as the analysis so far has shown, has a monocentric territorial structure, with most activities, population and economic productivity concentrated in the Tiranë-Durrës metropolitan area. Therefore, considering the metropolitan area as a central location and the settlements/cities of the remote and mountainous areas as peripheral is a typical and preconceived thinking on the hierarchy of settlements and cities in Albania.

The hubs are functioning airports and ports with international connections. In Albania, there is one international airport located in the FUA of Tirana[54], just north the city and the international port (for freight and passengers) of Durrës. The port of Vlorë has also international connections for the transportation of goods and people, but to a very limited degree and very few connections compared to Durrës, and it is used mainly for people living in Vlorë and surrounding municipalities. This port as well as the one on Lezhë have the potential of becoming future hubs, but for the time being are rather isolated and with under quality infrastructures and facilities. Therefore, the present analysis considers only the Port of Durrës.

Accessibility to national corridors considers their hierarchy based on function (i.e. direct connection among municipalities' centres and between each urban centre and the metropolitan area of Tiranë-Durrës) and not based on the hierarchy defined by the Road Code (law no. 8378, date 22.7.1998, 'The road code of the Republic of Albania', as amended). The Code's hierarchy considers both function and technical features of roads. In principle and technically speaking, if a road (by Code) belongs to interurban roads, it does not provide the same accessibility level or connection opportunities as a highway. However, in Albania, the highways' network is not completed yet as to offer equal access and connectivity for all major urban centres. Instead, a national network composed of highways and interurban corridors provides the direct connectivity opportunity. This network is the one considered for the sake of accessibility and connectivity in the analysis in this research.

The geographical analysis (on the map) shows that that 11 *qark* centres out of 12 (excluding Peshkopi in Dibër) and the main cities along the coast have direct access to national corridors. Due to (as described above) the different road typology (highway or interurban road) the travelling time in the different segments of the national corridors is different, but once people and freight transport from the *qark* centres get on the national corridors, there is direct connectivity with the hubs and with other *qark* centres. Still, the mountainous *qarks* (Gjirokastër, Korçë and Berat) have access to second and even third category of national roads/corridors (as defined by the Road Code). It takes 3.5-4 hours to travel by road from the *qark* centres of Gjirokastër and Korçë to Tirana and the hubs.

Dibër is not linked as yet with a national corridor. The situation is expected to change when the construction of 'Rruga e Arbrit' (Arbri Road) is finalised. This segment (an interurban corridor) will provide Peshkopi (the centre of Dibër) with direct connection

with Tirana in less than 2 hours travel time. So far, the distance of different settlements in Dibër (apart from those situated along the road) to the current national roads is above 25 km, while in the other three other southern mountainous *qarks*, this distance varies between 11 and 25 km. Dibër is in the most disadvantageous condition so far. The travel time to Tirana and the hubs for several parts of the *qark* exceeds 2 hours and can be extended up to 7 hours. The travel distances range between 150 km and 310 km and the roads are typical low speed curvy mountainous ones.

On the other hand, the inhabitants of more than 90% of the settlements in Tirana and Durrës travel less than 1 hour to the hubs (airport/port) with travelling distances within the range of 12-40 km and commute daily for work purposes within the metropolitan area. The urban centres of the *qarks* of Fier, Shkodër and Lezhë, Kukës municipality, the northern part of *qark* of Berat and the plain area of the *qark* of Elbasan consume 1-2 hours of travel time to reach Tirana and the hubs. The travelling distances vary between 41 and 140 km. Besides location and topography, investments made on new highways and interurban road segments constitute a key factor in the improved accessibility and connectivity.

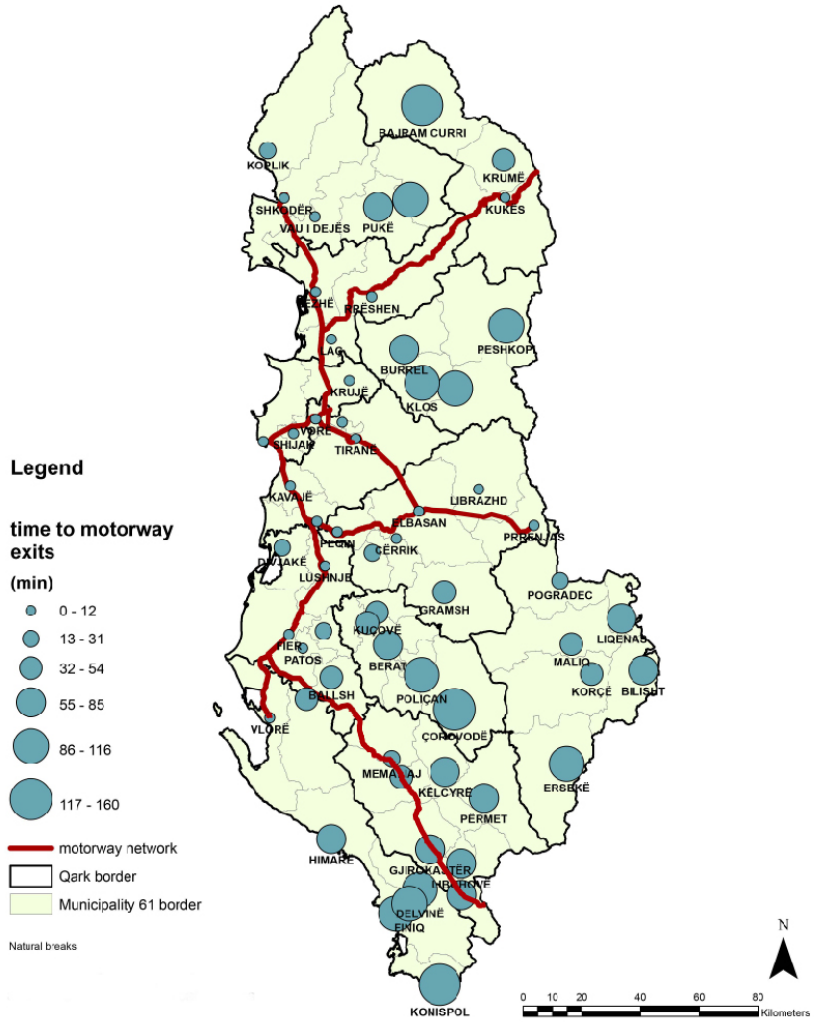
While the above improvement is positive in terms of people getting access to services and markets, it is not so positive in regard to the economic performance of the *qarks*/municipalities where people come from. There is an overall tendency for people from other cities/settlements in Albania to seek for access to services, markets and work in the FUA of Tirana, because of lacking access in their locations of origin or due to very low quality of services. Once again, the monocentricity pattern reflected in functions, population and productivity is emphasised through the road network and connectivity opportunities for people across the territory.

The ESPON TRACC methodology for accessibility considers three types of indicators: the travel costs (cost or time), the cumulated opportunities (number of people/activities that can be reached within a certain given time) and potential accessibility[55]. The indicators provide indications on the locational advantage or disadvantage of the regions and on where and how [future] transport policies should focus and [re]direct their investments.

The travel cost indicator is measured as time of people living in the 61 municipalities to reach the motorway exits, assuming that only a specified set is relevant for the accessibility of a given area and not all of the possible destinations. The destinations in this case are the motorway exits, assuming that once people/goods make it to the exit

to a high-speed road, they either enter the commuting area of main urban centres, or are able to travel to their destinations and back within the day, due to good connectivity as explained earlier. For this analysis/map only the road axes where the travel speed can remain unchanged at values above 70km/hour for more the 50% of the trip are considered. This network of roads and exits coincides with the one analysed above for connectivity. As it is noticed from the map, the more mountainous and remote *qarks* and municipalities have low accessibility, with travel time exceeding 60 minutes. In the coastal area (plain topography) accessibility as travel cost remains always within the commuting limit of 45 minutes. Similarly, the same time limit is maintained also for settlements/areas situated along and with immediate access to the road corridor that passes through the country from west to east.

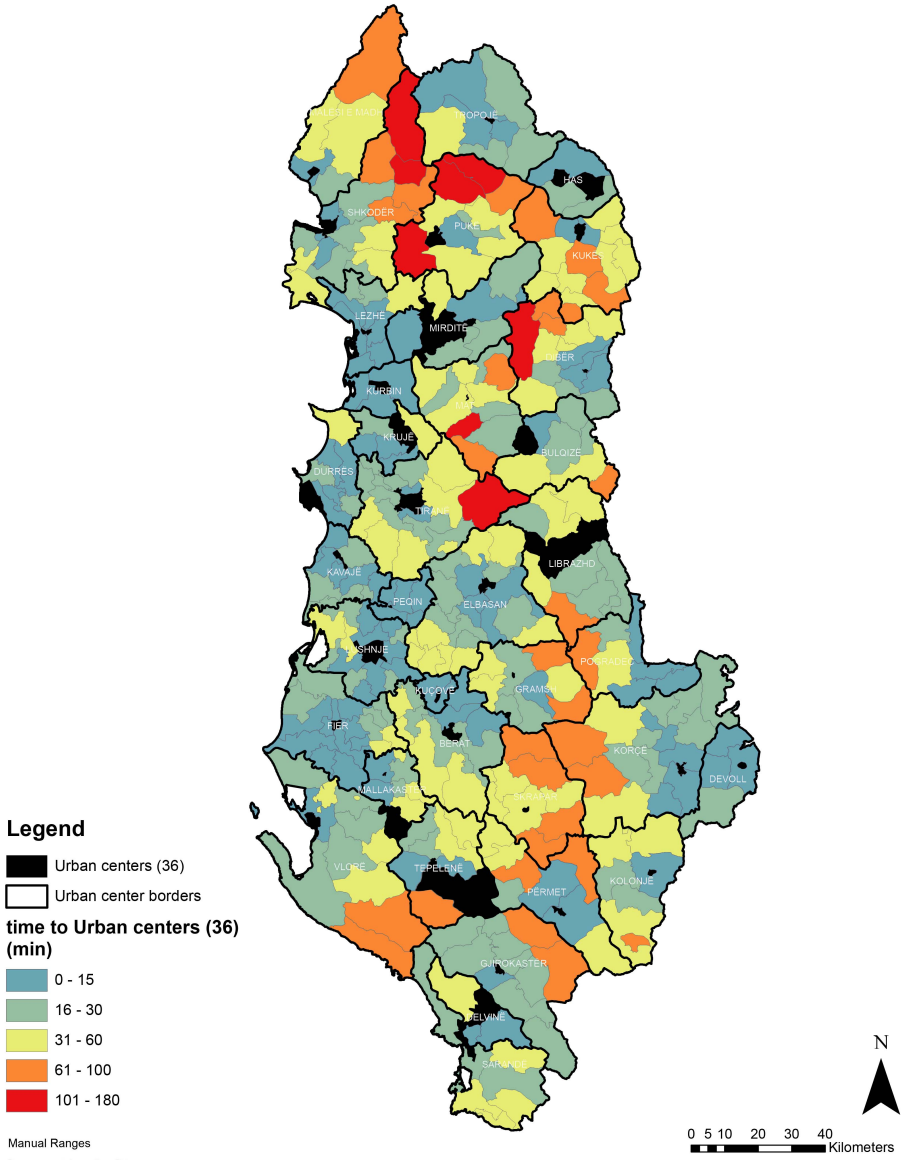
Figure 73. Travel time (in minutes) of people (from municipalities' centres) accessing motorways exists



Source: Author based on travel time calculation using Google maps and ASIG Albania

The travel cost analysis is extended further to measuring the time people spend travelling from their administrative units to the *qark* centres. The administrative units are the smaller territorial units that compose a municipality. This provides the opportunity to assess accessibility towards locations (activities and markets), within regions and at a higher level of territorial desegregations, which is suitable to understanding spatial disparities. The low access area in this case is found again in the mountainous part, but it creates a continuous belt from north to south, with higher access areas bordering in both west and east.

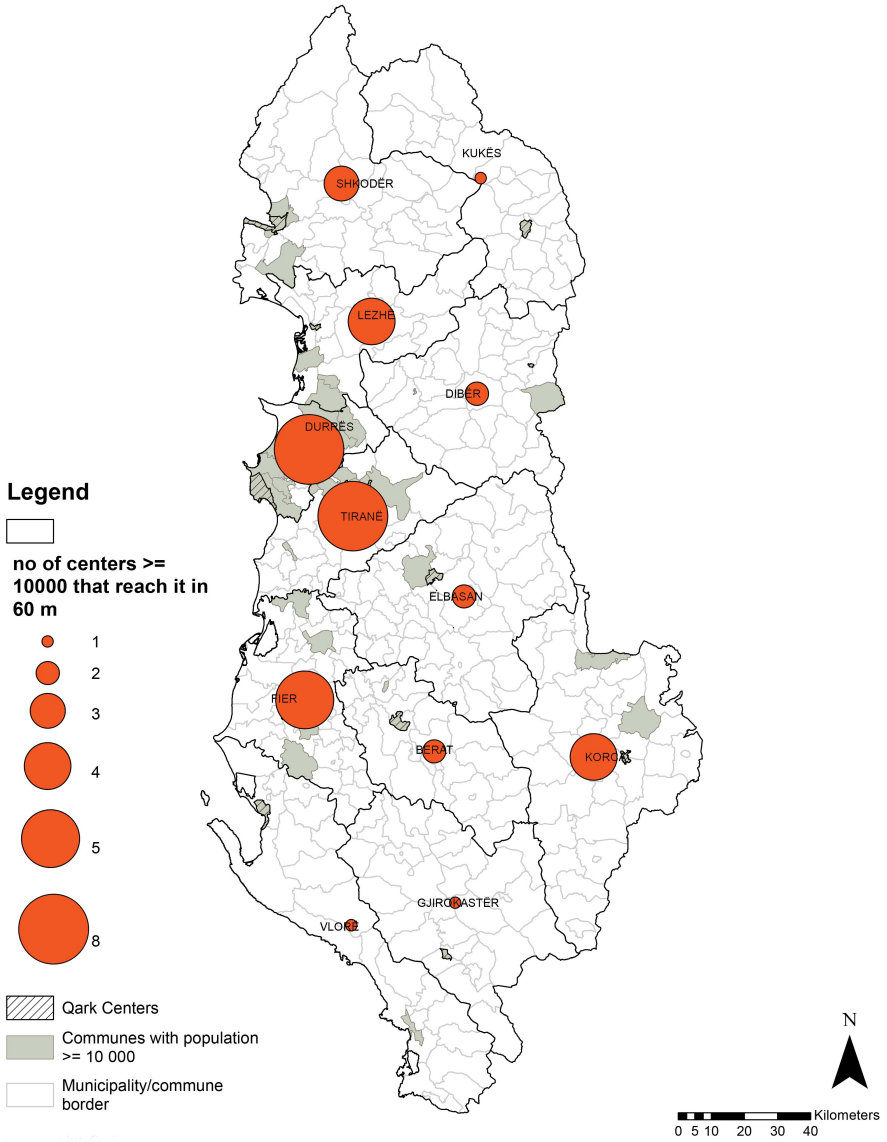
Figure 74. Travel time of people (from administrative units) to urban centres by road and public transport



Source: Author based on travel time calculation using Google maps and ASIG Albania

The second indicator – cumulated opportunities, is based on the assumption that people are interested to travel to destinations that they can reach with a fixed budget for travel, expressed in the study as the time limit that one accepts to travel, hence 60 minutes. People who commute daily prefer travelling no more than a limited amount of time. They choose their destinations on this basis (among others). To carry out this analysis, the urban centres equal to, or with more than 10,000 residents that can be reached within 60 minutes by the *qark* centres are identified. The limit value of 10,000 inhabitants is recognized as value of population figures that divides small cities from larger urban centres. The related map shows for a clear dominance of Tirana and Durrës, a vertical division between west and east and between the coast and mountainous areas, and for a dominance of Korça in the east. This map has a similar pattern with travel time of people from administrative units to *qark* centres. Though Korça *qark* is located in high altitudes above sea level, the fact that a good proportion of its territory is plain, makes it possible for a bigger number of people to reach the *qark* centre in 60 minutes or less.

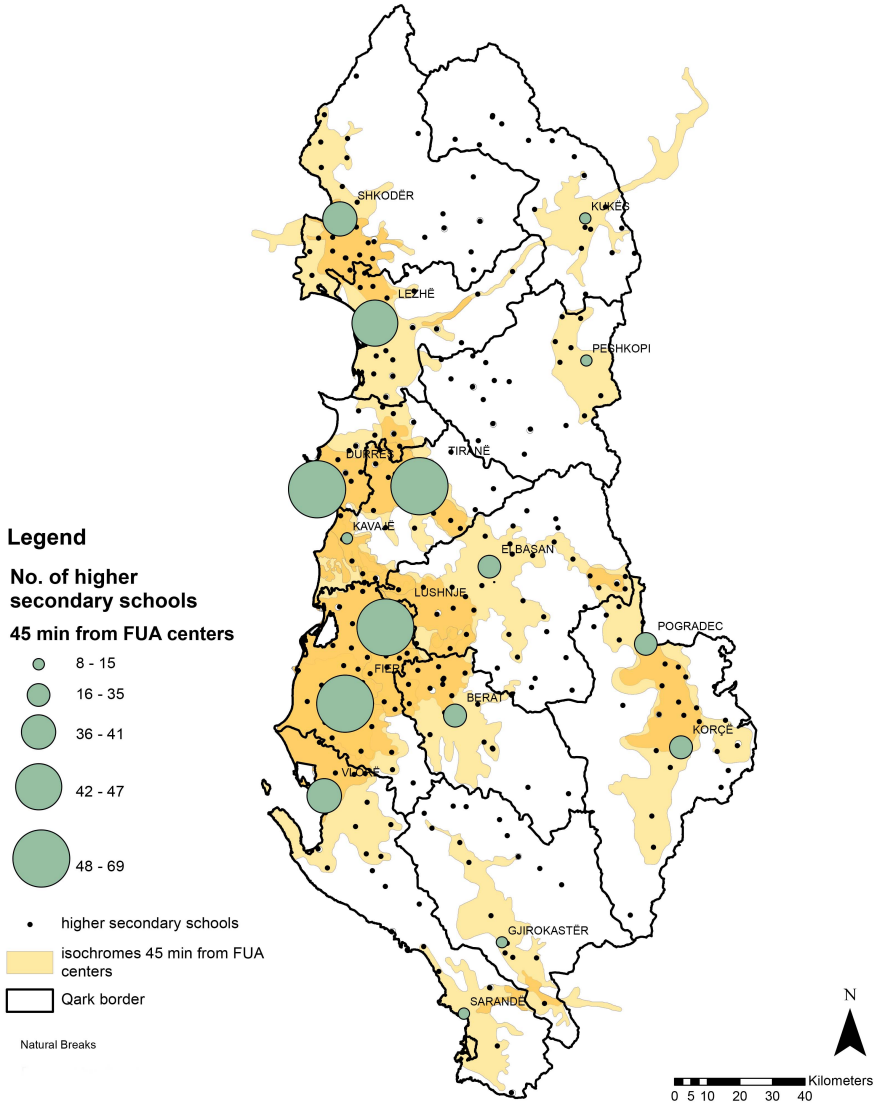
Figure 75. Cities with at least 10,000 residents within 60 minutes by road



Source: Author based on travel time calculation using Google maps and ASIG Albania

Finally, the cumulated opportunities are analysed also for the number of higher secondary schools reached within 45 minutes of travel (public transportation). The choice is made based on the fact that most high schools (outside urban areas) are located in the major villages and students from more remote villages should commute to school. The higher cumulated opportunities are clearly concentrated along the coast, from Shkodër to Vlorë and this is due to advantage of the plain terrain and because most high schools are located in regions with high population density. As usual, also the concentration of high school buildings is higher in the *qark* of Tirana.

Figure 76. Access to higher secondary schools (45 minutes by road and public transport to FUAs' centres)



Source: Author based on travel time calculation using Google maps and ASIG Albania

3.4 Polycentric interactions on the territory – polycentric governance

The existence of multiple urban centres located close to one-another does not necessarily imply that there are strong functional links between those centres (Burger et al., 2014). The technical analysis undertaken by the government for the implementation of the territorial and administrative reform in 2014-2015 did identify functional urban areas on the basis of territorial structure as proximity of urban centres on the territory. Distribution of functions across these urban centres, such as employment, markets, public institutions for services of general interest and commuting was then drawn on maps to designate the functional area for each potential

new municipality. However, the analysis did not account for interactions; it simply identified institutional and markets' locations and directions of communication, without understanding the degree and type of communication. A "polycentric urban region cannot exist if there is not interaction among the composing parts" (Burger et al., 2014, p.818), and as long as this interaction is not verified through knowledge on the degree of network formation, on real communication, socio-economic activities and on governance mechanisms distributed over the territory (Burger & Meijers, 2012), it is difficult to draw conclusions on whether the region is really polycentric, or it is a hierarchic network of settlements that depend on the core urban centre.

The modes of governance implemented by stakeholders on the territory do say a lot about polycentric networks in the region. In a polycentric political and governance system no one has an ultimate monopoly (Aligica & Tarko, 2012). This applies also to resources, and in polycentric systems the use of the latter is regulated by an entirety of rules composed of those that exist in the legislation and those set unofficially among stakeholders at different levels. In Albania, political groups do not easily let power diffuse among social actors, or institutions in the large meaning of the term, as defined by Elinor Ostrom. This is felt not only at the level of decision-making power that non-government institutions may or may not have, but also at the level of local governments. It is already argued above that rather than strengthening their position within a decentralized government framework, municipalities are losing power. Municipalities, as local governments of the 1st tier, are responsible on delivering public services for citizens within their territories, based on the law no. 139/2015 'On local self-governance'. Their territorial boundaries are set upon the law no. 115/2014, and define the territorial scope of their competences. Municipalities [can] establish and/or promote the establishment of local forums and networks as instruments for facilitating public-private partnerships and guaranteeing transparency in policymaking. However, still municipalities do not allow these forums to play a role in decision-making. Mostly, and in the best of cases, local forums influence decision-making indirectly, through means of continued communication and cooperative planning, and gradually during projects' implementation.

Municipalities have not been very keen on embarking into territorial reforms (as explained earlier in the text), as this would mean a change to their authority. Moreover, municipalities do not see a need for a regional level, because this means that certain competencies and therefore authority and financial resources, could shift from the local

level to the regional one. Still, the municipalities cooperate with non-government actors to a significant degree, and that is due to a number of factors, such as: i) presence of and pressure by donor interventions and initiatives for territorial development; ii) presence of the civil society that either undertakes territorial development initiatives, or acts as a pressure group; iii) the need of municipalities to perform their tasks within a given standards' framework and in absence of internal capacities leading to working with non-governmental actors as a solution to implementing tasks such as strategic planning, territorial planning, local economic development programs, etc.

The number of non-government organisations has increased steadily in Albania, at least until 2016, to reach 2465, according to INSTAT[56] to decrease at 2272 by the end of 2017. More than half of the NGOs operate in Tirana. The rest have a relatively even distribution among the other *qarks*. The information from the Agency for the Support of Civil Society also provides an indication of how government funds for supporting NGOs are distributed over the territory. Hence, the agency has in its database only the organisations that have applied for funds from the government – the most recent data show that out of 582 NGOs registered with the agency, 67% are from Tirana. Territorially speaking they operate in and outside Tirana. However, usually they partner up with the municipalities on whose territories they implement their projects, rather than with local organisations. These data reinforce the monocentric pattern identified during the territorial analysis with regard functional relations among the FUAs.

Table 13. Number of non-governmental organisations (NGOs) per *qark*[57]

Qark	**No. of NGOs**
Tiranë[58]	392
Durrës[59]	11
Dibër[60]	9
Elbasan[61]	24
Fier[62]	12
Berat[63]	8
Korçë[64]	32
Gjirokastër[65]	16
Vlorë[66]	29
Lezhë[67]	7
Shkodër[68]	30
Kukës[69]	12

Source: Agency for the Support of Civil Society, 2018

It is interesting though to understand not only distribution of NGOs but also how various forms of cooperation are conducted and where in the territory. First of all, all cooperation initiatives, resulting into local/regional forums, networks of local organisations, and inter-municipal cooperation have always been promoted and pushed

for by projects funded by international donors. Currently in the territory of Region 1 (Lezhë, Shkodër and Kukës qarks, as reported by the director of the regional development agency) there are a number of initiatives, such as the Shkodër Farmers Federation, Handicraftsmen Association, Wine-growers Consortium, etc. all supported by donors. As long as there is funding and technical support, these organisations perform satisfactorily. Their interest is very high on the respective subjects of common interest and they have a territorial representation. However, their financial sustainability is weak, and it is subject to the economic growth and performance of members.

One of the most interesting examples of regional partnerships and networks are the Local Action Groups (LAG) that were established across Albania during the early 2000s, and the Mountain Areas Development Agency (MADA). As reported by Kuqi and Lukesch in 2012, 3 LAGs were established in Albania with the support of Oxfam and DFID (in Vlorë, Shkodër and Dibër), and the LAG for Bjeshkët e Namuna (cross border with Montenegro and Kosovo) was established with the support of the Dutch SNV and Finnish Ministry of Foreign Affairs. MADA, established by the Government of Albania and IFAD, extended its support to all mountainous areas in Albania and organised among others 17 forums of advocacy and exchange (Kuqi & Lukesch, 2012). The LAGs had/have a non-government organisation status. Various other NGOs and donors have supported LAGs overtime, but their structure and activity were continuously hampered by the fact that Albanian LAGs did not have the same status as EU LAGs, therefore not being eligible to EU funding (Kuqi & Lukesch, 2012), and donors support was/is key to their sustainability. MADA on the other hand operated with IFAD support until 2013 and then it was annexed to the Ministry of Agriculture.

Polycentric approaches in terms of scales, actors/ institutions and mechanisms/ instruments can foster equity, inclusivity and adaptability (Sovacool, 2011). This is the assumption made by Sovacool (2011) in analysing governance approaches for climate change and energy use. The analysis relates mostly to governance modes rather than territorial polycentricity. However, by choosing climate change and energy as the core object of the case studies, indirectly a choice is made to consider also territorial dimensions. Sovacool refers to the latter usually as mixing, overlay or combination of scales. As a matter of fact, both systems have a significant scalar implication, from very small-local to large-international, and all of the transitory scales in between. This is due to the link of these sectors with natural resources and their exploitation and governance

by a range of stakeholders that operate across and within scales, through various mechanisms, forms of cooperation, and institutional representation. Finka and Kluvankova (2015) take a similar approach to Sovacool (2011) in arguing that the combination of spatial polycentrism with polycentric governance will be able to address challenges of managing external shocks and providing robust and adaptive frameworks for ensuring the long-term sustainability of urban systems. In both cases, as well as in the study of large-scale forest commons by Toto (2018), successful approaches are reported, but a conclusion is made that more research is needed to establish whether polycentrism is the most effective mode of governance for territories and resources, especially when the scale is dynamic, is diverse, and is subject to change and shifts of power across it.

As mentioned also in the overall objective (external goal) of this research (thesis), the aiming is to contribute to the repository of cases explored by other scholars under the argument that "polycentrism can combine the strengths of global and local action" and "exploit a middle ground between scales of action" (Sovacool, 2011, pp.3842-43). Therefore, a number of Albanian cases are explored in order to identify and understand polycentric approaches to governance. For this purpose, the selected cases are assessed in terms of self-governance and decision-making, communicative networks or networking, common interests between stakeholders, territory that connects them, and system or rules. This analysis follows the critical factors for assessing polycentric governance defined in section 1.4. The choice of cases comes from empirical research, based on the following criteria:

- *Clear connection to the territory*: the case as a project, or form of interaction happens within a clearly defined territorial setting, and has an interest on the territory and on territorial impacts. This is articulated either in the objectives of the stakeholders that run each case, or in the results of the intervention.
- *Success and failures*: Of course, the preference is for successful cases leading to a 'true or false' answer to the question, or hypothesis that polycentric modes of governance are effective in and will produce sustainable territorial development. However, cases that tend to comply with most, or some of the critical factors for polycentric governance, or even go against some of the critical factors are also good cases, as their outcome (positive or not) will help answering the central question (the hypothesis).
- *Interpretation and connection to the territorial development profile*: So far,

disparities and territorial polycentricity are analysed and assessed. This builds a territorial development profile that is the result of policies on economic development and territorial structure, as well as the result of governance modes, shifts and rescaling. Governance rescaling is already discussed, but polycentric modes of governance are yet to be explored, and their connection to the territorial development outcome is to be set.

- *Diversity of cases and multi-sectorial approach:* The cases should be thematically diverse and cover initiatives that range from fully bottom-up to fully top-down. Furthermore, initiatives that happen within various sectors make sure that polycentric governance and its connection to the territory is covered from different sectorial perspective and different scale angles.
- *Territorial coverage – diverse, from small to large:* The cases should cover the whole territory of Albania, a specific region, or small community or ecosystem scales.

As a result, the following cases are selected and discussed in this section.

1. RDF supported Urban renewal program, implemented under the name 'Urban Revival'.

'Urban Revival' was the 'regional' development programme implemented by the government during 2014-2018, extending to 70 urban areas, and in almost every municipality in Albania. The aim of the program was to regenerate major public spaces in city centres or key urban core locations, considering these interventions as having a catalytic effect not only in the urban fabric, but in the region as well.

Being considered by the government as a regional development program, it was funded through the Regional Development Fund (RDF). It is not clear whether the whole RDF, or a portion of it was dedicated to the Urban Revival program, as this is not reported by the government. As a result, it is difficult to provide an exact figure on the implementation of the Urban Revival program. However, based on the data provided by the annual budget laws and on an interpretation of the RDF data provided by the Ministry of Finance and Economy, it is possible to establish an understanding on how the fund has operated territorially.

Thus, during 2014-2018, almost all of the urban centres in Albania acquired funding of between 200,000 Euro – 30,000,000 Euro for projects related to the upgrading of public spaces, design of central squares, and related activities. As a matter of fact, if the

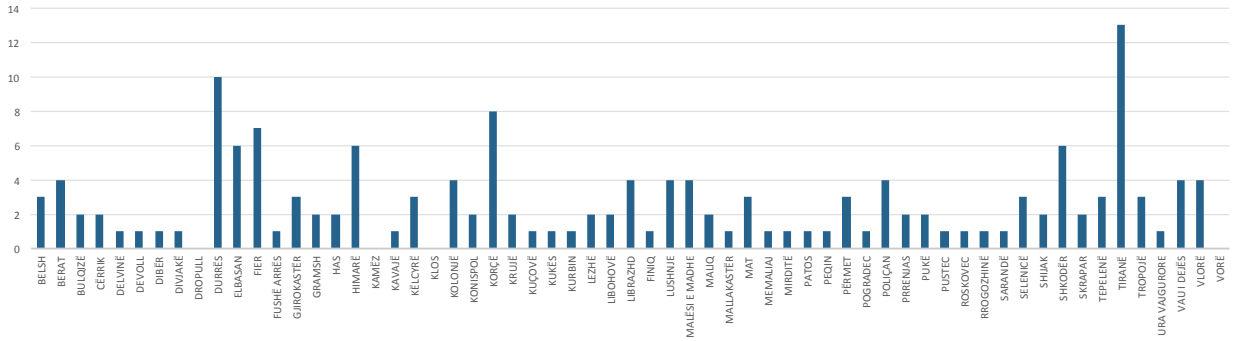
infrastructure, tourism and economic improvement projects are included, the values become even higher, as it will be shown below.

In order to interpret the information related to RDF, from the Ministry of Finances and Economy, the RDF projects implemented during 2014-2018 are classified (for the purposes of this study) under the following categories. The classification is made based on the description and name of each project:

- Infrastructures (roads, water, wastewater, etc.)
- Education
- Economy
- Tourism
- Information Technology (IT)
- Studies
- Urban renewal and landscaping

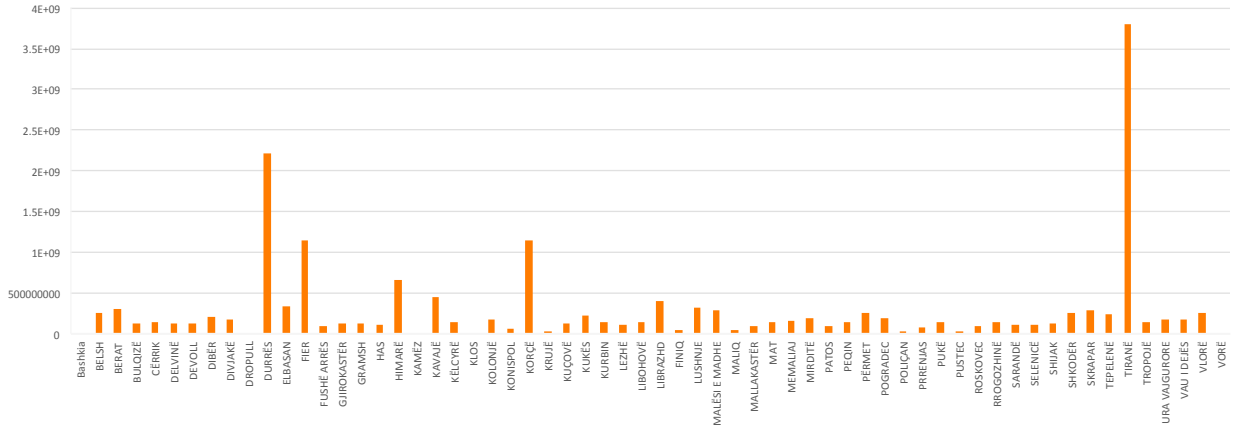
Referring to the above classification, it is not fully clear what part of the RDF is deliberately dedicated to the 'Urban Revival' program. However, based on this classification (made for the purpose of this study) and based on the government public information in media, as well as by tracking as many cases as possible to understand the nature of the projects, it is assumed that projects from the last category, that of urban renewal and landscaping, correspond better with the purpose of the 'Urban Revival' program. If the total amount of planned RDF for 2014-2018 is around 43-milliard lekë, the total of the urban renewal projects stands for around 18-milliard lekë, or 41% of the RDF. These are 159 projects out of the 367 projects funded by RDF as reported by the government till the end of 2017.

Figure 77. Distribution of urban renewal and landscaping projects per municipality



Source: Author's calculations based on data from Ministry of Finance and Economy, treasury system, 2018

Figure 78. Distribution of urban renewal funds (from RDF) per municipality

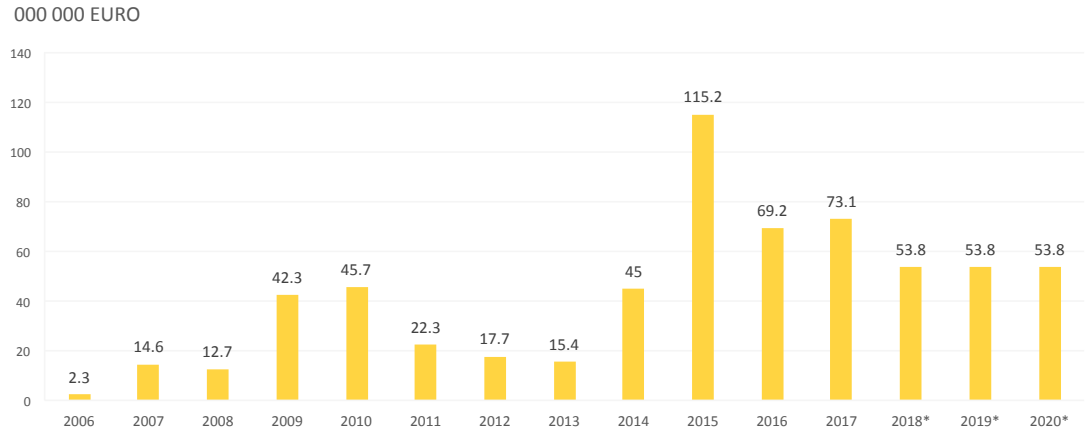


Source: Author's calculations based on data from Ministry of Finance and Economy, treasury system, 2018

The territorial distribution of the funds shows that out of 61 municipalities, Tirana has received the largest number of projects (13) and funds (around 3.7-milliard lekë), followed by Durrës with 10 projects and less than 2.5-milliard lekë. Fier, Korçë and Himarë have received half or less of the amount received by Durrës, but still significantly higher values compared to all of the other municipalities. In terms of number of projects, Elbasan and Shkodër have implemented 6 projects each (the same as Himarë), but project values are notably lower by 60% or more.

Besides funding the implementation of development catalysing projects in urban areas, the Urban Revival program intended also to promote the establishment of territorial partnerships. In principle RDF is supposed to support capital investments at local/regional level. The fund has been / is distributed on competitive basis to support infrastructure improvements (i.e: roads, education, health, water and sanitation, irrigation and drainage etc.) and has historically been allocated to line ministries or other relevant institutions for capital expenditures. The major institutional change made to RDF during the Urban Revival implementation was that of *consolidating funds (previously allocated to ministries) under RDF,* and distributing them to local governments on competitive basis. As a result, RDF values increased, marking an important jump in 2015 and then decreasing in 2016 (Dhrami & Gjika, 2018). In 2017 there is again a slight increase, but planned values for 2018 onward decrease again. However, any year after 2015 has higher RDF values compared to years prior to 2015.

Figure 79. RDF in years (000 000 Euro)



Source: Annual budget laws per each year, Official Gazettes, *the planned figure is provided for these years

Because data on RDF and on Urban Revival program are mostly aggregated, it is difficult to draw conclusions on the potential effects that these investments had on local and regional economies. Data from the disparities analysis for the years 2014-2017 do not reveal any improved regional development profiles, while disparities remain at same levels as in earlier years, or are even higher for some indicators. This may suggest that the program had an effect on city/urban landscape by improving urban quality, but not necessarily on development indicators. A final conclusion can be drawn probably after 2018, as in general development indicators do not increase immediately after the implementation of a development program.

Still, it remains a fact that RDF intended to have a regional impact through the Urban Revival program, but instead ended up supporting projects of local relevance. This is not in favour of the official nature of the fund – support for regional development. Furthermore, the fund aims to promote regional partnerships, but it was allocated through top down decision-making and in direct communication with the municipalities, avoiding the other interested stakeholders. In a way, the Urban Revival was claimed to be designed as a program that represents multi-level polycentric governance – hence, bottom-up initiatives should feed top-down programming and decisions on implementation should be taken through partnership framework and structures. However, in reality it did not work in this way. The priorities were set at the central level therefore undermining decentralised and multi-level management; the network of independent centres of decision-making for priority setting at local level was avoided or bypassed, and the common interest was narrowed down to political interests of government actors at central level; the competitive process was reduced to direct negotiations between mayors and the committee responsible on the RDF

allocation, which as a result undermined the system of rules by imposing a degree of informality on the implementation of rules already set in legal acts. Most importantly, the RDF and the Urban Revival were lacking a general policy of regional development to back up programming and then disbursements. The allocation of fund was not based on the objectives of the National Strategy for Development and Integration, and it did not consider territories of specific features, such as lagging areas, inner peripheries, disadvantageous areas in terms of disparities, territorial structures that reflect monocentricity, etc. Several projects were implemented in territories of specific features, but decision making for selecting these territories was not made on the basis of a respective strategic document.

2. Integrated program for rural development – '100+ Villages'

The Integrated Rural Development Program, known as '100+ Villages' program is an initiative of the Prime Minister and of the ministry responsible on agriculture and rural development. It is aiming at coordinating development interventions in rural areas – more than 100 Albanian villages, by conducting a cross-sectorial and multi-stakeholder approach, in line with the objectives of regional development as defined in the National Strategy for Development and Integration, and as a model that moves away from disconnected and fragmented interventions on the territory.

The implementation of the program is planned for the period 2018-2020 and the funded projects will be executed mainly by municipalities and other public agencies such as the Albanian Development Fund and the Mountain Areas Development Agency. However, implementation is not limited to public institutions only. The purpose is that partnerships, which include the local population and local businesses, are established for implementation.

Figure 80. Villages that are subject to the '100+ Villages' program

Source: National Territory Planning Agency and Ministry of Rural Development and Agriculture, 2018

To have a better understanding of the nature of the projects, one should look at the specific objectives[70] and strategic interventions of the program:

1. Improvement of public infrastructure (support for road infrastructure, revitalization of public spaces, community infrastructure, environmental

infrastructure, tourism, monuments of cultural heritage, multifunctional centres etc.);

2. Economic development through diversification of economic activities (improvement of tourism potential in rural areas, agro tourism and rural tourism, investment in improving trade services, investments in the production of traditional products and other economic and financial services etc. Support for incubators of products rural tourism, promotion and marketing of rural areas, transportation services, fairs and local holidays, etc.);
3. Development of social and human capital (support for the creation of rural networks, local action groups and civil society in rural areas, vocational training for young people and women, cultural heritage support, support for the promotion of traditions and livelihoods in village, etc.);
4. Establishment of the Albanian agro-tourism network, which aims at supporting about 27 new agro-tourism ventures and 150 inns;
5. Establishment of a network of traditional product incubators, which consists in creating facilities that provide ready-made infrastructure for the entire product value chain, ranging from manufacturing / storage facilities, packaging and marketing lines, support for standardization and certification;
6. Creation of the branded / traditional products store chain, a process that has started with the identification of the brand of *'Edua'*[71] shops, and will enable the increase of the sales percentage for Albanian traditional local products. (Ministry of Agriculture, 2018)

At the moment the program was launched – early 2018, it did not have a clear financial portfolio, as it does not have one now. The government stakeholders involved in the process were willing to push forward for its implementation, but were not clear on how to unravel the complex objectives and strategic priorities into concrete implementable projects, which besides reflecting the government's interests, do address local issues. This lack of clarity on which projects to pursue for implementation was then reflected in the absence of government's decision making on the respective fund. So far it is only clear that funding will come from various sources, such as the Regional Development Fund, the investments' budgets of the various ministries, potential private public partnerships, and municipalities.

In order to resolve the missing clarity and push implementation forward, a major revision is currently made to the institutional framework of the whole process. A mechanism for multi-level governance is built and it is currently in its first phase of implementation. Thus, the program is being politically managed by an inter-ministerial committee, composed of the ministers responsible on agriculture and rural development, infrastructure and energy, tourism and environment, and culture. This committee will also approve allocation and distribution of funding.

At the technical level, the advisor to the Prime Minister on planning issues and the National Territory Planning Agency, are coordinating the process. NTPA in particular has a key role on managing content related issues and making sure the achievement of convergence between bottom-up requests and top-down priorities. In order to achieve convergence, a planning and programing process is designed and it is being implemented with the involvement of universities, such as the Polytechnic University of Tirana, the Agriculture University, POLIS University, etc. NTPA has assigned each university a group of villages (groups defined based on villages' territorial proximity and functional relations) and launched in spring 2018 the '100+ Villages Academia', which is producing development visions for the rural communities and will conclude with projects for implementation. The output of the Academia will also guide budgetary provisions for 2019.

The universities have involved internal and external experts, as well as students in the process, and have conducted extensive fieldwork in the selected territories. The fieldwork, besides serving as a mechanism for generating, gathering and exchanging knowledge, it entails also a process of communication and negotiation with the local communities. The proposals that the working groups are elaborating contain the views and requests of the local communities. This is not merely to justify the requirement for participatory processes (as defined in the planning legislation), but it is considered a necessity, or a fundamental mechanism for affecting territorial constructs in a sustainable way.

This case, similarly to the 'Urban Revival' program is a top-down initiative that along its implementation it has explored ways for decentralising management. However, decision making-remains centralised. Municipalities play a role in facilitating communication and knowledge exchange between communities and experts, therefore also with national government representatives. Municipalities and communities do not have a say in the approval of programming documents, visions and projects proposed.

They influence the outcome only by being involved in the design phase. The whole multi-level governance mechanism is similar to MLG type I as described by Hooghe and Marks (2003). Hence, a pyramid-like scheme of interactions is set up from the institutions positioned in upper scales, and it is being implemented in cooperation with institutions at lower scales. By having a territorial representation – hence operating on a territory of common interests, the scheme guarantees both vertical and horizontal interactions between several centres of decision-making, but it concentrates the latter to the top institutions in the pyramid.

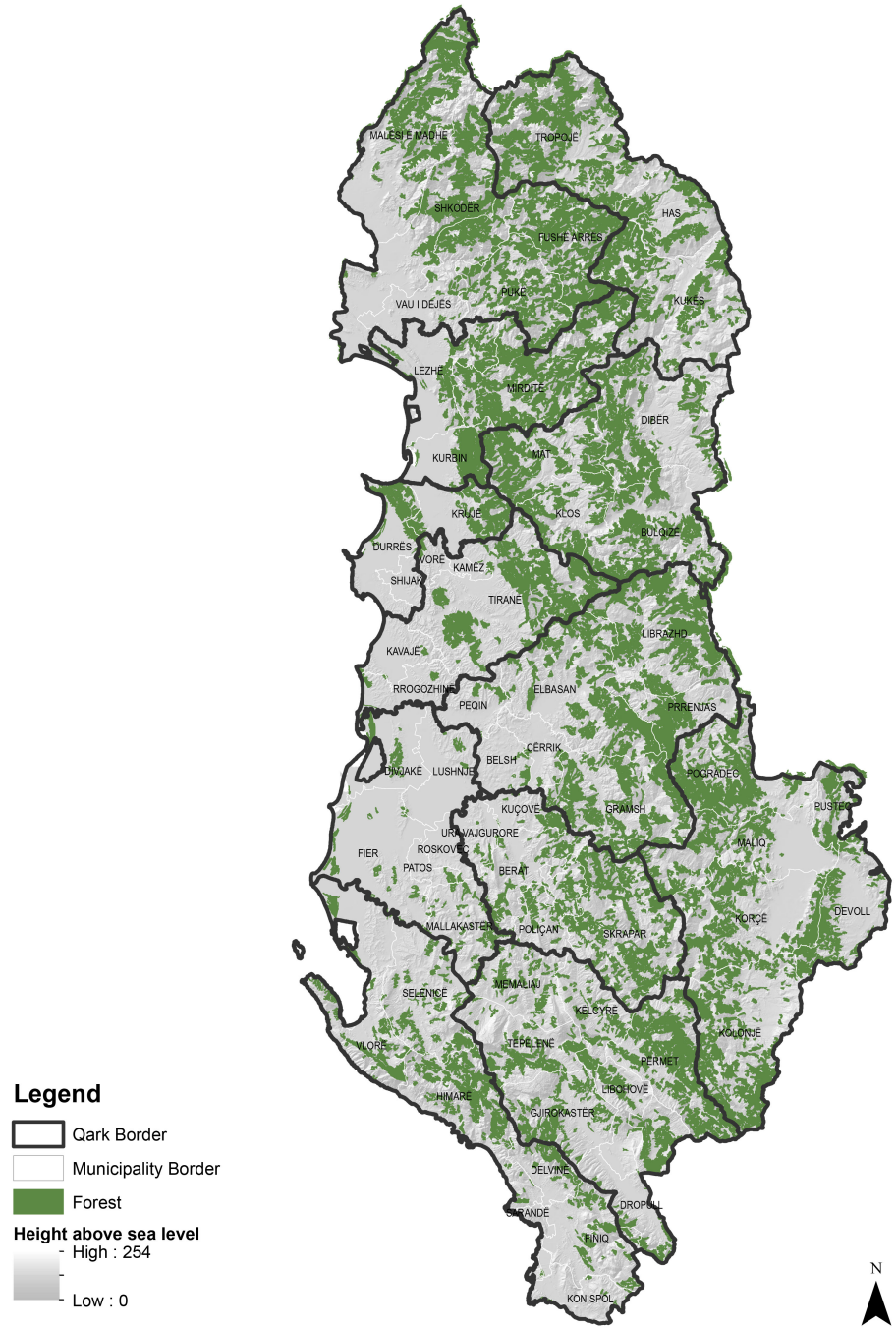
All stakeholders in the scheme have a common niche of genuine attraction for cooperation. The central government institutions look for the identification of fundable projects to take place in rural territories of inner peripheries and lagging regions, as means to guide harmonious and sustainable development (direct objective and interest). Through cooperation with local and informal stakeholders who are interested for development catalysers in their territories, they will not only identify fundable projects, but will be able to pack all initiatives into one financial portfolio to control during allocation and implementation (indirect objective and interest). This second objective is related to power and authority, both becoming valid once financial support is also enacted. Finally, by organising the Academia and series of actions agreed upon in a common action plan, this network of stakeholders has also agreed on a set of rules to be implemented during projects' identification phase and during implementation and funds' allocation. It is early to conclude on a verdict whether the program and the 'polycentric' scheme through which it is being implemented will have a positive effect on the territorial development of the selected villages, and of the region where they belong. This assessment should take place after the projects are implemented. However, it is clear that differently from the 'Urban Revival' program, implementation for the first phase of the '100+Villages' has endorsed a multi-level and territorial governance approach, with decentralised management and centralised decision-making.

3. Forest commons

To date, there is no any definitive figure on the total forest area in Albania. The government has embarked on an initiative of building the forests' cadastre, which is expected to provide accurate and updated figures on forests and forests typologies, including fragmentation and decrease of the total area over the years. However, this is a process in progress. According to Corine 2012, broad-lived, coniferous and mixed

forests constitute 27% of the territory. If transitory woodland shrubs are included, the total forest area (2012 data) accounts for around 40% of the territory. However, the forests area in 2018 is expected to be lower based on the reasoning that during the first decade after 1990, Albania lost some 12% of its forest area, during the second decade (based on Corine interpretation) it lost around 3%, and after 2010 the illegal forest exploitation activity has increased further and shares similar tendencies as those of the first decade (Toto, 2018).

Figure 81. Forest land cover in Albania



Source: Corine, 2012

Figure 82. Categories of land cover in Albania

Source: Corine, 2012

In order to protect forests and manage them sustainably, the government has revised several times the forest management law, to include also a 10-years moratorium on timber export approved in 2016. Institutionally speaking, a major change was the introduction of forests governance as an exclusive function of local governments in 2015, through the law no.139/2015, on local self-governance. As a result, to date, municipalities are responsible for the management of 82% of the forest area in Albania, 3% of forest land is privately owned, and 15% are forests classified as environmentally protected areas and are therefore managed by the ministry responsible for environment (Muharremaj et al., 2009); (National Agency of Protected Areas, 2015).

Legally speaking, the national government does not recognise a regime of common forests governance, hence forests that are owned, or held, or governed in common by the communities that live nearby these forests. However, the research of Toto (2018) on forest commons governance shows that at least 30% of the local forests (those under the responsibility of municipalities) are governed through a system of common pool resources (CPR). This means that this portion of forests is 'informally' considered as a CPR and is therefore being governed as such. These forests are usually located on altitudes of 800-1200 meters above sea level, and adjacent to rural settlements (Toto, 2018).

This proximity factor is important in linking people to these forests for a number of reasons:

i) Because forests are in a close distance to where people live, it is easier and feasible for communities to take care of the forest;

ii) People value forests provisioning, regulatory and spiritual services. In fact, due to historical ties between families and forest properties located close to villages, the spiritual values are very important to families through generations (Toto, 2018). In order to receive all three types of services in the long term, the forest ecosystem should be resilient. People have enough traditional knowledge to be capable of making this reasoning and by living close to this ecosystem, people feel directly affected by its services. For instance, the inhabitants are aware that a healthy forest will protect them from erosion and floods, besides providing food for families and cattle. When forests are located in long distances to villages, which decrease direct benefits for the local population to a level of non-being perceived at all, people tend to ignore the forest;

iii) Historically, in Albania before 1944, a portion of the forest land used to be governed in common and this was recognised in both customary laws and modern laws, the previous even stronger than the second (see (Gjeçovi, 1925) and (Ministria e Ekonomisë Kombëtare, 1930)). A practice of common pool resources for forest governance was established since a long time and people, though not owning these forests as full owners, had proprietary rights, as the term is defined by Elinor Ostrom and several other scholars who work on ownership systems for common pool resources. Therefore the connection between people and forests' ecosystems was consolidated and the CPR management practice for common forests was a normal routine. Historical ties were/are so strong and local population's memory is so vivid, that currently, though forests CPRs have ceased to exist in legislation and have no formal institutional

structures since more than 70 years, people expect it to be given the right to govern common forests and benefit from their services, the same way their families and relatives of the past generations did (Toto, 2018).

On the other hand, municipalities, lacking appropriate finances and human resources to manage forests, have 'informally' agreed to allow rural communities to manage forests as CPRs. Municipalities have the duty of conducting a number of general tasks such as production, protection and provision, consumption control, financing, coordination, monitoring and dispute resolution, and rulemaking, as defined by McGinnis 2011, but they are weak especially in regard to monitoring and control, as well as protection of the resource. This is due to lack of funds and presence of large territories, where limited human resources (in number) cannot exert their control on a daily basis. This leads to lack of information collection and dissemination and therefore lack of ability to enforce legislation. In absence of these key conditions for forest management, municipalities have 'allowed' or even 'promoted' the establishment of collective action entities that 'informally' manage forests and conduct all of the governance tasks as defined by McGinnis. Local communities have established internal sets of rules upon which each family takes care of its 'share' of common forests and all families together take care of monitoring (Toto, 2018). Besides this village level organisation, a number of more than 200 local forests associations exist, all acting on behalf of the local commoners and supporting (whenever possible) them financially. The National Forest Federation is the highest-level entity in this nested system of complex governance for forest resources and supports the lower levels/nodes in the polycentric system not only through projects and funds for forest management, but also with technical advice and especially lobbying and advocacy at the national policy-making level.

The forests' CPR system of Albania is a fully decentralised one, characterised by a polycentric structure, where levels (hierarchically nested) and nodes (stakeholders in the net) have various degrees of power and decision-making across the territorial scales. Commoners are usually bound to limit their powers within their local territories, while the forests associations coordinate activities among commoners at the level of administrative units (subdivisions of municipalities). The federation coordinates and cooperates with the associations and carries out a coordination and bridging role with the national government (mainly the ministry responsible on environment and the parliament). Commoners and local associations cooperate with the municipal officials. This complex system of polycentric governance performs based on a set of internal

rules, implementing requirements from the forests legislation, and in absence of a legal framework designed particularly for the sake of its activity. All critical factors for polycentric governance are fulfilled and the system is operational. The fact that forest commons are not recognised by law affects negatively two aspects: the degree in which this practice is implemented country wise, because it depends very much on the willingness of the municipal staff, on whether they would decide to cooperate with commoners or not; and the opportunity of the forest associations to access government funds for forest maintenance.

4. Territorial planning forums and networks

Territorial planning is government function that is shared between local and national institutions. Municipalities are responsible at the local level to carry out territorial planning and development. Municipalities draft territorial plans (for both, their whole territory and for specific parts of it) and the local councils adopt them. However, local territorial plans that are comprehensive and address the whole territory are approved also by the National Territory Council. Therefore, final decision making for general (whole territory) local territorial planning rests with the national government. Besides this, the National Territory Planning Agency acts as a technical body that follows local planning work, provides advice in the process, and issues compliance acts (compliance with the legislation and national territorial plans), which function as a preliminary step for sending a plan to approval stages. Therefore, though NTPA is not a decision-making body, it has the authority and capacity to either lead local governments successfully towards finalisation, and approval planning processes, or objectively impose obstacles and limitations that delay approval.

The planning system resembles a pyramid scheme of decision-making. However, the legislation itself has foreseen for the involvement of various actors during the planning process, from initiation to decision-making, hence constitutionalising a network of territorial governance interactions. Informal stakeholders, such as communities and interest groups do not have the authority to make decisions. They can though influence decisions, either through pressures exerted along with their participation in the public hearings and working groups, or through the development power they may entail, such as in the case of developers and businesses that operate on a certain territory. On the one hand, the constitution of participatory planning in the legislation [72] is positive as it reveals the awareness that exists among stakeholders (especially the government institutions) on the need to discuss planning actions and products with beneficiaries and affected parties (Allkja, 2018). It also shows for "strength of formal institutions" and "level of centralised authority vested in governmental actors", which

affect the structure of polycentric governance (Berardo & Lubell, 2016, p.11). On the other hand, it suggests for *rigidisation* of the process, potential loss of ingenuity in the outcome of the participatory planning, higher chances for the process to be controlled and manipulated, and therefore lower independence in shaping the planning results and taking decisions (ibid). So far, one could list three cases of participatory planning mechanisms that are implemented in the multi-level network of spatial planning in Albania, following a system of rules accepted by actors in the network. There are other ad-hoc initiatives, which may improve the polycentricity of the governance system from one territory to the other, but the following mechanisms provide a nested system that is partially constitutionalised, and partially agreed by stakeholders themselves to improve their influencing power in the process:

The Forum for Local Planning Coordination: This is a single forum established by NTPA with the participation of public institutions (local and national) that have a role and competencies over the territory in Albania. The aim is to promote strategic discussions and coordination between public institutions, therefore ensuring vertical cooperation.

Horizontal cooperation is partially achieved – only among deconcentrated levels of public agencies, as this forum does not include other stakeholders besides public institutions. However, the participation of various ministries and related agencies guarantees that sectorial aspects and issues (vertical decisions) are addressed during territorial planning (horizontal coordination and decision-making over and on the territory).

Legally speaking, the forum has no rights of decision-making or conflict resolution. It simply serves as a platform of strategic discussion in the frame of multi-level governance for planning. It is established by NTPA, and while the types of institutions remain unchanged in any planning process, there is variation of representatives, depending on the municipality and regional agencies that have competencies over a certain territory.

The forum was established as of 2015 during the formulation of the first territorial plans and is active at any time a planning initiative is in process. According to NTPA, During the 2016-2017 (as verified in NTPA webpage), a period which coincides with the launch of GLTPs drafting by the new municipalities (after the territorial reform), a total of 29 coordination forums have been organized with broad participation of representatives from the Ministry of Infrastructure and Energy, Ministry of Agriculture and Rural Development, Ministry of Agriculture Tourism and Environment, the Protected Area Administration Units, the Monument Institute, the Albanian Road Authority, etc.

The local planning forum is established on voluntary basis in each municipality, promoted by the mayor and being functional for planning purposes. The municipal staff consults the territorial plan and other local planning initiatives at least with this forum, though it can also seek for other forms of citizen cooperation. The forum can and should legally be invited also for other policymaking initiatives at local level, such as strategic planning, annual and mid-term budget planning, fiscal packages, and action plans for various local services.

The forum can remain totally informal as an initiative and citizens' group, or can formalise a memorandum of understanding with the municipality. While the establishment of the forum is a requirement for municipalities when they undertake comprehensive territorial planning in their territories, formalisation and further cooperation is carried out only on voluntary basis for both parties. All 44 municipalities that have a plan approved in Albania till mid-2018, have a local planning forum as well. However, the forum is not equally active everywhere, depending on the level of citizens' engagement, and on the open communication from the respective municipality. 16 municipalities out of 61 are currently drafting territorial plans and are therefore looking for citizens' initiatives, which would lead towards the establishment of the local forums.

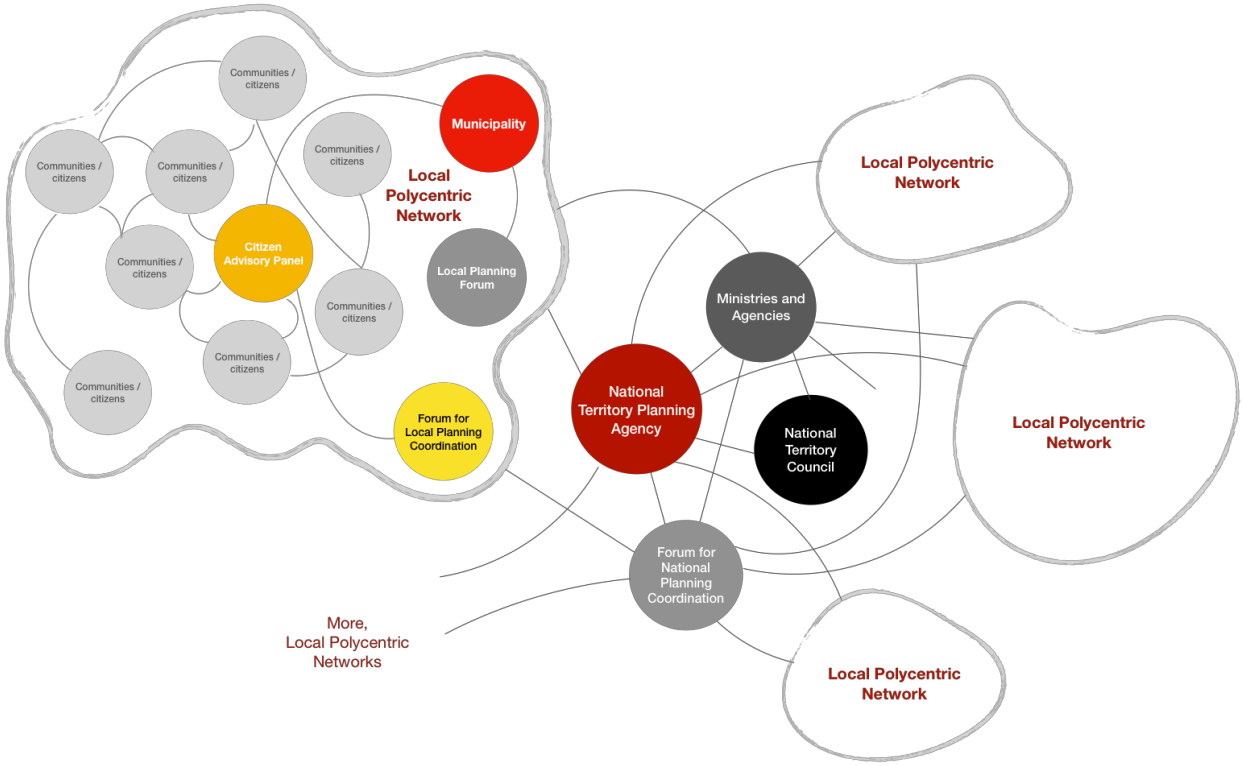
Citizen Advisory Panels (CAP): constitute so far one of the most prominent and well functioning mechanisms of direct participatory democracy at local level in Albania so far. It is a voluntary-based forum and builds on the experience of the citizen committees that were operational for a certain period in various municipalities during the years 2000 for purposes of strategic planning. CAP has an advisory role and has no decision-making power. It can though influence municipal council decision-making, as has often been the case in some municipalities (i.e. Kuçovë, etc.) depending on its organizational and networking strength. It has a comprehensive representation. It has played a role especially in planning processes, but also on budget and action planning at local level.

CAPs were established initially in 2012 through a USAID Program on Planning and Local Government in 15 municipalities: Berat, Burrel, Durrë, Elbasan, Fier, Kamza, Kashar, Korça, Kuçova, Lushnje, Paskuqan, Patos, Saranda, Vlora and Vora, based on the law no. 8652/2000 'On local governance organization and functioning'. These CAPs were readjusted to the new municipalities after the territorial reform of 2015. The model was replicated in 10 more municipalities, supported by other donors and in all of the municipalities that have drafted/approved a territorial plan (the local planning forum). The latter has happened on the basis of the decision of Council of Ministers no. 671/2015, 'On the approval of the territorial planning regulation'.

CAP participants include but do not limit to: representatives of local NGOs, youth, women and vulnerable groups, and media. There could also be proactive citizens that represent community and are not members of a specific thematic group. Each CAP has 15-25 members, with the exception of Kuçova, which has 40 participants. The latter is the most solid CAP and has its roots in the previous citizens committee established 20 years ago. More than 60% of the CAP coordinators were/are women. CAPs have also an internal regulation covering these aspects: agreement or acceptance by local government; criteria for becoming a member of CAP; identification of candidates for CAP; a group initiating workshop; election of the CAP coordinator; calendar of activities; rules for calling a meeting and for addressing local issues through position papers and other communication means.

Looking at the 6 critical factors for polycentric governance, territorial planning is positioned better compared to the several other sectors and initiatives, as it fulfils in part or completely all of the 6 criteria. However, the system is not fully decentralised and the authority is shared among actors at local and national levels, excluding local communities or informal institutions. The management and approval structure is clear, with clearly defined sets of rules and in this structure, the informal institutions do not have the authority to impose their decisions; their role is limited to participation by hearing and influencing the design stage. There is a contradiction though resulting from the 'invisible' or indirect role that developers and powerful local businesses have on the planning decisions. They lobby to achieve their vested interests on the territory, by either negotiating or putting pressure on the municipality/NTPA. All these interactions are carried out in a nested system of stakeholders and networking relations clearly defined on the territory, where powers and authority are not equally shared but differ among participants.

Figure 83. The polycentric network of institutional interactions in territory planning in Albania



Source: Author

3.5 Discussion

3.5.1 Territorial disparities and peripheralisation

Ehrlich et al. (2015), emphasizing Beetz (2008), argue that peripheralisation is or can be defined as a phenomenon, in which actors and institutions lose their capacities to act, and therefore become unable to undertake policies and actions that make their communities and places prosperous. Indicators wise, this could result in less employment, less governance capacities and quality, less education opportunities, higher school drop rates or les enrolment, lower GDP and GVA, etc. but not [necessarily] into fewer or lower quality of natural territorial resources (if the latter are present in the territory). All this adds to the question on whether peripheralisation is imposed and/or induced over a territory, or it happens internally by being or gradually becoming an inherent feature of the respective place and community.

So, if a territory consists of valuable endogenous resources, then to what extent and in what way do the respective institutions (including communities) and networks play a role in how resources are used to make the place/s better off? If the networks are loose and institutions weak, most probably they will not be able to make proper use of the resources, by unsustainably exploiting them, or ignoring their protection. Hence, if a

territory has plenty of unique resources, and still is peripheral or lagging behind in terms of social and economic development, this might be, at least partially, due to weak local institutions (including communities). The weakness could be witnessed in both, low internal knowledge and capacity to benefit from resources, but also in the application of top-down policies (from the government) that instead of removing development constraints do impose them on certain places at the advantage of other places.

So, in a way or the other the governments have the purpose, or the tendency to focus their efforts and support exclusively on large cities, rather than pursuing place-based development and "tailor policies to local needs and opportunities, while taking into account higher level goals and priorities" (Dijkstra et al., 2013, p.349). This is affected by political power and dynamics, but also implemented under the *efficiency argument*. Following on this, Dijkstra et al. (2013) emphasise further that development policies should not focus merely on large cities, because the aggregate gains driven by urban regions when assessed versus potential aggregate gains driven by secondary and smaller regions, may not necessarily result the most beneficial on a societal scale. This depends a lot on the value system used as a reference when costs and benefits are assessed. After all, size is not a good predictor for growth (ibid), neither it is a positive factor in favour of prosperity, as territorial disparities and polycentrism empirical findings often tend to show (chapters above).

While striving for cohesion and enhanced growth and competitiveness, it is crucial to get an understanding of the places' features and create territorial typologies, which lead the stakeholders towards relevant and functional policies for achieving the aim. The knowledge on typologies is crucial, as different policies have different impacts on the territory and policies learn from the territory. The territory, in its entirety, does not change, but the aggregation of its parts into regions (for as broad as the term 'region' may be) according to different criteria and aims, leads to different territorial and socio-ecological constructs, which should not be underestimated, or ignored.

Unfortunately, this knowledge is lacking in Albania, or is being ignored, and leaders with better connections, or more political power and authority push for short-sighted policies that are usually *assumed* to satisfy the majority of voters. The latter may also sound reasonable at first, but in Albania, more than half of the population is concentrated in the Tirana-Durrës areas, where territorial resources are becoming more and more scarce and environmental pollution is increasingly growing to be the major concern for citizens (see the disparities analysis in section 3.3). On the other hand, the

Albanians who live in rural areas, and in more peripheral or lagging urban centres, are close to territorial resources, but yet unable to use them.

Concentration of development policies in one single place, has not resulted so far as sustainable in Albania because: i) the governments have merely benefited from the positive effects of agglomeration economies. A logical reasoning on how sustainability objectives can be pursued by taking into consideration the territory at large and the resilience of the Tirana-Durrës metropolitan area is in the best of cases bypassed by the authorities; ii) Albania's peripheralisation is strengthened and made visible through territorial disparities, which exist at different levels; iii) the country has a highly monocentric territorial structure, low national and regional competitiveness and low cohesion.

In more concrete terms, territorial typologies that build on disparities are constructed based on the following findings:

1) As both, the disparities and the polycentricity analyses show there are *two territorial typologies where disparities are most severe and persistent: i) between urban and rural areas*. Till 2015 (before the territorial and administrative reform) when possible in terms of data and indicators, the disparities analysis was conducted on the level of local government units, which were municipalities and communes – 373 units. The fact that municipalities were urban and communes were rural was very useful in informing about the urban and rural disparities. Clearly the previous disparities analyses (2009) showed for high disadvantages of the rural areas versus the urban ones. When indicators were aggregated at *qark* level, the disparities among *qarks* would decrease significantly, therefore hiding the situation that was present at the more granulated context. Similarly, as currently there are only 61 municipalities and their territories are a mixture of urban, rural, agriculture land and natural resources, disparities artificially decrease again. Hence disparities between the 61 municipalities are less pronounced than disparities between the 373 territories of the former local governments; *ii) between Tirana and the rest of qarks/municipalities/FUAs*. In more than 90% of the indicators considered in the analysis, Tirana (as a FUA, *qark*, and municipality) holds an outstanding position compared to other *qarks*. Tirana appears as an outlier in graphs and tables by 'artificially' increasing national averages (in positive and negative indicators), and appropriating most of the attention and financial and human resources.

2) *Disparities between municipalities and especially between rural and urban areas are higher than between qarks and have increased* further (Toska & Gjika, 2018).

Indicators on demography, accessibility, environmental pollution, territorial structure, and local finances provide the basis for this argument, in a context where disaggregated data for the other indicators are missing. INSTAT's analysis of poverty provides as well insights on differences between urban and rural areas. The poverty data are not recent, but based on the consistency of values over years for the other indicators it is assumed that poverty divergences remain unchanged as well.

- With the current territorial reform (61 municipalities instead of 373 local governments) 55% of the population lives in 10 municipalities. The analysis of population data shows that those municipalities that were the largest before the reform, have remained so after the reform as well (Toska & Gjika, 2018). Similarly, Toska and Gjika (2018) inform that the % of investments in the large municipalities has increased; and at country level only 27% of the financial resources in average are from own revenues; and the municipal debt remains on very significant levels. Hence the recent territorial rescaling has produced new and more territorial complexities in absence of sufficient financial and capacities support to achieve its aim, and in a context where proximity to voters/citizens has decreased, and dependency on national decision-making has increased. This all seems to be leading towards stronger monocentricity of the territorial structure and less cohesion, in opposite to the objectives of the territorial and decentralisation reforms, as stated by the government.
- Rural areas are uniformly distributed all over the country and their typology varies in terms of population, economic activity and especially accessibility and topography. *Accessibility* issues become strongly evident for the mountainous areas, where distance to urban centres is significant and geographical isolation is present. In the case of rural areas of the coastal plain in the west, in the *qarks* of Fier, Shkodër, Lezhë, and Tiranë, dependency on urban centres (especially for services and employment) and presence of activities (mostly agriculture and to a lower degree tourism) are key factors in defining peripherality. The previous areas include in some cases (in the southeast Albania) also coastal regions. In the case of the mountainous regions, inner peripherality is defined mostly by poor access to services and regional centres, high rate of depopulation and abandonment of settlements, and to a certain degree also by a depleting process taking place in regard to previous industries and economic activities. However, these areas do not suffer from lack of important natural resources, and are not transitory areas located

between centralities with high economic potential. In this case, long distance and difficulties in mobility play the key role in defining peripherality.

- However, the regions located in the west plain are typically areas with (really or perceived) low levels of economic potentials, not because of geographical location (though transportation as a service is relatively inadequate) rather than because of poor access to services of general interest and single land use dominance (mostly housing). They also have low levels of economic performance and in several cases, this is linked to insufficient human resources, closure of important industries, poor governance structures, or presence of economic activities that exploit territorial resources (such as the case for Fier) but with very low returns for the locality or the local community.

3. *Disparities among the qarks* (excluding Tirana) are not very high. Of course, there are divergences, mainly for GDP and GVA, population data and pollution factors. In the case of GDP and GVA the factors that stand behind divergences are related to size (population) and the territorial structure in terms of land use (agriculture, versus urban – industrial development and versus forests). For instance, GDP (total and per capita) has constantly been higher in Tirana, Fier, Durrës, where most of the population and activities are concentrated. The same *qarks* have the highest contribution in GVA formation, with Tirana notably exceeding the other two *qarks*. This is related to the strong position that Fier holds in agriculture and industry, Tirana holds in all of the other sectors (but industry), and Durrës holds in all sectors as well but at lower levels compared to Tirana. From an environmental perspective though, the picture is reversed, with peripheral *qarks* (Dibër, Kukës, Korçë, Berat, Gjirokastër) scoring notably better compared to the metropolitan area Tiranë-Durrës. Again, this is related to the pressure from population and services, and industrial activities in the central *qarks*. Hence, it reinforces the above argument that the larger Albanian cities benefit from agglomeration economies, not from sustainable policies of development, while the lagging regions, because of non-activity, experience pressures in forest resources and fisheries (informal exploitation), but otherwise do not experience pollution from human activities.

4. Albania has *qarks* and areas (municipalities and/or urban centres) with *territorial specificities and unique features*, which are the least favoured, regardless of the development potential (in terms of natural resources) that they possess. After all, disparities do not reflect the presence of resources and/or potential, rather than a picture

of the reality of territorial development performance. Hence as analysed above, regions with abundant natural resources (forests and pastures, minerals and mines, water resources) such as for instance Dibër, Kukës, Gjirokastër, Berat, etc., are less developed than Tiranë, Durrës or Fier. The potential for economic development – in terms of resources, hence specific features, is found in the peripheral and lagging regions, instead of the central ones.

This is strongly related to the demographic changes (migration) and urbanisation path followed by Albania after 1990, leading to displacement of population towards the central regions in search for better services. Hence people moved away from resources to go closer to services. As people constitute a valuable resource per se, this movement (unplanned and unguided by development policies) resulted in the detachment between workforce and territorial resource, and as a result reduction of opportunities for more economic activities and more respective diversity. These shifts in economic regime explain (to a certain extent) also the current distribution of economic sectors and high dependence on services, transportation, construction, and administrative activities. Exception is the agriculture sector, where the territorial resource (land), human resources and other related services and activities are all located in the same area, and in the coastal plain. What is considered an advantage (the location) for the efficient development of the agriculture sector, constitutes also a disadvantage. Most of the informal housing of the last 30 years is developed on agriculture land, leading to land fragmentation (reducing efficiency, average farm size 1.5 ha) and reduction by more than 40% (leading to low productivity) (Toto, 2018).

This mismatch that exists in the location of the human resources and economic activities vis-à-vis territorial resources has negative effects on both types of regions: the central and more developed ones on one side and the peripheral and lagging ones on the other. Tirana for instance may experience development in terms of some economic indicators (GDP, employment, etc.), but is pursuing negative scenarios in terms of environmental sustainability and social development. Its growth leads to further occupation of the surrounding agricultural land, (implying a bigger ecological footprint), increased pollution, higher prices due to land [development] market speculation, and therefore also greater social imbalances. Tirana has so far an unsustainable development model of frontier economics, with little, if not at all, regard on the negative pressures over environment and social integration. Furthermore, in order to sustain its growth economically, Tirana needs the rest of the country's

resources and it needs resilient models for their exploitation. But, if population and productions activities are concentrated in Tirana only, this connection to the rest of the country is not only possible; on the contrary it will produce further unsustainable exploitation effects for the natural resources over Albania.

5. *Exploring disparities among the four development regions is not so worthy from a solely domestic perspective*, but is necessary when comparisons between regions are made on a European scale, especially in case these 4 development regions or their aggregates will be deployed as NUTS II regions. The high level of territorial integration leads to invisibility of disparities. The only important finding is that region 2 composed of Tiranë, Durrës and Dibër *qarks* represents the same situation as Tirana and Durrës versus the other *qarks*. Being one of the most disadvantageous *qarks*, Dibër affects region 2 figures to a certain extent, but it does not significantly lower them. In fact, this might bear risks for Dibër when project funds are considered on the basis of the four regions' performance. The notable dominance of Tiranë and Durrës could be a factor in less funds being transferred to region 2 and therefore less benefits for Dibër. Of course, the distribution of funds will depend not solely on the disparities, but also on the policy that the government will chose to use for fostering territorial development.

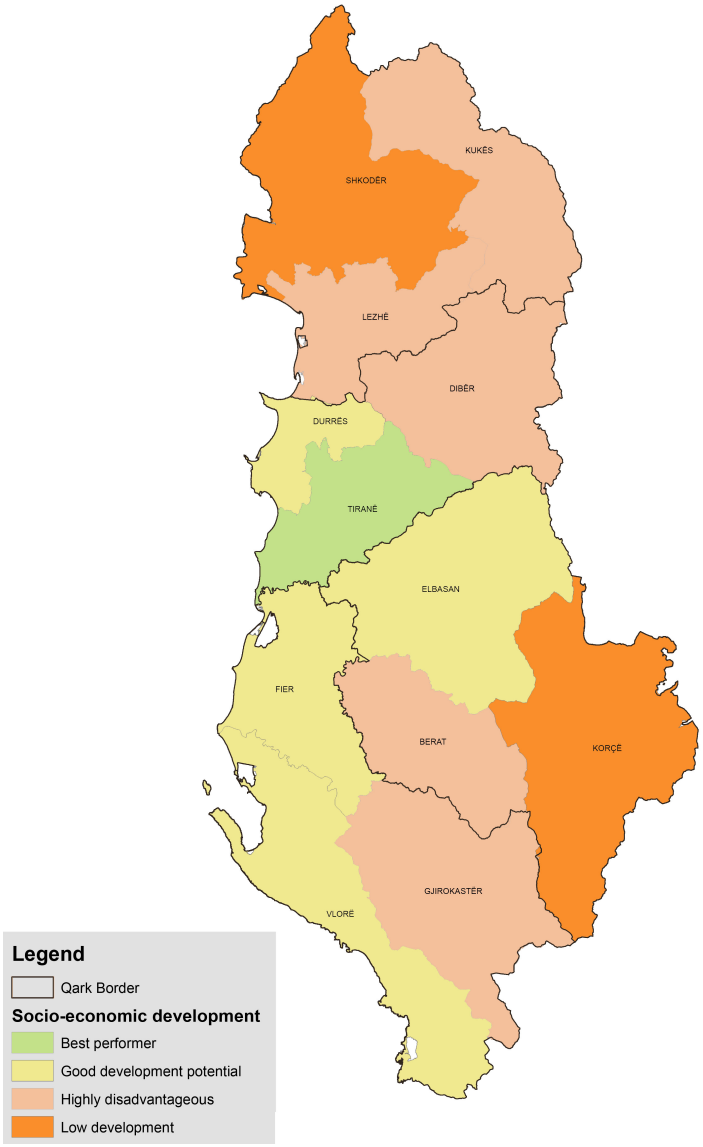
An attempt is made below to categorise *qarks* based on the disparities' analysis. It is not possible to group *qarks* by considering all of the indicators, due to especially factors analysed above in relation to peripherality and territorial specificities. Hence, some *qarks* are doing well in terms of economic indicators, but are scoring low in the case of environmental indicators. In general, the disparities analysis shows positive correlations among all social and economic indicators, and negative correlation with the environmental indicators. Accessibility indicators have a mixed correlation with the other indicator groups. In such circumstances it is possible to group indicators for constructing typologies in two major groups: socio-economic development or disparities and environmental disparities and territorial structures. In the case of socio-economic development, *qarks* are grouped as follows:

- Best performer: Tirana
- Good development potential: Fier, Durrës, Elbasan, Vlorë
- Low development: Korçë, Shkodër
- Highly disadvantageous: Lezhë, Kukës, Berat, Gjirokastër, Dibër.

In the case of environmental disparities and territorial structures, *qarks* are grouped as follows:

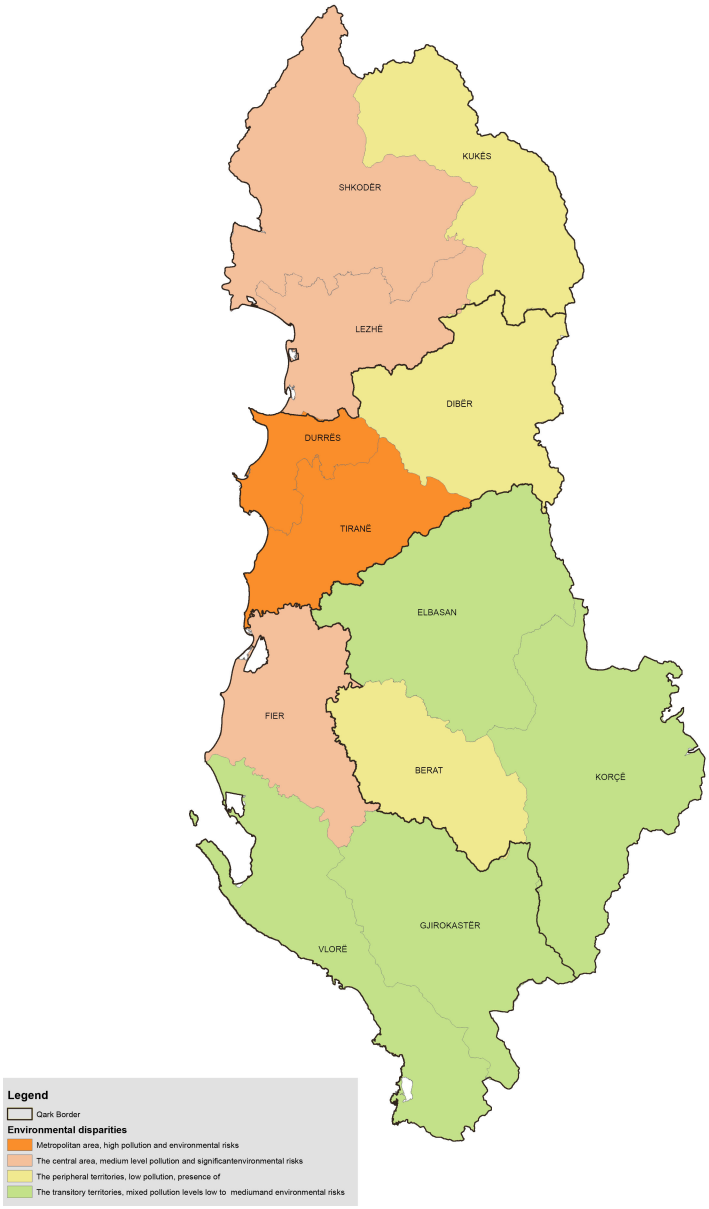
- Metropolitan area, high pollution and environmental risks: Tiranë and Durrës
- The central area, medium level pollution and significant environmental risks: Shkodër, Lezhë and Fier
- The transitory territories, mixed pollution levels low to medium and environmental risks: Vlorë, Korçë, Gjirokastër, Elbasan
- The peripheral territories, low pollution, presence of environmental risks: Dibër, Kukës and Berat.

Figure 84. Regions' (*qark*) typologies based on disparities (socio-economic development)



Source: Author, based on disparities' analysis

Figure 85. Regions' (*qark*) typologies based on disparities (territorial and environmental performance)

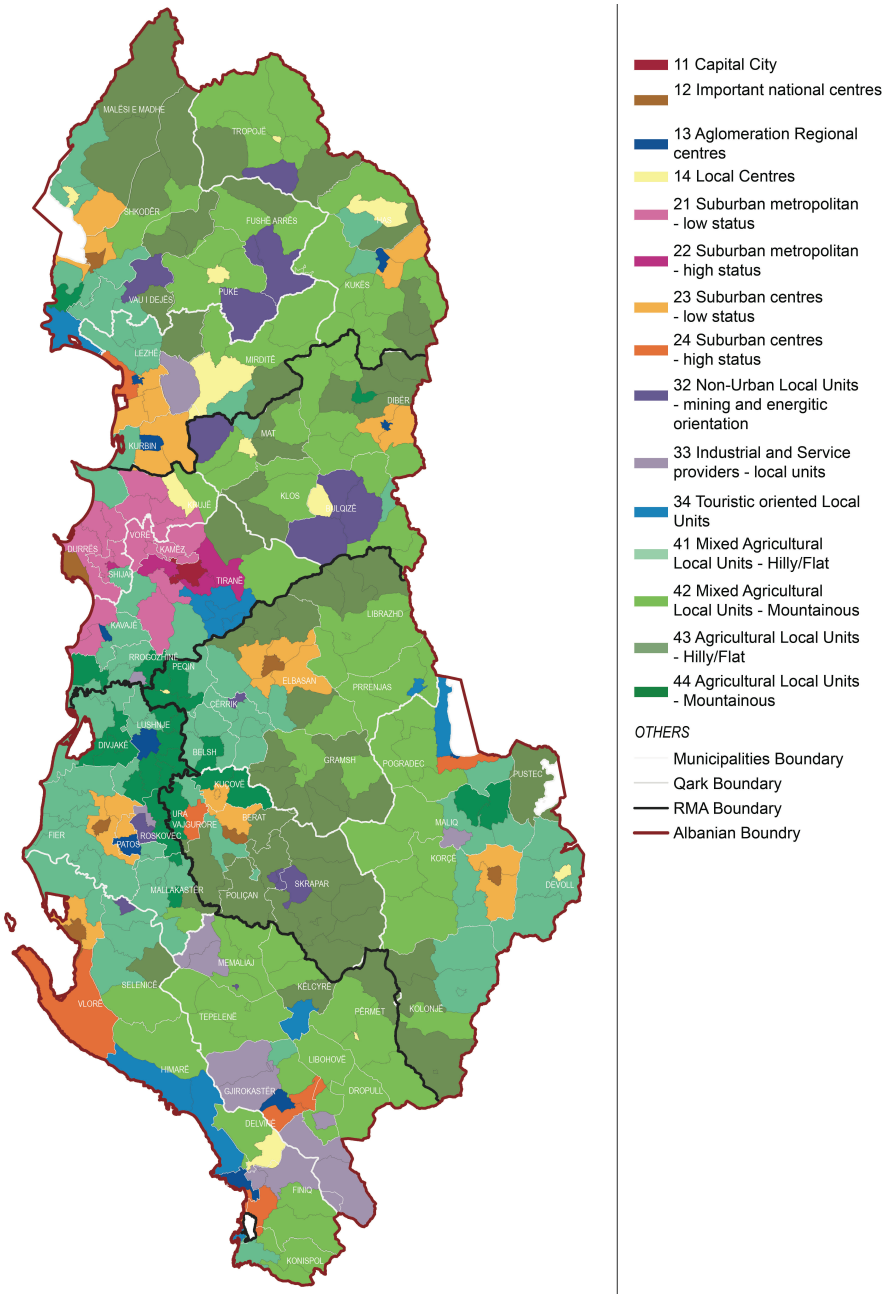


Source: Author, based on disparities' analysis

The above classification is made on the basis of indicators at *qark* level and it does not represent a categorization that would results if indicators were grouped at municipality level. For instance Elbasan city has a very good access to the areas with high GDP and population as a result of territorial proximity and good infrastructural connection. However, the rest of the *qark*, which is highly mountainous in territorial structure, has very low access. On the other hand, Elbasan city is highly polluted due to inherited and current industrial pollution and is at high risk of floods and riverbanks erosion. The mountainous area is environmentally clean, but forests are at a high risk of informal exploitation and forest fires. Hence the *qark* presents a mixed territorial situation. As

an analysis of all indicators at *qark* level 'hides' territorial disparities, a regional classification on the basis of *qark* may also be insufficient in directing development strategies and rescaling policies and processes. Hence, once again the need for analysing disparities at lower territorial scales (municipalities and urban and rural areas) becomes evident. The following INSTAT maps, prepared on the basis of population census 2011 provide a more granulated net of territorial typologies. Perhaps, disparities indicators could be analysed for this scale and for each typology.

Figure 86. Territorial typologies based on local governments territorial specificities prior to the administrative and territorial reform



Source: (INSTAT, 2014/a) (INSTAT, 2014/b)

3.5.2 Polycentrism in Albania

In this research, polycentrism in Albania is discussed in terms of both, territorial polycentrism and polycentric governance, looking at potential convergences, or present divergences. This is done in relation to economic development and disparities. The latter are present at all territorial levels and are high among municipalities and between urban and rural areas. But as the territorial polycentricity shows, disparities are significantly pronounced between the functional urban areas (FUA) as well. FUAs, as Brezzi and Veneri (2015, p.1) recap, "are spaces where people live and work, and where the bulk of economic interdependencies takes place". This means that also governance related interactions are expected to be focused mostly on these areas, considering governance, as Keating (2013) explains, as both, a set of rules and regulations upon which socio-economic interactions are pursued, and as mechanisms and ways for problem solving or to respond to the needs of the citizens and improve their welfare. The latter meaning of governance especially is linked to the objective of achieving cohesive growth on the territory, which matches the objective of territorial polycentricity for promoting convergence of growth and competitiveness on one side with a balanced, cohesive, and equitable development opportunities for regions on the other.

As discussed in the theoretical chapter, some scholars argue that, based on empirical evidence, polycentric territorial structures and functional relations are not always necessary or sufficient, to achieve cohesive growth on the territory at and between all territorial scales. There are cases that support and oppose this argument, which shows that more research is needed to define the success of territorial polycentricity. It was also argued theoretically, that it is often the governance modes, operating at different territorial scales with stakeholders interacting among them in/through nested and complex networks, that are able and/or needed to grasp the *territorial specificities* and make proper use of human interactions with resources and the territory. This leads to cohesive growth in the sense of problem solving as mentioned above. These governance modes, moving between strong centralization and strong decentralization and network governance, are complemented or preceded by territorial rescaling. Rescaling happens as a mean to support governments achieving their objectives, including those of power and authority, such as for instance the territorial administrative reform undertaken by the government of Albanian in 2015. However, rescaling happens also in the presence of *governance interactions that do not have rescaling as an objective* and should

therefore be accounted for in governance approaches. Example to this is the governance of natural commons, such as the forest and pastures in Albania, analysed in the previous sections.

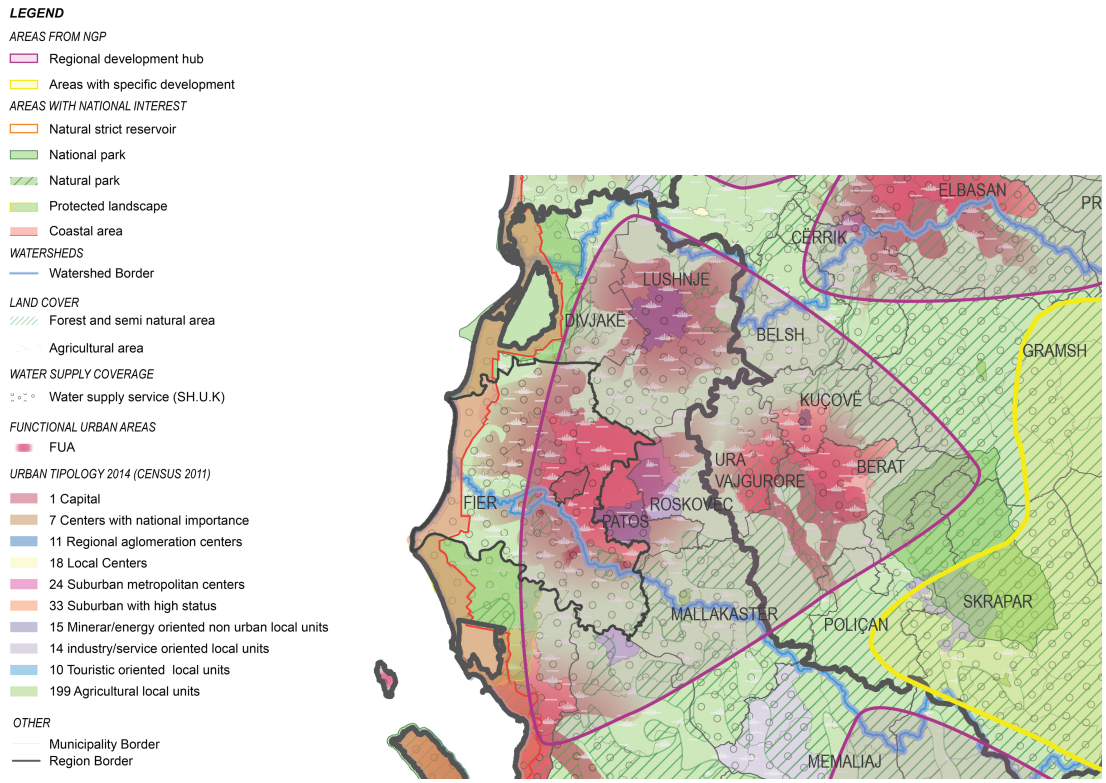
Böhme et al. state that governance arrangements are context-dependent and their effectiveness depend on the actors' capacity to adjust to the institutional context and influence its modifications. In the view of this statement, forest commons governance in Albania is a very genuine bottom-up process, based on traditional ties and knowledge of the forest communities, and on the pragmatic need of local institutions to find mechanisms that support them in carrying out their tasks, in a context of diminishing or missing financial and human resources. Legislation does not formally recognise this form of governance, which however, in the Albania's empirical reality, produces sustainable and balanced results and is characterised by interactions borne within a nested polycentric system, which has a territorial representation. The latter is to be considered. Of course this does not mean that a territorial administrative reform, which reflects forest commons boundaries should be carried out. However, the network-governance model of forest commons should be reinforced because: i) it is a model with proven efficient results on the territory; ii) and it has a territorial extent that should be recognised legally, because it impacts the competences of local governments, regardless of their territorial boundaries.

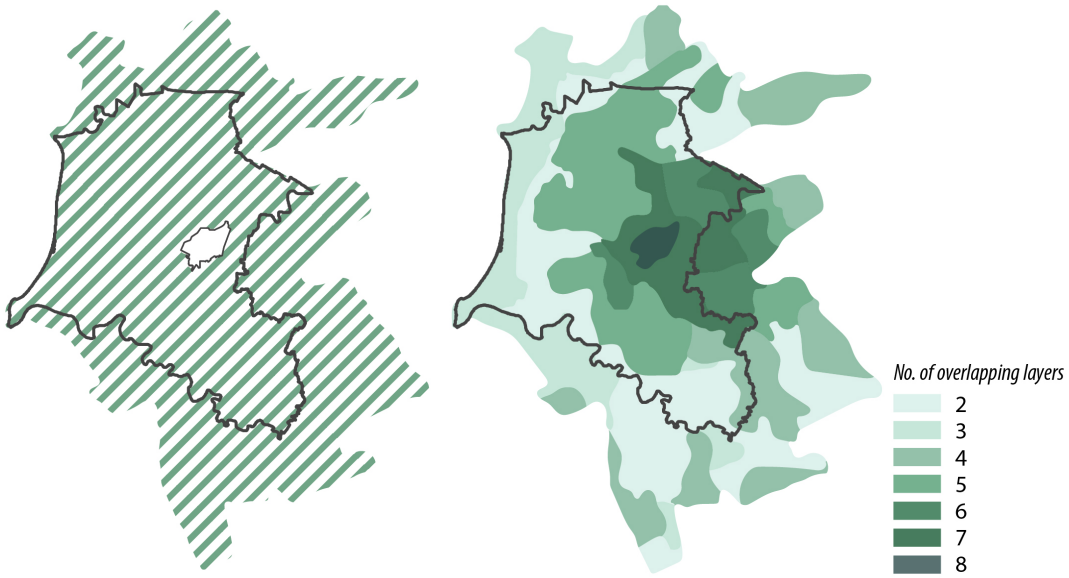
Hence, governance approaches lead also to *'unintended' territorial rescaling*. In polycentric territorial governance territory has fuzzy boundaries (Faludi, 2016); (Finka & Kluvankova, 2015); (Finka & Kluvankova-Oravska, 2010). A number of studies on polycentric governance do not even refer to the territory, because of being mostly concerned with the network interactions among the stakeholders and other factors, such as institutional rules and distribution of the decision-making power between actors. For others though, territory is a key discussion, because, i) any model of institutional framework that represents polycentric governance entails property relations – the latter being always materialised on territorial resources, ii) polycentric governance comes as an alternative to the large regional government that is supposed to take over / carry out several tasks, with the purpose of achieving services and development efficiency over the territory (see for instance Ostroms' work, Aligica and Tarko (2012), Araral and Hartley (2013), Ramiro (2016), McGinnis (2011), etc.), and iii) networking and cooperation, which is paramount in polycentric governance, is characterised by "territorial proximity between stakeholders, regardless of whether the physical

perimeter is fixed and permanent or it is fuzzy and flexible" (ESPON, 2018b, p.3) and actions situations are adjacent to one another by mutually influencing each other's performance and values (McGinnis, 2011) on this territory defined by physical proximities.

Finally, each stakeholder has a territorial interest, which is materialised on territorial resources. The scale may be different in each case, but the collection of similar interests, or of different interests that affect the same territorial resource (for instance energy production through different alternatives implemented within the same ecosystem, or use of one water system – resource for various interests such as energy, irrigation, drinking, and protection of biodiversity) establishes a territorial scale, which will be the object of polycentric governance. The network of several actors, or the multitude of several decision-making centres within a network has therefore also a territorial representation. The more complex is the network, or the more layers it has, the more overlaying territorial scales are present, and the fuzzier are the boundaries of this territorial representation, leading to dynamic rescaling processes that are continuously modified to represent purposes and interactions.

Figure 87. Sample of *'fuzzy strips'* in the Albanian territorial context – Fier Municipality





Source: Author

In the case of the 'Urban Revival' program, '100+ Villages' program and participatory spatial planning in Albania, one can observe how, when moving from one case to the other (in the sequence provided), the multi-level interaction between stakeholders changes from hierarchical and with low decision-making powers for the local government levels, to more decentralised and self-regulated (aka network like). Still, even in the case of participatory planning, some decision-making centres are more powerful than others. The real network governance is observed in the case of forest commons. In each case, new levels of actions (Keating, 2013) emerge continuously, but the multi-level governance arrangement has different degrees of decision-making autonomy for different levels. As a result, the polycentric system in each case has a different territorial representation.

In the case of the 'Urban Revival' and '100+ Villages', the model of multi-level governance that is used to implement the program, delivers efficient results at the national scale, making Albania better off on an aggregate level, or improving its competitiveness versus other countries in the region. However, looking at the lower territorial levels (regions, municipalities, urban-rural areas, etc.), the chosen governance system leaves local stakeholders out of the decision-making scheme. They are involved in a hierarchic polycentric network, which more than polycentric is multi-levels, due to entailing several levels and various stakeholders with powers; but most of them have powers that are of an influential nature, not approval ones. In these circumstances, regardless of where the various projects are implemented, decision-making power and development growth remain concentrated territorially speaking.

Both programs, though assessment of results is yet to happen, do not seem to have much of an impact on cohesive territorial growth and development, rather than tend to improve overall national development indicators (i.e. total of local infrastructure investments, construction industry – developers are not from the local areas).

However, in the case of the participatory spatial planning, and more so in the case of forest commons, because governance is implemented through self-regulating networks, the development's result is territorially more balanced. Resilience and sustainability increase at various territorial levels (forests ecosystems across the country), and local economic growth is reported at better levels for different municipalities after territorial plans are approved and implementation has started (Allkja et al., 2018).

The territorial polycentricity analysis provides similar results to the polycentric governance analysis. It is noticeable from the previous analysis that Albania, as a country has a monocentric spatial structure. It has gained this feature especially in the last 28 years, because the spatial structure was more balanced prior to 1990. The economic structure was balanced as well, though the instruments to keep it so were not sustainable and were based on command and control, instead of democratic governance mechanisms and functional relations shaped within polycentric decision making. To date, population and GDP (hence economic activities) are concentrated in the metropolitan area of Tiranē-Durrës region, leading to an outstandingly high *size index of 97* (in fact the highest compared to the 27 EU countries for which the analysis was conducted in 2005). This is the direct result of lack of national and local policies that guide development in the territory by ensuring both growth and cohesion. Due to the inherent antagonism that exists between competitiveness and cohesion, as well as in a context of total socio-economic, political regime and governance shift, in principle one would not typically expect Albania to become a polycentric country from a territorial perspective. Hence, the fact of moving from a state of total control over population location and mobility to a state of free movement in lack of policy guidance was expected to produce new territorial constructs and settlements' concentrations with a very diverse structure.

However, figures go beyond any prediction. To date, Albania is confronted with a relocation of more than 2/3 of its population in one single location, leading to formation of agglomeration economies and a new metropolis, and to a tendency of human capacities draining from remote rural areas to *qark* centres, and from urban and adjacent rural settlements to Tiranë-Durrës. The latter endorses (as defined in the disparities

analysis) sustainability failures in economy, environment and social development. Institutional fragmentation, weak governance mechanisms, absence of unified spatial planning for a very long-time, inadequate legislation (Su et al., 2017) political struggles, and state capture are the underlying causes of these failures and of challenges that regions, including the metropolis, have to face.

Accessibility of, within, and among regions (FUAs) and connectivity among them is also quite low for most of the regions, and is imbalanced. Albania has a connectivity index of 72.2 that ranks it as 6th in the list of 28 countries (EU 27 + Albania). This index is linked to the accessibility that each FUA has on GDP and population (of other FUAs) and, in a context where size index is extremely high and Tirana as a centrality is substantially visible (also physically), it is to be expected that a significant territorial monocentricy would prevail also for the accessibility index.

Connectivity as related to communication is also lagging behind. Regardless of investments made in road infrastructures, especially during 2005-2013, the national network is incomplete and favouring mostly the inner part of Tiranë-Durrës area, with moderate to low connections with the rest of the country. Hence, all mountainous areas and inner peripheries located in the north, south and east connect to Tiranë, Rinas airport and Durrës port in more than 2 hours travel time by road transport. Exception in this group is made for Kukës city and the villages located along the Tiranë-Kukës-Morinë highway, which have direct exits to the motorway. Settlements located in the *qarks* of the west (Shkodër, Lezhë, Durrës, Tiranë, Fier, and Vlorë) can reach these destinations in 2 hours or less, as long as they are located in the non-mountainous territories of the *qark*. The same is for Elbasan. In general, good access to motorways' exits is limited to settlements located just along the national corridors (Shkodër – Vlorë, Durrës – Kukës, and Elbasan-Tiranë). So, inhabitants who live in mountainous villages, though close to the corridors in aerial distance, take often 2-3 or even more hours to reach a motorway exit.

The connectivity situation as discussed above is very much related also to the current radial layout of the network of national roads. Hence, all corridors go through Tirana reinforcing territorial monocentricity also for mobility layout. For instance, there are no direct highway connections between *qark* centres of Korçë, Kukës and Dibër – all located along the eastern border of Albania, or from Korçë to Gjirokastër and to Vlorë.

Furthermore, while construction of new roads improves travel times, it affects accessibility of FUAs to GDP and population for some of the FUAs, but not for all of

them. And then again, due to the road network layout, concentration of population and economic activities in Tiranë, and lack of cohesive development policies across the country, the accessibility of other *qarks* to Tiranë-Durrës area is high, but is only one-way. This reinforces further the strong position of the Tiranë-Durrës area and weakens the position of other urban centres, such as Kukës, Korçë, Peshkopi, Berat, and Gjirokastër. In the long run this may not result as positive for Tiranë-Durrës as well, due to missing economic exchange between areas with natural resources and areas with human resources.

Thus, new roads should be built as these will improve communication and decrease travel times further, which will contribute to higher efficiency in economic activities. But this will also lead to more commuting to Tirana. The latter should be an issue of concern and should be carefully assessed for optimum levels between commuting and distribution of economic activity and population across the territory. Hence, infrastructure networks strategies should not happen in the vacuum of economic development policies. On the contrary they should complement national and regional development policies and vice-versa. While connectivity should improve to bring people faster and closer to [current] activities and recourses, other actions should be undertaken to promote development within areas, even the more remote ones, as long as this is reasonable for resilience and sustainability.

In some locations, such as the case of Korçë and Gjirokastër, poor communication with Tirana is to some extent counterbalanced by enhanced communication (economic exchange) with cross border areas in Greece. It still takes for the core urban settlements of both *qarks* 3.5 to 4.5 hours to reach Tirana and less than 2 hours to connect with Ioannina or Thessaloniki. While this may be positive for local development, and it provides evidence of good cross border cooperation with neighbouring regions, it does not contribute much to the national accounts, because of isolation of these border areas from the current economic engine of the country (Tiranë-Durrës area).

Location wise, a reverse picture is depicted, with a location index of 28 (notably low – hence positive), ranking Albania as second in the list, just after Norway with 22 (in 2005). This index of location is due to the current balanced distribution of [potential] urban centres (*qark* centres and FUAs centres) across the national territory as a result of the socio-economic policies and territorial politics of the state during the centralised economy of the socialist system. During 1945-1989, the government would regularly prepare central economic development plans every 5 years, resulting in the emergence

of new economic activities (mining, hydropower plants, industries, etc.) and subsequently on related territorial restructuring. Hence new settlements were created from time to time in order to bring workforce closer to the resources and economic activities. Similarly, the existing historical centres were continuously reinforced with location of industries and the transfer of the workforce (various professions) to economic centres and to services. This was made in parallel with the decision to distribute services equally over the territory and bring them closer to citizens in a deconcentration scheme (Aliaj et al., 2014); (Toto, 2010/b).

In order to achieve this balanced distribution of territorial structures, the government was implementing two key policies: controlled population movement and [re]location; and subsidies for controlled and centralised regional development (Shutina et al., 2016); (Toto, 2010/a); (Aliaj et al., 2014). Because of these policies, in 1990 Albania had a polycentric network of territorial structures, with urban and rural nodes of various sizes and complementary activities and with potential for further empowerment. However, the socio-economic and political change, together with governance shifts, did merely not consider at all this inherited socio-ecological and territorial structure, which was not wisely used by authorities and people after 1990 to build a more cohesive economy. Instead, because of belonging to the so much hated centralised regime legacy, it was neglected, regardless of its potential for the future. However, the major historical centres (FUA centres) remain present on the territory and though in high misbalance with Tirana, constitute still key territorial elements that could potentially contribute to more cohesion and growth, and polycentricity, if regional policies and territorial rescaling with polycentric governance would be implemented and would make use of the advantages that these centres and the surrounding settlements offer through their territorial specificities. The proximity of some of these centres to each other and their location within the coastal plain increases the potential of territorial polycentricity for some inner peripheries as well, such as Peqin, Cërrik, Belsh, Roskovec and the area in between. This area could become a future centrality due to the current overlay between FUAs and their potential integration areas. This potential centrality does not suffer from poor connectivity, but has low access to markets and services of general interest and low human resources.

However, the potential territorial polycentricity as depicted above has to confront two types of challenges. First, what territorially (morphologically) seems as a viable option (because of location and access to high GDP and employment basins) should also be

complemented with socio-economic activities that attract people to these inner peripheries and promote growth. Second, the presence of these socio-economic activities will increase only if people are engaged into economic interactions where they also have the power for decision-making (at different levels and through different mechanisms), which will increase the potential for polycentric governance. The latter would entail several self-regulating actions and rules (maybe also overlapping ones, especially territorially) through which, people and institutions make decisions that are more sustainable in the long run and contribute to the resiliency of their socio-ecological systems.

3.5.3 Regions' typologies in Albania – an empirical spatial classification

Territories are inherently present in socio-ecological systems by affecting interactions or being changed by them. Territorial structures are often contested, changed, and then contested again in a never-ending process of territorial rescaling, where institutions and their governance shifts migrate to newer levels (Keating, 2013). As all human activities happen on the territory, the latter is a crucial dimension of institutional interactions and therefore of the related development and governance processes (Shutina & Toto, 2017). There is a continuous dynamic in the representation of the territory, which is often visualised through territorial typologies. The various territorial constructs are built on views that support either spatial determinism (regardless of the criteria being used), or territories as meres social constructs where boundaries and or territorial characteristics play no role and societal results are usually reduced to other (social) factors (Keating, 2013). Nevertheless, whether completely fuzzy and invisible, or strong spatial determinants, territories contain a number of ecological features (often made known to people in the form of ecosystem services), which make them unique and strongly define how socio-ecological interactions are shaped in a given territory. As humans are in constant search for goods and services from ecosystems, hence making use (sustainably or not) of natural territorial resources, or affecting their resilience through human interventions, the spatial definition or designation of the territory is not be ignored and development policies should not be territorially-blind.

As it was discussed in chapter 2, there are several territorial typologies and are always defined for specific purposes. In any case, there has been always a need for generating new or systematic knowledge, in order to supply an evidence-base for the formation of new policies or the implementation of current ones. This was in fact supported also by

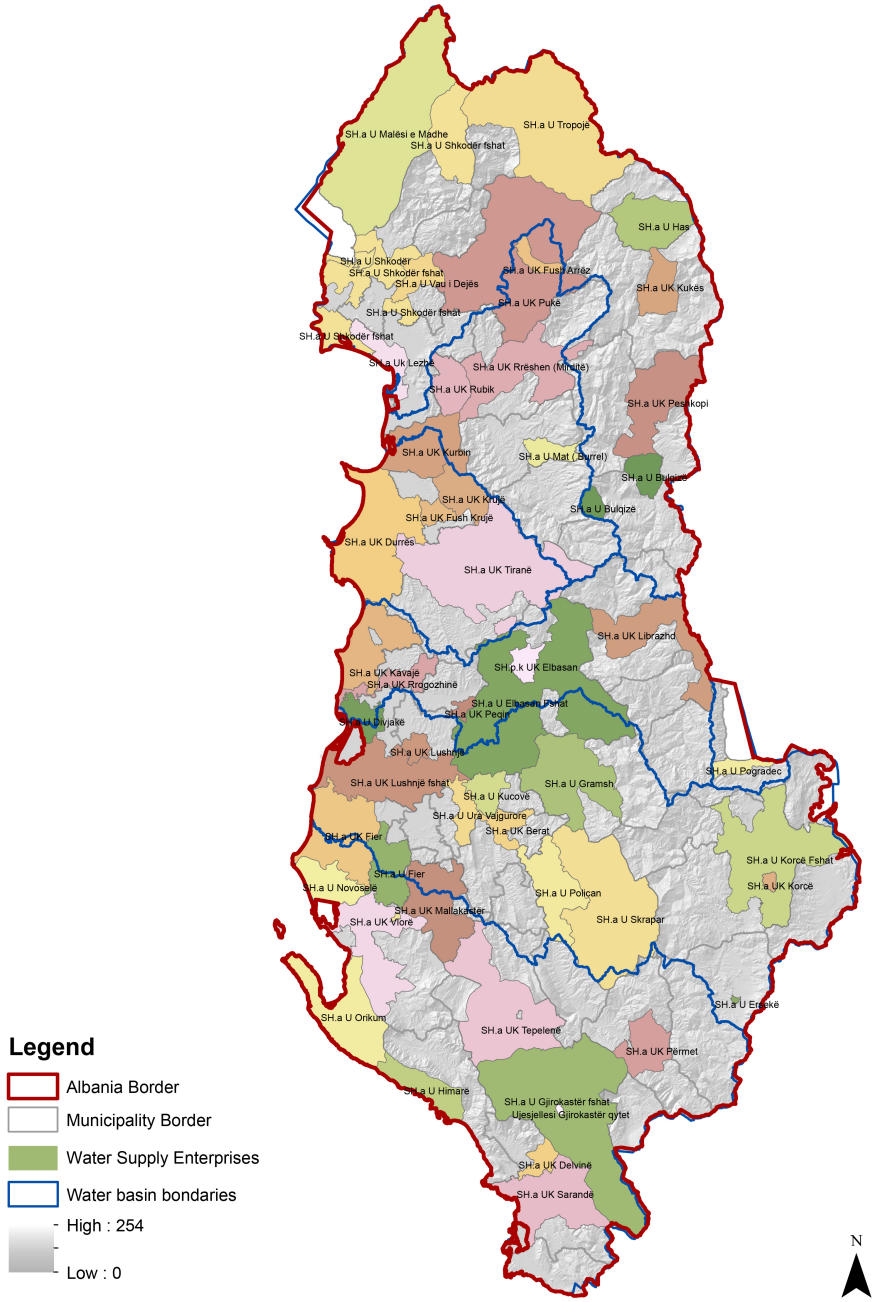
the empirical findings in the territorial rescaling processes undertaken in Albania during 1992-2016. Due to these territorial rescaling attempts and/or results, a number of different territorial typologies have emerged, which reflect different development outcomes and different institutional organisations and governance models. Based on Keating (2013), the Albania's rescaling model (represented in the following territorial typologies) will be discussed along three dimensions: *functional, political and institutional* and in various initiatives and for various purposes.

In the case of implementation of the *territorial and administrative reform in 2015* rescaling was made under the argument that the proper or the right spatial scale with the optimal population threshold (Keating, 2013) for local government services and functions has to be found and assigned to municipalities, so that the high level of territorial fragmentation is avoided (GoA, 2014/a); (GoA, 2014/b). In order to fulfil this objective, the government defined a set of criteria: the functional area, the distance from the centre of each municipality to the rest of its territory, population thresholds, territorial continuity, and historical ties. It also made it clear that these criteria will not apply in the case of ethnic minorities (GoA, 2014/a).

However, the basic claim was that of revising territorial boundaries in order to increase the efficiency of local governments performance. Of course this was the initiating argument, because as the process itself showed on the way, the systems of governments' functions and services [should] operate at different territorial scales in order to reach efficiency. The government itself did not follow the criteria by the book. In most of the cases, the principle of the functional area was complied with, but in other important cases it was discarded.

For instance, the water supply system may and it often requires a different territorial scale from that of waste management, or administration of schools. The efficiency of the water supply service is very much related to the location and distribution of the water resources vis-à-vis the settlements and the location of population. Because of this reason, experts and actors who are active in water management have constantly asked for regionalization of water resources management for water supply purposes. This is regionalization of the service, and it is different from a comprehensive territorial reform on government regionalization, as well as it does not coincide with the boundaries of the river basins.

Figure 88. Water supply enterprises versus municipal boundaries and river basins boundaries



Source: Prepared by author based on AKUK, 2019

In the case of waste management, the scale of the service will depend a lot on the efficiency gains of waste transportation to transfer stations and final treatment sites. Hence the distance to sites will define the model of waste management based on economic efficiency. Similarly, a municipality will decide (based on efficiency gains) on whether to build new schools in remote rural areas, or increase the quality and number of public transportation lines to bring pupils to schools in more central locations. Hence, the 'basin' of the service users/beneficiaries is different in each case. Aiming

for an area size, which encompasses all of the different service users' basins, may lead towards mega regions and large government structures, as those described by Vincent Ostrom in 1960s and 1970s that are not effective and move away from the subsidy principle, due to increased distance between government institutions and citizens, but also due to the large fuzzy strip/area of the core region (see figure no. 87).

Figure 89. Administrative boundaries in Albania: 373 local government units (prior 2015), 61 municipalities and 12 *qarks*

Source: Government of Albania, TAR, 2015

Furthermore, any territorial reform has a political factor behind. In the case of Albania there were multiple political factors. One was for instance the 'influence' over future elections' results, by constructing boundaries that either concentrate into one territory or fragment in space populations with distinct political positions. A typical example is the separation made between the municipality of Tiranë and that of Kamëz (situated north of Tirana), though territorially speaking both municipalities function as one

continuous structure, hence being part of the same Functional Urban Area. Another political factor was the issue of ethnic minorities. These minority populations had for the last 60 years been territorially integrated with Albanian ethnic population. Therefore, ethnic minorities' settlements were part of 'mixed' local government territories. However, with the latest territorial reform, two new municipalities were established, inhabited by ethnic minorities (only or primarily). This was done under the commitments undertaken by the government vis-à-vis the European Union to prepare and implement a law on minorities, which gives them full rights in managing their territories, electing government structures represented by the respective ethnic population, conducting education in their schools in the respective ethnic language, etc. To date, these municipalities have very small territories compared to the neighbouring local governments and consist mainly of rural areas and grouping of small rural settlements.

The administrative and territorial and decentralization reforms undertaken in Albania in 2015 and 2016 did not pursue (Dhrami & Gjika, 2018) the principle of balancing between structures and funding of development activities (ESPON, 2017). The process was characterized by a lack of development vision, which would be necessary to balance between government's restructuring and capacity building on one side and funding development actions on the other (Dhrami & Gjika, 2018); (Toska & Gjika, 2018). The national government pursued restructuring actions that were aiming at [re]centralizing the power, rather than purging inefficiencies and strengthening local governments' capacities. Dhrami and Gjika (2018, p.30) report that the regional development fund (RDF), "the most relevant funding mechanism for capital investments in local and regional infrastructure" is revised annually through the state budget law hence being unpredictable and unrelated to a long-term development program and to a multi-annual financial framework. One should keep in mind that with the current decentralization reform, RDF has increased significantly (merging in one investment fund, expenditures that were previously made by ministries separately) and constitutes a key basket for municipalities to benefit from.

The territorial reform of the 2015 is, as a matter of fact, the latest milestone in the series of territorial rescaling efforts of two decades. Initially, soon after 1990, Albania conducted rescaling on purely political basis in compliance with the governance decentralization reform, which was initially based on political criteria. The functional and institutional approaches were taken on board only after 1999, with the approval a

full-fledge decentralization strategy, the inclusion of *qark* (the second tier of local government) in the constitution, and with a new law on territorial and administrative boundaries. Regionalisation attempts were made, on the basis of various stakeholders' claims and criteria, such as efficiency and economy of scales and historical identities, etc., but were never concluded. As a result, the subsidiarity principle – that of bringing services at the most appropriate institutional level and closer to the citizens, was not fully achieved.

The political stakeholders did not consider rescaling at regional level in early 2000s, because it was deemed as too early to accomplish such an ambitious objective, in a context where stakeholders and institutions were not mature enough to deal with decentralization at local level, let alone at regional level (Toto, 2010/a). This in fact led to a loss of momentum, because at the end of the decade, stakeholders agreed that it was too late deal with regionalisation (ibid). Power dynamics and development contexts had evolved in such a way that political actors and authorities were merely not willing to reopen e territorial rescaling debate, which in reality would consist of power and authority rescaling. By deferring the discussion on rescaling at regional level in 2000 to a further moment without any indication of timing, Albania lost the opportunity to test and assess the links between regional government (as part of the decentralization reform) and regional development (a reform often initiated, but not concluded to date).

The regionalization options offered by experts, non-government institutions and universities during the last two decades were as well based on comprehensive analyses of functions, politics and institutions. These analyses included also comparisons with EU member countries, especially those from the south-eastern Europe, which had gone through similar historical and political processes as Albania, in the first half of the 20th century, to advance with a transition process after 1990s. In overall these independent (expert/NGO/University) analyses were focused on identifying:

- Tasks (corresponding to services for citizens and government functions) where efficiency was not achieved at the local scale, and *qark* was either institutionally unable to deal with or its territory was not optimal for implementing a certain function. The size of the government unit (physical and in terms of number of employees) affects the output and efficiency of service provision (Aligica & Tarko, 2012) – this showed for asymmetric results among municipalities. Some of them were either two small, or too big, and few of them were in optimal conditions;,

- Territorial constructs, which would be appropriate for the implementation of the EU regional development and cohesion policy in the future (an objective of the 2015 territorial reform as cited by (GoA, 2014/b));
- Territorial typologies and scales where tasks that were not efficiently provided at local and national scale could be carried out – this was particularly the case for watershed management and protection and sustainable development of natural resources, regional transportation, final treatment of waste, vocational education, and regional development and planning;
- Institutional mechanisms and modes of governance that would most efficiently implement these tasks at the identified regional levels, including forms of cooperation and networking that were necessary to ensure efficiency;
- Financial sources and mechanisms to fund tasks implementation in a decentralised governance framework;
- Ways of how to transit from a current situation of no regional rescaling to a situation where local and regional rescaling were both present and functional under a decentralised governance mode, and with a multi-level governance system for the proper implementation of the regional (development) policy.

Making comparisons with other countries was helpful in identifying weak and strong points, learn from others' mistakes and achievements and adapt optimal modes to the Albanian contexts. The above independent analyses led also towards proposals (made by the same independent experts, NGOs, Universities) of regionalization options. In a specific case (under the implementation of the UNDP/EC project of Integrated Support for Decentralization in 2009-2011), a proposal was handed over to the government[73] with options for NUTS II regions. This proposal insisted that whatever typology of territorial subdivision Albania is to undertake in terms of NUTS II regions, it should be one that favours Albania's benefit from cohesion funds in the future and not a subdivision based merely on population statistics.

These proposals were trying to offer a model that leads towards reconciliation between polycentric governance and regions and territorial structures that gather a number of services and competencies, where most of the criteria for better service delivery, natural resources management, economies of scale and cohesive growth, are met (Toto et al., 2014). Satisfying all of the criteria (as defined above) is undoubtedly difficult, not to say a 'futile' task, as even in case all are met, there will be new externalities borne, due to large scale. Proposing establishment of regions as an intermediate level of

governance implies establishment of single large jurisdictions that are confronted with the problem of recognising and organising the various levels of subsidiarity of interests within the larger system (V.Ostrom et al., 1961). However, the methodologies applied were trying to identify and recognise territorial identities, communities and community interests beyond the formal administrative territories, and even beyond the one-city functional areas, and were extending to the wider metropolitan region. The methodologies were also considering the connection of the urban regions with the rural areas and the natural landscape/resources. The aim, more than identifying fixed boundaries, was to understand the extent of networks, community ties and socio-ecological interactions, as a means to understanding the potential for self-governance and the related territorial scale.

The above approach was theoretically and essentially one that supports both territorial polycentricity and polycentric governance. However, whether large or small regions, or promotion of overlapping networks of self-organised and self-governed communities within a region, these were all models that would entail significant power shifts and could therefore not receive the support and attraction of the political actors. While leaving aside regional governance models, political/government actors proposed two other typologies of regions: planning regions – proposed by the National Territory Planning Agency in the National Territory Plan of Albania; and development regions – recognised as regional management areas, proposed during the (still on going) process of modelling regional development policies in Albania.