

# Developing Enterprises Locally Through Action and Alliance (DELTA)

A pilot Local Economic Development  
project by the World Bank and the  
Open Society Institute

# Overview of Presentation

- **What is LED and what is Delta?**
- **Delta Program Design**
- **Delta Implementation**
- **Program Results**
- **Lessons Learned**
- **Delta's Future**
- **Feedback from the Audience**

# Local Economic Development

- **LED is the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.**
- **LED works to overcome barriers to private sector growth and investment that exist at the municipal level.**
- **Ultimate Goals: Improved business enabling environment, PPP, Capacity-building, Job creation, IMPROVED QUALITY OF LIFE FOR CITIZENS.**

# DELTA

- **Joint WB / OSI LED program piloted in Kosovo in 2002/3 (7 Municipalities)**
- **Currently being replicated in Kosovo and Albania (5 municipalities each)**

# The Delta Partnership

## Donor Partners

- **WB: PSD (Canadian Trust Fund \$) & TUDUR**
- **OSI: Local Government and Public Service Reform Initiative**

## Local Implementing Partners

- **Kosovo: Riinvest Institute**
- **Albania: Foundation for Local Autonomy and Governance (FLAG)**

# Brief Program Overview

## (12-18 months)

- Training and Technical Assistance is provided to LED teams (and Planning Commissions) to enable them to develop medium-term economic development plans
- The strategies are developed by the LED Planning Commissions themselves, ensuring a maximum degree of ownership over the documents.

# Delta Methodology is based on...

- OECD good practice
- WB earlier LED pilots
- Lessons learned from Delta pilot in Kosovo

# Major Components

- **Training Workshops**
- **Local Business Enabling Survey**
- **Technical Assistance**
- **Mayors Meetings**
- **Study Tour (Hungary, Slovenia, BiH)**
- **Municipal Marketing Brochure**
- **Donor Meeting & Investment Fair**
- **Consolidated Programs for Donors**



# DELTA LOCAL ECONOMIC DEVELOPMENT PLANNING COMMISSION

**MAYOR**

**LED  
department**

**LED PCV**

**CORE GROUP**

1. Dir. LED Office
2. Dir. Tax Office
3. Dir. Finance
4. Dir. Commerce

**City Council  
Commission**

**Support Groups**

**Businesses**

**Public Agencies**

**NGOs**

**Community**



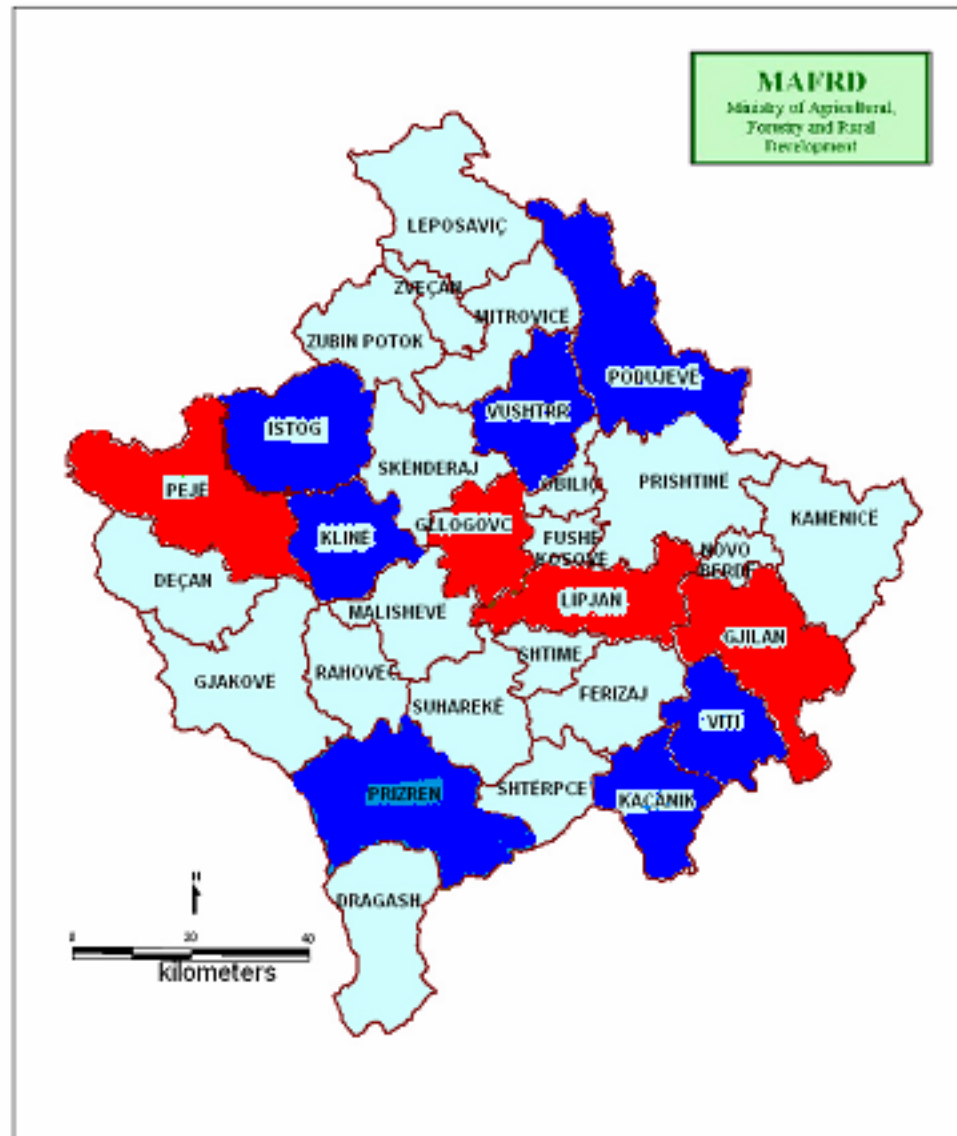
# Delta budget

- Kosovo Pilot: \$350,000 + TA
  - WB \$200,000
  - OSI \$150,000
- Kosovo II: \$120,000 (OSI)
- Albania: \$270,000
  - WB \$150,000
  - OSI \$120,000

# Geographic Selection: Kosovo

- to contribute to international efforts to rebuild the province
- Sufficient economic activity and level of decentralization
- small territory to pilot project
- multiplier effect for nearby municipalities
- high unemployment

## HARTA E KOSOVËS



# Geographic Selection: Albania

- **Progress on PSD component of PRSC**
- **Highly entrepreneurial and burgeoning informal sector**
- **Treacherous business enabling environment**
- **Decentralization of tax, customs, economic development**
- **Common language with Kosovo**

# Local Partner Search

- **Expertise vs. building capacity?**
- **Interviews with organizations**
- **Tender for shortlisted groups**

# Municipal Selection

## Three Step Process

- Quantitative determinants
- Questionnaire
- Municipal Interview



# Quantitative chart

Criteria for selecting 10 preliminary municipalities for DELTA programme

No	Municipality	Criteria								
		Population 01.1.2002 (Min of LGref)	No of businesses (AAM ref)	Geographic distribution	Previous LED	Existence of LED office/staff	Political Party	Distance	Corridor 8	Existence of Regional LED
1	Tiranë	343,078	7972	Mid Alb		Yes		1days trav	Yes	
2	Durrës	167,000	789	Mid west		Yes	Socialist	1days trav	Yes	
3	Elbasan	87,797	1621	Mid east	Yes	Yes		1days trav	Yes	
4	Shkodër	105,000	2686	Morth west		Yes	Democrat	1days travel		
5	Vlorë	100,000	1800	South west		Yes	Socialist	1days trav	Yes	
6	Fier	56,297	1715	Mid east		Yes		1days travel		UNDP
7	Korçë	84,000	1178	South east		Yes	Democrat	2days travel		
8	Kamëz	44,553	220	Mid north				1days travel		
9	Berat	65,000	904	South east			Socialist	1days travel		
10	Lushnjë	37,872	633	South				1days travel		
11	Kavajë	24,817	663	Mid Alb				1days travel		
12	Pogradec	38,000	698	South east		Yes	Socialist	2days trav	Yes	
13	Gjirokastër	20,630	453	South east				2days travel		
14	Saranda	35,000	525	North west				1days travel		
15	Lezha	30,000	535	South west		Yes	Socialist	1days travel		

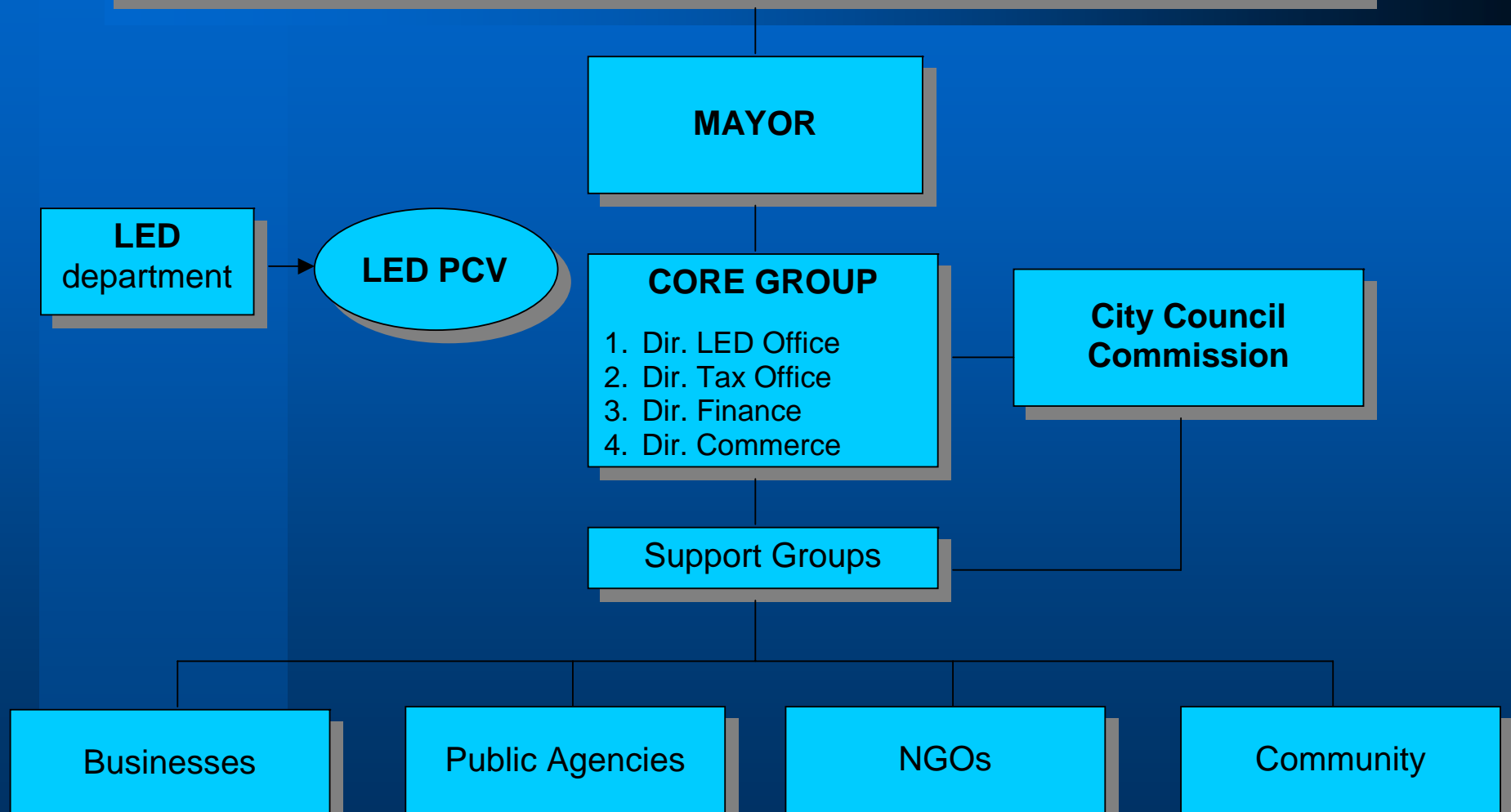
# Questionnaire Overview

- Unemployment Statistics
- Experience with LED
- Activity of International Organizations
- Local Industries
- Access to Credit
- Infrastructure
- Municipal Structure

# Municipal Interview

- **To determine enthusiasm of mayor and staff**
- **To inquire about potential municipal contributions to project**

# DELTA LOCAL ECONOMIC DEVELOPMENT PLANNING COMMISSION



# The Strategies: Critical Components

- **SWOT analysis**
- **Vision to Projects Matrix**
- **Project Fiches (prioritized -- focus on soft infrastructure, i.e. processes, human development, networking, advocacy)**
- **Implementation plan**

## STRENGTHS

- Located on the main freeway and railway corridor between Prishtina and Mitrovica, Kosovo's two largest market cities and trading centers
- Natural reserves (mineral water, magnesium)
- Very suitable population structure: 85% of general population is under the age of 50
- Tradition in agricultural production, processing industry and craftsmanship (wood processing, blacksmith)
- Industrial land with affordable prices (in suburbs of town, land is not so expensive)
- Large areas of fertile agricultural land and a functioning irrigation system
- Responsible and well engaged local government
- Established peace and order with low crime rate

## WEAKNESSES

- High level of unemployment
- Lack of urban planning which has resulted in a considerable number of illegal constructions
- Low level of resource utilization in the socially owned sector
- Poor structure of SMEs dominated by trade SMEs
- Obsolete technical infrastructure
- Insufficient experience of business community and local government in operating under a market economy system
- Low level of reforms in education system
- Lack of competencies of the municipal bodies to manage the property of former socially owned enterprises

## OPPORTUNITIES

- Favorable conditions and tradition in production of agriculture products such as vegetables and potatoes. Currently the main producer of potatoes in Kosovo
- Trained human resources due to the capacity building efforts of various international funded programs
- Great potential for developing the agro-business sector due to increasing attention of investors in developing and expanding the existing agro processing capacities
- Local government provides taxation incentives for production/manufacturing SMEs (exception from the municipal fee for a period of 6 months for production SME)

## THREATS

- Kosovo's undefined political status
- Lack of institutions to support (start ups and existing businesses)
- Unfair competition in the Kosovar market
- Lack of legal and regulatory framework for the functioning of a market economy
- Lack of municipal funds to support SMEs
- Loss of agricultural land due to large illegal developments
- Delays in privatization causing deterioration of assets
- Undefined competencies of the local government

# Vlora SWOT exercise



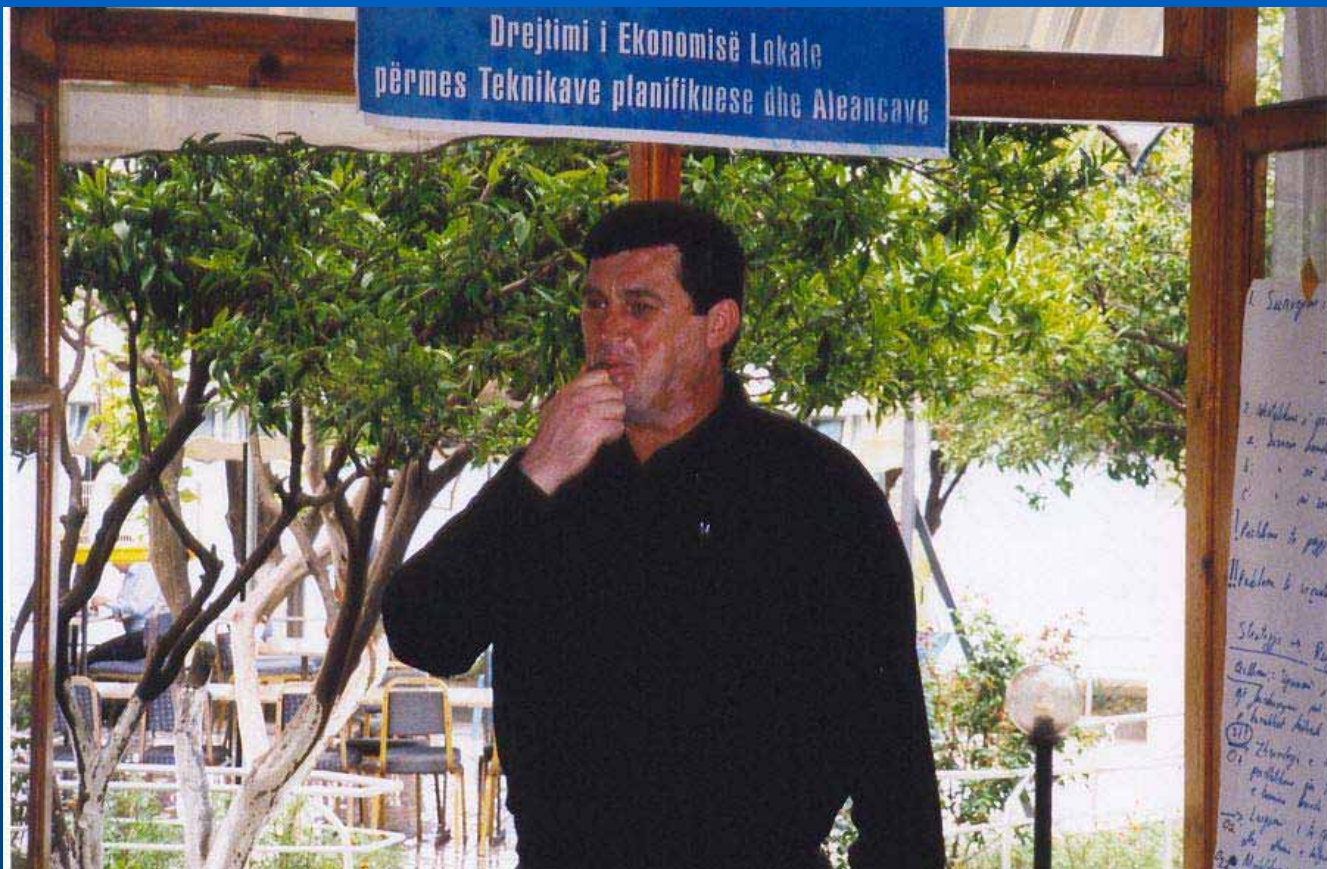


# Albania workshop





# Delta Workshop Referee



# Uninvited participants



## V. MATRIX (Vision, Goals, Objective, Programs and Projects)

### Municipality of Podujeva

Vision	Goals	Objectives	Programs	Projects
Podujeva will become a municipality with a modern European orientation, with advantageous employment business environment, solid entrepreneurship based on free private initiative, utilizing resources from agriculture, tourism, traditional products and services accompanied with an efficient local administration which provides incentives and active support for growth of small and medium enterprises, thereby improving the quality of life of PODUJEVA Population.	<b>G1:</b> A local administration that provides and delivers effective, professional and efficient business-friendly support services to the business community	<b>G1:O1:</b> To develop a comprehensive 'red tape' reduction program for business development in city hall	<b>G1:O1:PG1:</b> Local Business Enabling Environment Program	<i><b>G1:O1:PG1: p1:</b> Undertake a positive entrepreneurship promotion campaign in local media by holding monthly meetings with local media on progress of LED action plan/staff/new announcements etc</i>
				<i><b>G1:O1:PG1: p2:</b> Initiate and deliver a One-Stop Shop to facilitate government-business relations and training</i>
				<i><b>G1:O1:PG1: p3:</b> Initiate measures to improve the municipal legislation and services through a full review of business regulations and requirements</i>
				<i><b>G2:O1:PG4: p4:</b> Produce and distribute a Guide to Doing Business with the Council</i>
	<b>G1:O2:</b> To enable the development of dynamic and transparent business associations	<b>G1:O2:PG1:</b> Business Association Development Program	<i><b>G1:O2:PG1: p1:</b> Identify sectoral and regional linkages for possible sector-specific business forum</i>	
			<i><b>G1:O2:PG1: p2:</b> Identify key actors and provide training and support facilities to the business association development program</i>	
			<i><b>G1:O3:PG1: p1:</b> Initiate and deliver a training program in LED principles and partnership working for local government and stakeholder partnership board</i>	
<b>G1:O3:</b> To institutionalise an active and collaborative stakeholder advisory group for LED strategy development and implementation	<b>G1:O3:PG1:</b> Public-Private Stakeholder Partnership Development Program	<i><b>G1:O3:PG1: p2:</b> Initiate and deliver a training program for local government staff in project development and management skills (finance and governance etc)</i>		
		<i><b>G2:O1:PG1: p1:</b> Identify, initiate and deliver a business training program (propriety business, administration, IT; accounting, management; and business finance etc)</i>		
<b>G2:</b> To promote the development of small and medium enterprises	<b>G2:O1:</b> To initiate with partner agencies, an integrated sustainable business support and service delivery mechanism to facilitate SME growth	<b>G2:O1:PG1:</b> Demand-driven SME Training Program	<i><b>G2:O1:PG1: p1:</b> Identify, initiate and deliver a business training program (propriety business, administration, IT; accounting, management; and business finance etc)</i>	



## VISION

Durres will be Albania's principal hub for the country's maritime, road and rail transportation; **the center for massive and elite tourism, which offers unique history and archeology; major center of the trade with foreign countries; city of banks and insurance companies; a modern city** where the community enjoys an advanced quality of life.

G.1

Full integration of the Municipality in the regional systems of the international transportation, favoring the development of the seaport as the gate of the Corridor 8.

G.2

Create a favorable climate and infrastructure for the development of elite and massive tourism.

G.3.

Support the existing businesses and encourage new ones to develop more successfully.

G.4

Create an environment that enables an integral and sustainable development of the municipality.

G.5

Re-evaluation, development and promotion of the cultural and archeological heritage, so they can become part of the cultural life of the city as well as of the world's heritage.

G.6

Provide for an advanced quality of life and safety for all community members and visitors

## ANNEX

<b>Project: 1</b> <b>Office for Rapid Services to SMEs</b>	<b>Type of Program:</b> <b>Delta Program</b>														
<p><b>Brief description of the project:</b>          As a result of the lack of more frequent contacts between the municipality and the private sector, and the lack of coordination in the municipality level between these two most important pillars has created an avoidance and mis-coordination between the local government and business private sector.          The local government should create a partnership and coordination with the private sector in order to avoid these faults and obstacles. That is why some activities should be undertaken to create a better atmosphere in the municipality.          One of these activities that would contribute to this aim is the office for rapid services for SME (small and medium enterprises). This office would be within the municipality and would coordinate work with all the directorates targeted in the services of private sector. It would also inform the private sector of all the obligations towards the municipality and the completion of these obligations in a short period.</p>															
<p><b>Expected results:</b>          ⇒ Improvement of business environment          ⇒ Increase of the number of businesses (easier approach to information)          ⇒ Creates a database for the local government          ⇒ Reduce business failures          ⇒ Create a partnership between the government and private sector           ⇒ Increase of contributions in the municipality budget from the private sector</p>	<p><b>Targeted groups:</b>          ⇒ Existing businessmen –information gathering for the change of status, changes in the legislation, administrative procedures etc.          ⇒ New businessmen, that have no knowledge or time to register their business</p>														
<p><b>Potential participants:</b>          ⇒ Business associations and private sector</p>	<p><b>Potential contributions to the project:</b>          ⇒ Project manager          ⇒ Project supporter</p>														
<p>⇒ Local government</p>	<p>⇒ Direct support (building, political support, expertise etc.)</p>														
<p>⇒ International organizations</p>	<p>⇒ Financial support          ⇒ Technical assistance</p>														
<p>⇒ Diaspora</p>	<p>⇒ Financial support          ⇒ Information and opportunities</p>														
<p><b>Preconditions:</b>          ⇒ Approval of the project by the municipality          ⇒ Select the location          ⇒ Idea of the project</p>	<p><b>Risk factors:</b>          ⇒ Dependency of the office from the local government          ⇒ If the centre does not put taxes for services, the quality of them will not be valued by the recipients          “What is not paid for, it’s not worth for”</p>														
<p><b>Calculated expenses:</b>          101,200.00 €</p> <table border="0"> <tr> <td>1. Salaries for the project implementation team</td> <td>16,800.00 €</td> </tr> <tr> <td>2. Equipment for project implementation</td> <td>19,350.00 €</td> </tr> <tr> <td>3. Renovation of the office</td> <td>9,000.00 €</td> </tr> <tr> <td>4. Office equipment and variable expenses</td> <td>11,050.00 €</td> </tr> <tr> <td>5. Staff salaries</td> <td>4,800.00 €</td> </tr> <tr> <td>6. Staff training</td> <td>35,200.00 €</td> </tr> <tr> <td>7. Marketing</td> <td>6,000.00 €</td> </tr> </table>		1. Salaries for the project implementation team	16,800.00 €	2. Equipment for project implementation	19,350.00 €	3. Renovation of the office	9,000.00 €	4. Office equipment and variable expenses	11,050.00 €	5. Staff salaries	4,800.00 €	6. Staff training	35,200.00 €	7. Marketing	6,000.00 €
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<p><b>Implementation period:</b>          ⇒ Commencement within the year 2003</p>	<p><b>Influence period:</b>          ⇒ After one year          ⇒ Depending from the results of the previous year in regarding information gathering.</p>														

## LIST OF THE KACANIK DEVELOPMENT PROJECTS

<b>Soft Infrastructure Projects</b>									
No.	Project Title	Total value (€)	Funding Sources (%)			Partners	Duration	Starting Date	Targeted Group / Beneficiaries
			Municipality	Community	Donor				
1.	One Stop Shop	101,200	20%	10%	70%	LG	3 months	March 2003	Private sector and public sector
2.	Public relation and political support, lobbying and advocacy, membership perseverance and recruitment	8,850	-	35%	65%	Private Sector and LG	4.5 months	August 2003	Private and public sector
3.	Business Incubator	-	-	-	-	LG	-	-	?
4.	Project for staff training regarding the Urban development	14,700	20%	-	80%	LG	1 year	January 2003	Public and private sector, and community
5.	Development of the Geodesy network	?	40%	-	60%	LG	2 years	April 2003	Society
6.	Training of 2-3 GIS engineers abroad	48,700	15%	-	85%	LG	6 months	May 2004	Municipality and community
7.	Development of the Subterraneous Cadastre	70,000	20%	-	80%	LG	6 - 12months	-	Public sector, civil sector and private sector
8.	Professional assistance for project identification	6,200	60%	-	40%	LG	4 years	June 2003	Public/private sectors and community
9.	Municipal Staff training on information technology	1,780	40%	-	60%	LG	3 months	September 2003	Private and public sector
10.	Local Action Planning	11,550	15%	-	85%	LG	1 year	April 2003	Society
11.	Scholarship Project for deficitary cadre	202,500	20%	10%	70%	LG	5 years	July 2003	Private sector and community
12.	Legal regulations for Protection, utilization and management of the sources of drinking water sources	-	-	-	-	LG	2 months	April 2003	Community and society
13.	Collection of information for the exploration of natural resources	19,400	20%	-	80%	LG	6 months	July 2004	A.L./business community/Min Amb.

## Common Projects Identified in Municipal Strategies

Common Projects	Klina	Kacanik	Istog	Podujeva	Prizren	Viti	Vushtrri
Red Tape Reduction Program (one stop shop, regulatory review)	X	X	X	X	X	X	X
Doing Business Guide	X	X		X	X	X	X
Local Government Staff training in finance, management, IT and project management	X						
Local Government Staff Training, Urban Development	X	X				X	X
Urban Strategy Development	X		X				X
Survey and directory of unused municipal sites							
Diaspora Club/Association				X			X
Business Training Program (e.g. Training Entrepreneurs, provision of BDS)		X		X		X	X
Sectoral Linkages for Sector Specific Business Associations				X	X		
Entrepreneurship Promotion Campaign	X			X	X	X	
Local Suppliers/Buy Local Campaign	X	X		X	X		
Industrial Zone/Managed Workspace		X		X	X		
Business Incubators		X				X	X







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# Delta Methodology

## --Summary--

- **Public-Private Partnerships**
- **Capacity Building**
- **Policy Reform and Implementation**
- **Upcoming Delta Website**

# Strategy Implementation

- **Conceiving of vs. Implementing**

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- **Priorities reflected in municipal budget**
- **Donor Forums**
- **Stakeholder Outreach (LG, Investors, Diaspora, Donors)**

# Kosovo I Strategy Successes

- “Delta was a tangible project compared to others in Kosovo because the municipalities learned something and accomplished something, unlike the usual training courses donors provide”
- **Seven Pilot Municipalities: 62 projects implemented or under way after 12 months. (Focus on hard infrastructure.)**

## Kosovo I Strategy Successes (con't)

- **Three municipalities (Vushtrri, Klina and Istog) formed business associations as a direct result of project**
- **Viti: 70% of projects implemented within 18 months**
- **“Sustainable Public-Private cooperation”**

# Lessons Learned

- **Need for stronger links between project and WB country offices**
- **Better linkage between strategies and investment opportunities**
- **Stronger political leadership (ToR for Mayor and Council)**

## Lessons Learned (con't)

- **Greater involvement of the private sector**
- **Highly prioritized projects need to be developed further so they are actionable**
- **Increased Technical Assistance**

# Lessons Learned (con't)

- **Greater involvement of elected leadership (i.e. Municipal Assemblies) and Public**
- **Include a flexible mentorship program**
- **Better follow up with “graduating” municipalities**



# Future of DELTA

- Kosovo III?
- Albania II?
- Georgia?
- Indonesia?



# Feedback and Discussion...

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