

## Communication and Policy Dialogue - What Role for Development Partners: Learning from Swiss Support to Local Government Reforms in Albania

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### Abstract

Since the fall of the communism in early '90s, Albania became a recipient of the foreign aid, mobilized firstly as humanitarian support. Later in years 2000s, the partnership was framed towards development and cooperation agenda. Negotiation between Albanian government and development partners emerged towards policy dialogue. This process is shaped by a number of other actors and the role of development partners and their programs is critical. There are several axes along which communication among the above takes place, is materialized and impacts the agenda. It provides for a diplomatic communication at first until the agreements are reached. It turns into more organizational communication on practical modalities for implementation. Later on, the communication takes a more political and intercultural profile since the expertise and knowledge is transferred through individuals in a contextualized way. The most critical point remains, however, the assurance of a participative approach where local communities are informed, their views are heard and their concerns are communicated. This paper analyses, based on the above, the approach that Switzerland has followed for influencing policy dialogue targeting local government reforms in Albania by promoting a culture of dialogue, community participation and lobbying for solutions based on evidence. It captures results and concludes that the long-term, bottom up support, where inclusive participation is nurtured from the beginning, could influence decisions and potentially contributes to behavior change.

**Keywords:** policy dialogue, development cooperation, local government, community participation, evidence based decision making.

### Introduction

With the demise of the communist regime in early '90s Albania become a foreign aid recipient country. Official Development Aid was initially of humanitarian nature in response to urgent needs. Only later, at the turn of the century, the serious efforts were put towards aid harmonization and alignment with county agenda for development and European integration. Negotiation between Albanian government and development partners emerged towards policy dialogue based on country strategies for development from the year 2000 with the establishment of the Donor Coordination Architecture. The endorsement of such a structure has pushed for the closer partnership between a lead donor and government counterparts, in charge of a policy sector or reform. Under the new aid approach, capacity building and technical assistance with budget support, are the required modalities. In order to have the leverage on the development processes, policy dialogue, where donors can advise but at the same time can exert power to recipients' government (Molenaers, N. et al. 2008) is promoted. In defining technical assistance programs, the evidence that feeds into formulation of training programs and advice, bring forward the needed elements. As such, policy dialogue is a way to influence policy making through evidence based on informed analysis which are communicable and early consulted with the groups of interest, local community, civil society, private sector and academia. Therefore, policy dialogue can be seen as a set of formal and informal exchanges, including political, diplomatic, technical and organizational communication, aimed at facilitating policy change, influencing policy design and fostering further processes for decision making and implementation where stakeholders at different points in the system, participate and contribute. Development partners, including Swiss Development Cooperation, have played an important role in this regard and the implication of this support for local government reforms of Albania, especially from 2014/15, has been substantial.

### Development Cooperation with Albania

It is argued that Albania has been relying on the foreign aid even during communist time with the exception of the total isolations period (between 1970 to late 80s) (Zickel, Raymond, Iwaskiw W. R 1994). During the period of years from 1955 to 1960, the foreign aid counted 233% of the state budget whereas in the period from 1960 to 1965 the financial aid counted at 130%. The modalities, how this aid has been negotiated and transferred in the country, have been different however. The financial aid transferred in Albania after '90s, can be referred in two blocks, based on financial commitment, typology and modalities of this allocation. The first one dates from first decade post 90s (1991 -2004), where ODA committed for Albania counted at about 4,86 billion USD and the type of assistance was dominated by food aid and humanitarian support to the balance of payments. Considerable part of these financial flows came off system and was channelled through non-governmental organisations. A comprehensive figure on the total financial contribution is missing as well as overall lack of data on the external assistance and its impact in the development of the country

The second wave of foreign aid is deployed in the country starting from the following decade. Over the years, mainly from 2000, the nature of the assistance has changed, being dominated by technical assistance, development aid and goods in nature. In this period Albania is considered as a more traditional DAC recipient, and in this perspective it started to prepare the poverty reduction strategy paper process in 2000 as a strategic means to access IDA credits. Total foreign aid during 2000-2010 was about 3,71 billion Euro, of which about 58% were grants and about 42% in loans. Since 2000, aid levels have stayed within the limits of 240 to 405 million Euro per year. Though Albania graduated as upper middle income country in 2009, it ranks still low in terms of poverty rate in Europe and is currently receiving aid: Net official Development assistance averages at 2.2% of GDP, based on Albanian reporting to Global Partnership (October 2016). The volume of commercial loans recognized an increase whereas the grants noted a sharp decline with bilateral donors exiting country programs but channelling their funding through multilaterals, mainly EU related programs.

Donor government dialogue in policy for development has been a complex process in Albania. At the turn of the century, with the new approach to the development cooperation, it is emphasized that the developing countries should determine their own strategies for poverty reduction, and that donors should align their assistance with these strategies. The efforts to have a structured dialogue on the issues of development and integration program for Albania have been backed up by the establishment of the institutional structures and mechanisms that could facilitate such a process. With the support of external assistance, the Albanian government has been supported to establish rules of procedures and structures to facilitate such a process – upon defining the country's vision for development and European integration. The donors, on the other hand, have claimed to align with country's priorities and support on system transfer. This process is still far from complete, however.

The efforts of coordination have started with the development of the National Strategy for Socio-Economic Development in January 2001. On the basis of this programmatic document, which had a broad base acceptance from key stakeholders, including civil society, was established the "Donor Architecture" approved by the December 2003 Roundtable. Based on the "Donor Architecture" the four lead multilaterals are able to represent their members, the bilateral donors and most of the International Government Organizations and International Financial Institutions, directly or indirectly. The four multilaterals have as well four distinct mandates that complement each other, allowing for a thematic division of sector responsibility. Sector Working Groups begin to function designed along the sectors of priorities for Albania. 17 Sector Working Groups, facilitated by the lead multilateral within its thematic responsibility were established. (Terms of References for Donor Technical Secretariat). A functional review of the working groups has not been carried forward. It is noted, also that, when there has been pronounced leadership from the government counterpart and active involvement of the donor, the working group has functioned with concrete results. This is the case of sector working group in decentralization which has been lead by Ministry of Interior, later Minister of State for Local Issues and Switzerland as lead donor. The extensive and regular exchange of the group has materialized in the mobilization of the pool fund to which initially five donors and Albanian Government contributed as a means to support preparation and implementation of Territorial Administrative Reform in Albania in 2014. In the second fund EU contributed funds also.

Technical Secretariat created in 2004 have allowed the work to progress resulting in the Integrated Planning System (IPS) proposal launched by the Government in May 2005. The IPS proposal in itself has been a catalyst for renewed donor and government interest in improved coordination. However, the functional implementation of this mechanisms, has been longer than anticipated with delays and restructuring along time. On the other hand, the interest of the donors to organize collective actions towards an regular and informed exchange among themselves and government, has been present and it materialized in the establishment of the the Donor Technical Secretariat (DTS) as a way to improve aid effectiveness and

to assist the Government in assuming greater national ownership for the donor co-ordination process. Since 2009, the DTS is composed of four multilaterals: EUD, OSCE, WB, and UNDP who are permanent members (from DTS Briefing Note). Switzerland had co-chaired DTS in 2010.

The second important milestone in the process of policy dialogue towards establishing a strategic vision for the country and harmonizing external assistance with domestic resources, has been the finalization of the National Strategy for Development and Integration (NSDI) 2015-2020. It has been approved by Albanian government and it's the basis to which the development assistance is aligned with. De jure, it ensures the linkage between the medium- to long-term national strategic priorities and the budgeting and resources allocation process, and that external assistance is targeted towards Government priorities. The monitoring process for the effectiveness of development cooperation, launched by the OECD/DAC and Global Partnership for Effective Development Co-operation is part of the responsibility of the government for monitoring the implementations strategy and compliance with the international reporting mechanisms. The most recent report is from 2016.

### Donor Coordination Architecture

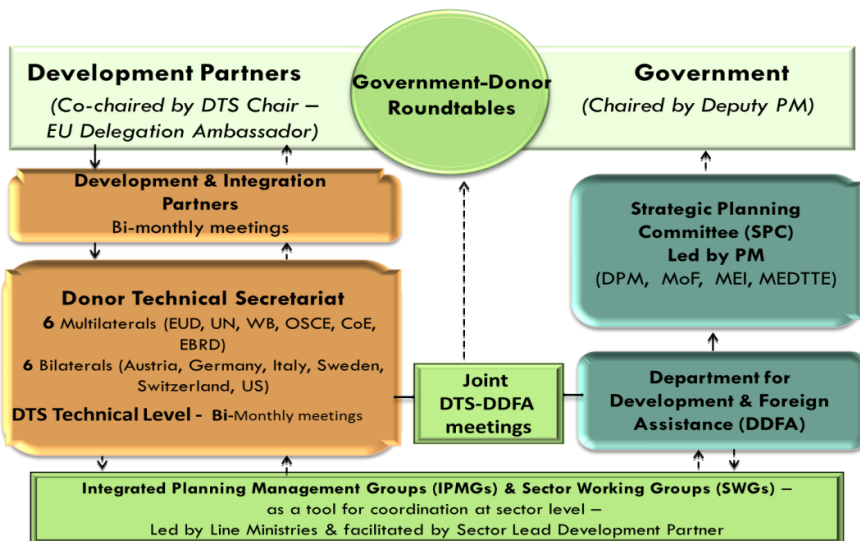


Figure 1. From Donor Technical Secretariat Scope of Work

At bilateral donors' level, the development cooperation is negotiated mutually with the government of Albania based on donor country's priorities for Albania and Western Balkans and grounded on legal frame and parliamentary bills of respective countries. In general terms, bilateral agreements are negotiated based on frame agreements between Albania and respective country, as ratified by the Albanian Parliament. On concrete projects, the negotiations are concluded at a technical level with the ministries of lines, which are primary partner for the implementation of the cooperation project. Technical discussions and negotiations are then handed at lower level until they reach final beneficiaries. The mechanism of accountability and increased transparencies as well as and results orientation policy that donor countries promote for aid effectiveness are mainstreamed as commitments towards global agenda of aid effectiveness.

As of 2018 the responsibility for development assistance and foreign investments coordination is delegated to the Ministry of Finance and Economy. A revisiting of the mechanisms of cooperation and coordination is announced in this regard, building upon the learnings and experiences developed through sector working group and Integrated Planning and Management Groups (IPMG) at the benefit of country system use and sector support. Moreover, the emphasis is put in the effective policy dialogue with development partners for making use of development cooperation along sectors with priority in those sectors where budget support is implemented and which have a significant impact in the state budget like Good governance and Public Administration Reform, Justice reform, Vocational Education and Skills, Water reform,

Competitiveness and innovation, transport, agriculture and rural Development, etc. Development Partners support in the sectors they are lead donors is welcomed.

### **Policy Dialogue For Development Cooperation**

This new era of development assistance in Albania is aligned with the global agenda of new aid modalities which has emerged as result of aid effectiveness agenda and it is reinforced by Millennium Development Goals. It recognizes that country ownership takes higher importance. As Doman (2017) states, 'the agenda to improve aid effectiveness has influenced the development assistance landscape. The move toward programmatic approaches, already underway with the structural adjustment lending of the 1990s, has continued, although with recipient governments accorded a more prominent role in their direction.'

Aid narrative and its objectives are mostly linked with the Western model of market economy and democracy. Some key features of this aid are linked with the focus on peculiarities of the recipient country and often are planned as a long term commitment with exit thinking, targeting important development objectives for the recipient country. Moreover, aid has committed to the principles of good governance emphasizing effectiveness. Here some concern is raised, whether the 'governance as it is promoted now will make states more responsible for broad base development or it will be another instance of donor rhetoric promoting approaches that fail to root in local realities'. (Van Arkadie, 2012:69). Development assistance is in any case, often seen as leverage to the policy change and implementation through policy dialogue with the countries and it has aim at promoting a results culture.

Policy change, additionally, according to Bennet and Howlett (1992) refers to the incremental shift in existing structures or new and innovative policies. New aid approach pays attention to politico-institutional dimensions of development. As noted by Molenaers and Renard (2008) its modalities are centered around a reform-driven governance agenda. While harmonised modalities of technical assistance and use of country system are put at the forefront of these negotiations, the policy dialogue is promoted as a mechanism of advice to the government and at the same time through it a certain pressure can be exerted with it. (idem).

The use of different mechanisms of exchange and communication remain important for the structured dialogue among stakeholders. The leading role is expected to be on the side of the government. Since the state building proceses for new democracies in transitions is linked with technical assistance coming from the external assistance, it is important to recognize also the time span needed for nurturing a coordinated and coherent approach that engages communities. Participation of communities is also linked with the priority setting for development agenda. At the same time, this is a complex undertaking since it requires that this participation turns meaningful. A behavior change is incentivized if actions are constant and people feel they concerns are heard and they are involved from the beginning. Here the programs of assistance from development partners, though which, with the funding also, knowledge and skills are transferred, has a particular role to play. Often, this transfer is conditional to the policy formation through policy dialogue which takes different shapes and is exercised in different formats. Engaging with media at local and central level to inform, communicate and seek community involvement should be thought through.

There are a number of approaches for policy dialogue, such as advising, advocacy, interest/value-based lobbying or activism (Jones, 2011). The application of the approach is conditioned by the profile and typology of the organization that is engaged in policy dialogue, its mandate and its responsibility. Development cooperation is not limited only at technical level intervention. It supports development policies and social reform agenda of the developing countries and thus transformation of systems. Therefore, it is ultimately of political nature. A policy dialogue for development partners in this perspective ensures sustainability of the investments, increase influence in national and global arenas. Switzerland focuses on evidence-based advice and advocacy for policy reforms.

### **On the Swiss Approach For Policy Dialogue In Bilateral Cooperation With Albania**

Switzerland support transition in the Western Balkans towards democracy and market economies. In Albania, it is currently third biggest bilateral donor with a yearly contribution average of 22 Mio CHF as grant financing. Departing from 1992 back then as a humanitarian assistance, Swiss support within a period of five years, was transformed into a form of development cooperation with Albania. This assistance is based on Swiss foreign and security policy. A dedicated document called Cooperation Strategy of Switzerland with Albania, was developed based participation and consultative with stakeholders in Albania for a period from 2014-2017 in support to transition process of the country towards a

consolidated democracy and market economy (CS 2014-2017). Key sectors, like democratization, decentralization and local governance; economic development; urban infrastructure and energy; and health received around CHF 83.7 million. Overall, the Swiss portfolio proved to be relevant with long term commitments, producing tangible results based on demonstrated evidence and changes in the system and for individuals. Switzerland's persistent approach and complementarity to EU modalities were considered very valuable. (Swiss Cooperation Strategy Albania, 2018-2021). The new Cooperation Strategy between countries 2018-2021 is based on agreement of cooperation between the two countries and is well aligned with the Albanian development goals. The strategy aims at contributing to a functioning democracy, to improved public services and to an inclusive, competitive market economy in support of Albania's European integration.

Switzerland has a particular focus of support for local government in Albania, being one of the four sectors of country support. It is currently the Lead donor in the decentralization subsector (since 2008) which falls under the big group of Good Governance and Public Administration reform and in Albania. With a bottom up support, Switzerland has funded a number of initiatives in regard to strengthening capacities and administrative structures of municipalities since 2006 with its first program in support to decentralization and local government targeting service improvement at local level. Even though has a sector specific focus by improving overall governance, all the programs of cooperation have a component of reaching out national level aiming at influencing policy change with involvement of those who are first and foremost impacted by this change and ensuring that technical expertise and consultation is contributing towards contextualized solutions.

Decentralization of power at lower level of state is rather new process in Albania from 1900 when the new era of democratization started and the local government units were constituted following new constitution and legal frame based on which power was decentralized a lower level. A territorial and administrative reform became a strategic priority after Albania ratified the European Charter of Local Self Government in 1999 and was brought in the public discussion several times, even though it was not pushed through systematically by any of the political actors. It turned into a political reality only in 2014/15 with a clear political will for reforming subnational government with a vision that would have restructured territories and subsequently redistributing power and resources at the benefits of local level. The ambitious Territorial Administrative Reform (TAR) merged the former 373 local government units (LGUs) into 61 new municipalities. The objective of the reform was the revision of the territory of local governments in order to improve service delivery for citizens, maximize efficiency and good governance and empower local governments and citizens through a functional decentralization and a strengthening of the fiscal and financial authority of the local level. The much larger municipalities comprise of an urban center and several rural former communes, now administrative units. The TAR was accompanied by decentralization efforts of the Government of Albania with the approval of the 'National Crosscutting Strategy for Decentralization and Local Governance 2015-2020', the Law on the Organization and Functioning of Local Government and new Law on Local Finances which tackles for first time ever and in comprehensive way, local revenues and public finance management issues.

There has been a momentum for reformation of the local government in Albania in 2014 and Swiss support has been geared towards the expressed political will of the government. There are a number of factors that are considered important for a development partner to embark on a successful policy dialogue process. The preconditions for a policy change are linked with a relevance of a topic and willingness of the government to embark on a reform. A common interest to bring about change remains important in enabling shared actions and coherence. Moreover, a relation of trust that is fostered by the reputation of work and long term commitment, alongside a recognized the profile of the development partner, known not to have hidden agenda, is counted towards key features of a meaningful policy dialogue process. In the OSCE/DAC peer report of 2009, when Switzerland program in Albania was reviewed in the frame of overall assessment, it is noted that:

*The Swiss Co-operation Strategy for Albania is in line with the National Strategy for Development and Integration, sector strategies, the Millennium Development Goals (MDGs), and the Stabilization and Association Process (SAP). Switzerland's development program is delivered in the form of technical and financial co-operation, as well as humanitarian assistance upon request of the Government of Albania. The program focuses on three areas: democratization and decentralization; development of the private sector; and basic infrastructure and social services. Switzerland defined these areas on the basis of its areas of expertise — including health, energy, and water — with a particular focus on combining a bottom-up, decentralized approach with policy dialogue at the central level fostering inclusion and participation in development. (Switzerland, DAC Peer Review, OECD 2009:116)*

In the process of reformation of local government and the policy formulation along this, Switzerland has taken an active role engaging at several levels including: participating in formal exchange bilaterally with the government of Albania and

contributing financially to the donors trust fund mobilized for Support to Territorial Administrative Reform that laid basis for the formulation of the Law on Territorial Reform. Provision of advisory support was ensured through Swiss expertise which has fed the process of projects implementation at local level and through peer exchange and study visit of the Albanian delegation with political members from the Albanian parliament as well as technical staff from local and central administration. The awareness gained from the exposure in real context as well as opportunity to have technical discussions among peers, empowered members for informed decision when the law was passed in the parliament. Giving chance to the voice of civil society by funding a local initiative aiming at opening debate on the reformation of the municipal borders with the arguments of the efficiency for better and inclusive services incentivized the opening of spaces and places for communicating views of interested actors. The use of diplomatic interventions by the Swiss Representative has been another mechanism that has been used in the implementation aspects of policy dialogue implementation for the local level in Albania. Diversification the communication channels with local media and activities promoting discussions on forums with multi-stakeholders reached out every municipality. SDC applies a Radar for Policy Dialogue, as a tool for steering and implementing a results-oriented policy dialogue for change.

The contribution of Switzerland to the policy dialogue is linked closely with the technical expertise and knowledge that the Swiss funded projects have facilitated and generated through advocacy with community participation, alliance building with likeminded actors and researched based evidence for decision making. There have been three important projects which have combined approaches in terms of modalities of implementation, so a diversified approach has been used in the country. One of them is purely Swiss funded and it is implemented by a Swiss nongovernmental organization in partnership with Albanian local and central government. The other one is a contribution to a multinational organization and the third one is a contribution to the trust fund implemented by UN organization. The diversification of the support has enabled involvement of all the elements that constitute policy influence based on Start and Hovland definition on Policy Influencing Approaches (2004) which includes evidence and advise, Public Campaigning and Advocacy, lobbying and negotiations though diversified channels (national and international debates, formal and informal meetings, media presence, semi-formal or informal channels) with different means (research and analysis, developing and testing new policy approach, public communication and advocacy, face to face meetings and direct incentives and diplomacy.

A policy impact analysis conducted for the policy influence processes based on policy dialogue for local government reforms (Steimann, 2018) concludes that there are a number of factors that have counted for success in a policy dialogue for local government reform in Albania which start with a clear political will from the government to push through a reform agenda. The knowledge that has been generated in country based on a long term commitment and with bottom up approach that is nurtured by local governance program in Albania, has enabled key thematic knowledge to feed Law on Territorial Administrative reform through Functional Area concept<sup>1</sup>. This concept got acceptance across political spectrum. Neutrality and reputation of the Swiss intervention is recognized as a key factor when it comes to credibility of the solutions which are developed based on evidence, analysis and validated at local level (the case of public finance management practice and examples that made the basis of the Law on Local Finances or the learnings at the development of local plans and cost and tariffing of waste services laid the basis for recommendations to legal changes). Additionally, Swiss representation has played a role in leading sector working group for decentralization and regional development and keeping open channels of communication and discussions with strategic actors at central level.

Monitoring process of the policy influence through policy dialogue remains to be completed and is integral part of the policy implementation process. Engaging actors who contributed in the formulation is a moment of accountability as well as ensures sustainability of the investment.

## Conclusions

Policy change through policy dialogue is a process that is complex and it has a long time span to be embedded into sustainable structures, implemented and monitored for impact and with results. The analysis of it could be done ex post, ex ante, at in. However, the monitoring process of dialogue shaping and its implication in the policy frame and behaviour change is important to capture results and moreover, to ensure sustainability.

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<sup>1</sup> Functional area concept was developed and tested though Decentralisation and Local Development Programme based on Swiss expertise and validated in the Albanian context



A multi-stakeholders' approach is important in defining rules of the games in order all involved and impacted by these processes, could have a say at the early stage. Moreover, it takes higher relevance since that are expected to play a role in the implementation of the policy frame. This is even more important when proposals for issues at state are disputed based on politically nurtured stances. A development partner recognised for reputable approaches and neutrality is positioned well in enabling credible policy dialogue processes.

Using of media for development policy formulation should be carefully considered. Local and central media not only informs communities but can serve as spaces for communities to bring about their issues at the public space for being debated and inputted at the policy formulation processes. In this regard, it is important to think innovatively and raise genuine interest of the actors.

Development partners could play an important role in the processes of formulation of policies by encouraging an open dialogue with stakeholders and ensuring that the voice of the different groups of interest and actors, particularly those who feel voiceless in the formulation space of policy dialogue, is heard. In this light, it is legitimate to use formal and informal channels of policy dialogue and to nurture an inclusive process.

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