



# Good Governance Decentralization and Challenges of the Local Governance in Albania



## Content:

- Territorial and Administrative Reform
- Challenges
- Change Management and Leadership



## Economic and Social Snapshot, Albania

- Population: 2,876,591
- GDP per capita – 3,340 Euro (30% of the EU average)
- Growth rate – 2-3% between 2014-2017
- Public debt increased beyond EU ceilings 76% of GDP
- Agriculture accounts around 20%
- The level of informality around 30%  
(a further hindrance to fiscal equilibrium)





## Economic and Social Snapshot (con't)

- Unemployment 13%
  - Changes in ILO labour statistic standards elevated the figure to 22%-27% if underemployment is added).
- The labour intensive private sector – 80% of GDP / 82% of employment.
- Around 75,000 enterprises (99% are of small and medium size).
- Potential sector of economic growth: agribusiness and tourisms.
- Improving economic governance remain a major issue.



## Local Governance Reform in Global Perspective

(Authors: Kersting, N., Caulfield, J., Nickson, R.A., Olowu, D., Wollmann, H.)

- "Good local governance" reflects the dual functions of local government.
- Their governance strategies follow three major paths - "decentralisation," "political administrative reforms" and "participatory reforms".
- In addition to, national contexts, actors, political culture and path dependency matter a lot.



**Local government** as a form of public administration (the lowest tier of administration) undergone long reforming democratic process of transformation

- The Constitution (1998) provided for greater autonomy & increased role of local autonomy
- 384 LGUs established (composted in municipalities and communes)
- Qarks (administrative units) presided over by a Regional Council consisting of elected officials from the LGUs within the region (12 in total).

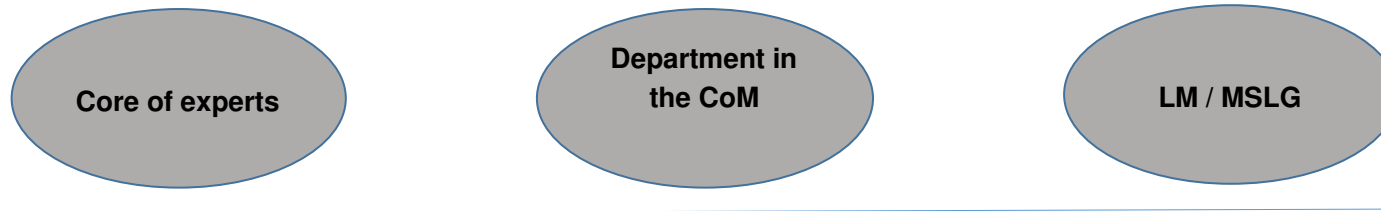


## Legal Framework

- The Constitution (1998)
- European Charter for the Local self-governance
- Law no.8652/2000 on “Organization and functioning of LG”
- Law no. 8653/2000 on “Territorial Administration in RoA”.



## Institutional set up at Central Level of Public Administration (PA)







The territorial Administration in **384** LGUs led to a slowdown in the local development:

- dependence to the state budget revenues
- lack of effectiveness in public service delivery
- Increased number of the political staff appointed to the head of the LGUs
- Increased budget allocated for salaries
- Low investment financed by the local revenues/local budget State Control Report



New Territorial Administrative Reform defined as one of the main priorities of the Government of Albania (2013):

- improve the quality of public service delivery through increased effectiveness
- increased access to the services by citizens



## European Models referred to

- Specific studies for Albania supported by different donor agencies (CoE, OSCE, USAID, SIDA, ADA and UNDP).
- Different Technical criteria and approaches:
  - Voluntary Reorganization (one case of voluntary union of 2 municipalities since y.2000)
  - Amalgamation
  - Asymmetric decentralization of functions and competences
  - Reorganization based on the regions
  - Restitution to Districts Reorganization



- The law 115/2014 adopted on the new TAR– 61 new LGUs

The concept of “**Functional area**” - a territorial space where there is a high density and frequent interaction between residents and institutions for economic, social, developmental and cultural purposes.

A local unit organized around an urban center with the highest number of population compared to other centers within the area and is likely to provide the full range of public services (applying the efficiency of the "economy of scale").



## Referring Criteria:

Number of population in three bands due to the geographic territory

- 61 new Municipalities
- 6 Municipalities from 100,000 to 200,000
- 1 above 500,000 (Tirana, the capital)



## Territorial and Administrative Reform

384 LGUs  61 new Municipalities

- Reports of financial and operational controls for each LGUs compiled
- The consolidated reports for each new Municipality prepared
- Assessment of archives (digitalization on going)
- One stop shop for the integrated services developed



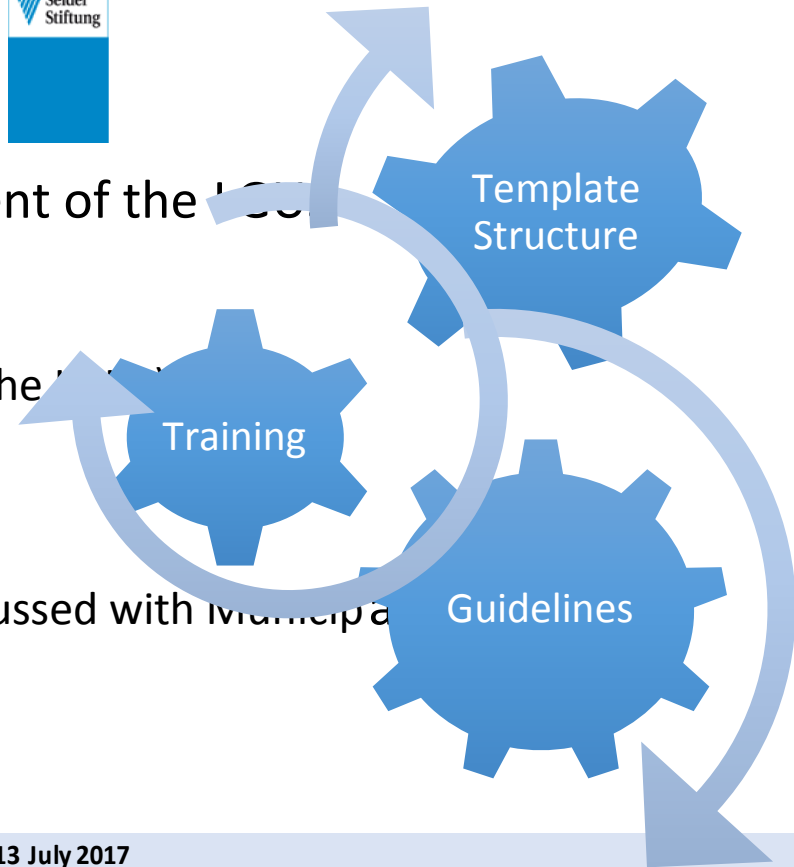
## Responses to the Changes:

- Management of structural change
- Transfer of HR based on the merits and professional level
- Cultural change to ensure proper interaction among the administrative units as constituent parts of the new Municipalities
- Financial resources



## CoE support to the institutional development of the JCS

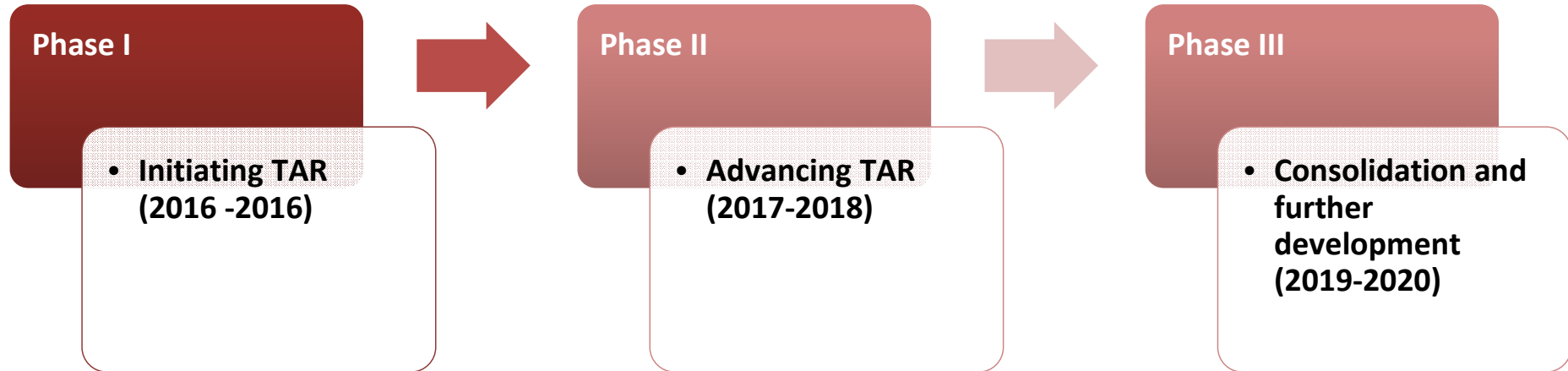
- Registration on the national level of HR (staff of the JCS)
- Institutional / training need assessment
- Some models of HR structures designed and discussed with municipal

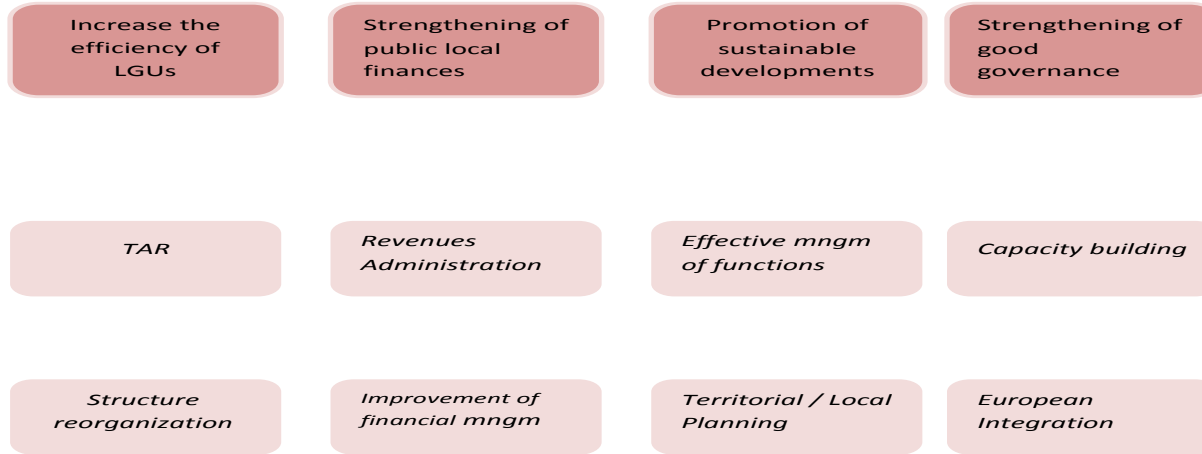






- Human Resource Indicators:
  - Local Employees per 1000 habitants (Census 2011) 7.66
  - Civil servant per 1000 habitants 2.14
  - Employees (women) 39%
  - Employees in Civil Service position (bachelor, master/PhD decree) 73.3%







## Progress Up to date:



- New Agency for the TAR Implementation set up
- Administrative boundaries of 61 new municipalities defined
- PEFA assessment for some pilot new Municipalities
- New formula defined for unconditional grants
- New law of local public finance adopted (June 2017)



- E-PAV Platforme (electronic platform for LGUs)
- HR registration
- Training need assessment
- Templates of organigramme developed



- Five new functions transferred from CG to LG (agriculture/irrigation and drainage network, forestry, administrative staff of pre-university education system, fire-fighting, road management (second roads network))



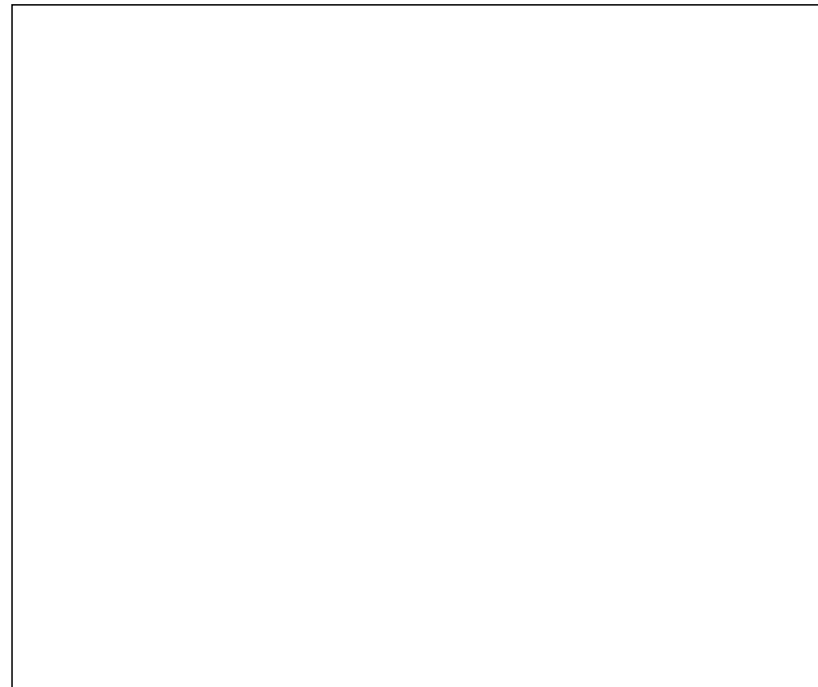
## Transfer of the new Functions (5 functions) in 2016

- Irrigation and drainage - 267
- Forest management - 103
- Education - 7,101
- Fire protection - 739
- Rural roads - 2,000
- Social services (only in Shkodra) - 24

**Total: 10,234**



- Specific transfer (2016) only for wages and operating expenditure
- 2016/2015 + 2% growth
  - education 14%
  - rural roads 10%
- The fund for investment limited
- Infrastructure not in very good condition
- Lack of information/data on the cost per unit for the concerned services
- More guidelines should have been provided by CG
- Lack of a general assessment on the further improvement on infrastructure
- New Municipalities allocated additional fund for the new functions (2016)





## Challenges:

- Good management of local finances (MTBP, PEFA assessment),
- Support to resolve the problem of inherited debts (drafting the effective measures for debt management by LGUs (mid-term),
- Effective management of the new law on Civil Service,
- HR capacity building,
- Development and functioning of monitoring mechanisms by community structures on the role of Municipal Councils in relation to budget planning and execution and investment prioritization.



Thank You!