



**POLITICAL DECENTRALIZATION AND
LOCAL GOVERNMENT IN ALBANIA**

by

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Abstract

At different fields of decentralization, many developing countries are trying to extend the functions of sub-national governments in providing public goods and services for their citizens. The incentives for decentralization play an important role in local government activity, as part of the government which impacts directly on people's lives. Using as a case study Albania, this research aims to offer a better understanding of decentralization process and local government development towards sustainability. A review on decentralization experience indicates that Albanian decentralization has been grown in a fragile environment that has progressed slowly in its formation, as a result of various challenges and conditions. The data gathering method consists in qualitative and quantitative sources which are used to gain insights in the analysis of the thesis. The results of the study point out that the Albanian Government priority related to local government issues, is the execution of Administrative-Territorial Reform as an effective driver for local government sustainable development. Through it the national policy aims to increase capacity, further democratization, guarantee high efficiency of public services, creates premises for an integrated development and administrative consolidation.

Keywords: *Albania, Local Government, Decentralization, Administrative-Territorial Reform, efficiency.*

Abstrakti

Në fusha të ndryshme të decentralizimit, shumë vende në zhvillim janë duke u përpjekur për të zgjeruar funksionet e qeverisë lokale në ofrimin e shërbimeve publike për qytetarët. Stimujt për decentralizimin luajnë një rol të rëndësishëm në aktivitetin e qeverisjes vendore, si pjesë e qeverisë e cila ndikon drejtpërdrejtë në jetën e njerëzve. Duke përdorur si rast studimi Shqipërinë, ky projekt kërkimor synon të ofrojë një kuptim më të thellë të procesit të decentralizimit dhe zhvillimit të qeverisjes vendore drejt qëndrueshmërisë. Një rishikim në përvojën e decentralizimit tregon se decentralizimi shqiptar është kultivuar në një mjedis të brishtë i cila ka përparuar ngadalë në formimin e tij, si rezultat i sfidave dhe kushteve të ndryshme. Metoda e grumbullimit të të dhënave konsiston në burime cilësore dhe sasiore të cilat përdoren për të fituar njohuri në analizimin e tezës. Rezultatet e studimit theksojnë se prioriteti i Qeverisë Shqiptare në lidhje me çështjet e qeverisjes vendore është ekzekutimi i Reformës Administrativo-Territoriale, si një mjet efektiv për zhvillimin e qëndrueshëm të qeverisë vendore. Nëpërmjet saj politika kombëtare synon të rrisë kapacitetin, demokratizimin e mëtejshëm, te garantojë efikasitet të lartë të shërbimeve publike, krijon premisa për një zhvillim të integruar dhe konsolidim administrativ.

***Fjalët kyce:** Shqipëri, Qeveri Vendore, Decentralizim, Reforma Administrativo-Territoriale, efikasitet.*

Dedication

This project is gratefully dedicated to my mother.

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Declaration Statement

The material included in this thesis has not been submitted wholly or in part for any academic award or qualification other than that for which it is now submitted.

1. The program of advanced study of which this thesis is part has consisted of:
 - i) Research Methods course during the undergraduate study
 - ii) Examination of several thesis guides of particular universities both in Albania and abroad as well as a professional book on this subject.

Voltisa Cinari

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Table of Contents

Approval Page	ii
Exam Board of Thesis	iii
Abstract	iv
Abstrakti	v
Dedication	vi
Acknowledgements	vii
Declaration Statement	viii
Table of Contents	ix
List of Abbreviations	x
CHAPTER ONE: INTRODUCTION	1
1.1 Introduction	1
1.2 Literature Review	3
1.3 Methodology	7
CHAPTER TWO: THEORETICAL AND CONCEPTUAL APPROACH	9
2.1 Introduction	9
2.2 Different Types of Decentralization	9
2.3 Major Forms of Decentralization	11
2.4 Advantages and Disadvantages of Decentralization	12
2.5 Decentralization and Local Government	15
2.6 The Decentralization Impact on Local Government Efficiency and Effectiveness	17
2.7 Conclusion	19
CHAPTER THREE: ORGANIZATION AND STRUCTURE OF ALBANIAN LOCAL GOVERNMENT	20
3.1 Introduction	20
3.2 Historical Background of Decentralization Process in Albania	20
3.3 Structure of Albanian Local Government	22
<i>3.3.1 Structure of Municipalities</i>	<i>25</i>
<i>3.3.2 Local government at the regional level</i>	<i>27</i>
3.4 Functions and Responsibilities of Albanian Local Government	27
3.6 Conclusion	29
CHAPTER FOUR: STRATEGIC GOALS, NEW POLICIES AND PRIORITIES	31
4.1 Introduction	31
4.2 Administrative-Territorial Reform	31
4.3 Vision, Objectives and Priorities	34
4.4 Conclusion	37
CHAPTER FIVE: CONCLUSION	38
REFERENCES	40

List of Abbreviations

ECLSG:	European Charter of Local Self-Government
EU:	European Union
IDM:	Institute for Democracy and Mediation
IDRA:	Institute for Development Research and Alternatives
LG:	Local Government
LGDA:	Local Government and Decentralization in Albania
LGUs:	Local Government Units
NGOs:	Non-Governmental organizations
NPO:	Non-profit Organization
OSCE:	Organization for Security and Co-operation in Europe
QBZ:	Center for Official Publication
STAR:	Support for Territorial and Administrative Reform
UNDP:	United Nations Development Programme
UNECE:	United Nations Economic Commission for Europe
USAID:	United States Agency for International Development

Chapter One: Introduction

1.1 Introduction

The local government consolidation and implementation of decentralization process are regarded in democratic countries as a way which provides high efficiency of local government itself. In Albania, now a European Union candidate country, decentralization has been relentless till 1990 after a strong centralized government structure. Different matters concerning the administrative capacity, fiscal restraints and limited accountability at local level, led Albanian government to increase efforts on the importance and development of decentralization for a more efficient and responsive system.

As such, throughout the years the Albanian government found necessary to take new policies for strengthening local government structures, make institutional policy reforms, enhance the managerial capabilities, increase the government effectiveness and make it more transparent. Actually, the Albanian local government's decentralization process is progressing through a large and comprehensive reform based on crucial goals and accumulated experience whose performance remains to be seen.

This study intends to facilitate the understanding of Albanian local government and decentralization, how effective has it been and how has it changed so far. It analyses the decentralization principle as a fundamental element in Albanian local government system. In this regard, the high implementation of decentralization and strengthening of local government is turning into a priority for Albanian government.

To examine the selected topic this research is organized in five main chapters which gives the necessary information to conclude the whole study.

Firstly, it presents an overview of what the thesis is all about, what it consists, its aim and the framework of the study. This section gives a general explanation about the topic, involving the research question, raised hypothesis, relevant literature and the data gathering method.

The second chapter offers a clear approach on the theoretical and conceptual perception of terms related to Decentralization and Local Government, the definitions, characteristics, their activities and the impact on governance efficiency. Furthermore, it

points out the relation among these concepts, the dependency to one another and the implementation process toward good governance.

In the third chapter is presented a deep analysis of Albanian progress toward decentralization, by tracking each stage in every period. There are mentioned the main factors behind the weak implementation, the challenges that Albanian state faced in rebuilding its state structures and important laws adopted by the government. In addition, it emphasizes the Albanian Local Government municipality and regional structure, the delegation of functions and responsibilities.

Continuing with the fourth chapter in which are identified the Albanian government's objectives on strengthening the local democracy, enhancement of efficiency of public services and advancing the decentralization process based on EU standards. It addresses the new Administrative-Territorial Reform as a key priority related to local government. Then, it displays the Albanian LG institutional challenges toward good administration, the measures, initiated rules and long-term visions for ensuring effective governance.

Chapter five which constitutes the last part of the research presents the overall findings reached from the study. Based on the development that the country is experiencing, the Albanian Government in support by international actors undertook the initiative of new strategies for advancing the decentralization process and fostering sustainable local development.

This paper examines one basic question and denotes hypotheses which are further expanded.

Research Question:

- To what extent Albanian Local Government has been accountable and effective?

Hypothesis:

- Decentralization improves government efficiency and effectiveness.
- The demand for good and efficient government has raised the bar of standards that Albanian government needs to meet.
- EU guided reforms since the beginning of democratic transition are strengthening local government in Albania.

This study broadly aims to give an analysis of Albanian local government since the beginning of democracy and decentralization until today, with its commitments, development policies and the performance towards meeting their goals.

1.2 Literature Review

A broad explanation and accurate evaluation of the study come certainly from great contribution of different scholars view and analysts. Their ideas and criticism occupy a significant place in developing further this literature. While talking about Local Government and Decentralization, it is surely presumed that there exist many definitions, different views, contrasting ideas, arguments and debates which express their belief on related topic. This is a new study as it addresses the new Administrative-Territorial Reform as a case which has not been studied so far.

In Albania decentralization reforms were undertaken after an extreme centralization of executive functions and decision making system (Gadjanova, 2006, p. 23). Before the 1990's, Albanian Local Government, legally considered as "local bodies of government" rather than "local government bodies" (Merkaj & Imami, 2013).

As such, Albania started to launch the decentralization path after 1992, when the first local democratic elections took place. Based on his arguments Artan Hoxha reveals that during 1991-1998 the influencing factors played a restraining role in promoting decentralization and strengthening of local self-governance, as the focus was in establishing the bases of free market economy and set up the democratic principles (Hoxha, 2002).

Professor Bernard Dafflon considers decentralization as a “young” policy drive for Albania as it started its operation after 90s. Furthermore, he notices that nothing has been simple during the following years. The internal problems during 1997 period were on the forefront, thus political energies were focused on finding solutions for the crisis (Dafflon, 2007).

Since 2000 and onwards the government has adopted various regulations, has put in place important institutional arrangements and has initiated political and administrative decisions which have been implemented in several fronts (World Bank, 2004).

Even though the decentralization reforms through years, there is still a lot to be done for achieving independence and fiscal autonomy of local units (Merkaj & Imami, 2013).

A report of World Bank evaluates the Albanian decentralization process and suggests that: to implement a potential decentralized political and administrative system the Albanian Government should introduce a potential reform agenda with the purpose to execute it in the future (World Bank , 2004).

According to Indrit Buka among the problems which bring low efficiency in public service is the extreme fragmentation of Local Governmental Units. He mentioned that an administrative reform is missing in Albania and considered it as a case which urgently needs to be addressed (Buka, 2013). While Albania progresses to a fully democracy, many challenges concerning the empowerment of democratic institutions and advancing the decentralization process, still remain. For having a more effective, responsive local administration and better public service for the citizens, the country should hold a strong structure of local and regional government (Council of Europe, 2014a).

Based on evidence reports and the studies carried out, the entire political factor of the country has recognized the need for an administrative and territorial reorganization of the state. The initiation of the reform has been recommended also from the Albanian key international partners (Kuvendi, 2014).

It seems that the reform will apply the proposal of new territorial division in achieving the technical and administrative efficiency of local government, in providing better public services. The number of local units in Albania is higher than the average of European states, a model that is very preferable for us. The reform must be accompanied with extension of many decentralization functions which belong to the local government but are in the hands of central power (Bufi, 2013).

As a connoisseur of local government issues, Alqi Kadenasi emphasized that the administrative reform is an issue handling at the right time. It is necessary to overcome the permanent conflict of bringing services closer to the citizens, economic efficiency, qualified local administration and implementation of territorial reform (Kadenasi, 2013).

The adaption of Law No.115/2014 dated 31.07.2014 “On Administrative-Territorial Division of the Local Government Units in the Republic of Albania” has enforced the demand for changes in the directives, activities and organization of local authorities (IDM, 2014b).

Mustafa Nano a political analyst claims that the local government control is done by building new rules which provide government competencies to those people who take the

lead of LGUs. Like this will have meaning the administrative elections, the government and the governance will be closer to the citizens, will be created a new relationship between the voters and elected, as a consequence the accountability will increase and finally we will have a more hardworking local government (Nano, 2015).

During a conference about the consolidation of territorial reform the Minister of State for Albanian Local Government Bledi Çuçi, declared that: “We were on the verge of bankruptcy of local government and today we have a new administrative – territorial map” (Shqip, 2015).

Christoph Graf, the Swiss ambassador who has been the main supporter of this reform emphasized: “Albania has made a major step in the implementation of territorial reform, but on the other hand this reform brings challenges and obstacles that need to pass along. The reform has at least three advantages, firstly it produces more efficient services to the communities, secondly it brings administrative productivity, and lastly it empowers local governments which means more investments for residents of poor areas” (Shqip, 2015).

Mrs. Lisa Fredriksson on behalf of the international community who supports this initiative claimed that these reforms are historic for the country in which are implemented, may create opportunities for important processes and the results will serve to the country in the ongoing years (Republika e Shqiperise, 2014).

The analyst Mentor Nazarko claims that it would be ideal for this historical reform to be adopted in consensus by Albanian politics. Because the realization of such a map involves many interests it is difficult to pretend the overall unanimity. Must be weighed many local interests, ethnic, political, business and election achievements. This reform does not seem like a priority for the opposition but just for the government, and this is the fundamental problem that undermines the consensus (Nazarko, 2014).

Criticism about the new territorial division and decentralization came from various politicians.

While the Parliament adopted the new law with majority of votes, the leader of Unity for Human Rights Party gave his vote against the administrative country’s division into 61 municipalities, with allegations that the reform is based on electoral elements (Halili, 2014).

The major Albanian opposition party (Democratic Party), did not express its agreement about the reform and abstained from voting (European Commission, 2014). Many

politicians from Democratic parliamentary group showed discontent regarding the territorial division. They were distrustful and suspicious regarding this idea and declared that the government is not consulting with the opposition. Through this reform the government wants to change the local government units in order to favor themselves for the upcoming elections, they claimed.

The Democratic parliamentary group leader Edi Paloka believes that it is not a proposal that can guarantee what people ask and what tradition requires in order for the reform to be implemented with full consensus of both parties. Whereas the lawyer Idajet Beqiri declares that the territorial reform will end the bureaucracy and will increase the quality of local government. We have a small territory of about 28, 748km² and it is a heavy cost for our state's budget. With the new division the administration will be more specialized and the quality of public services will increase. With his idea unites also the former head of State Intelligence Service, Fatos Klosi. The new territorial division is positive and this reform is supported by the Electoral Code of Republic of Albania as well. This reorganization must be accompanied by decentralization of local government. Now that the regions will be larger, they should possess greater competences (Sot News , 2014) .

Despite various disagreements, the international community considered this reform as very essential and an all inclusive process for Albanian local government.

In its latest report The Organization for Security and Co-operation in Europe (OSCE), evaluated the Administrative-Territorial Reform as an achievement for Albanian Government and assessed the success of this reform. As the report highlights, the government begun to draft the new decentralization strategy, reviewed the relevant legislation, defined the central and local government responsibilities, supported the coherent territorial planning and administration (OSCE, 2014).

The Administrative-Territorial Reform is among the few state reforms which benefit every citizen, family or community despite the place of residence; any business or nonprofit organization (NPO) that performs at local government level. Larger units of local government will hold more authority to execute the functions and will be more efficient in planning development policies. This will empower the decentralization of services and capacities from central to local government. As larger units of local government will exercise more tasks, people will show more interest to participate in political processes of local governance. So, the formation of larger units in this level of government encourages local democracy, transparency and efficiency (Cuci, 2014b).

The report of Institute for Habitat Development appreciates this initiative as a needful reform for Albanian involvement in EU and for financial aid from its instruments. With the new presented program the government aims to: bring a newly and efficient model for local authorities, new administration for national development policies, to expand the functions and government competences in local level, increase the financial assets for the region (Co-PLAN, 2014).

The new development units will be an effective tool to address the particular needs of the specific territories. This is an organization prepared with great responsibility by the government to make available for the new local assemblies and new elected officials, the instruments to cope with the transition shock.

In his first meeting with local elected officials the Prime Minister Edi Rama declared: “In fact we are in the conditions when the notion of local governance actually makes sense. I believe that you are aware of the government’s approach to this process which is not yet over, but just started with the new administrative map. Now the challenge is the real decentralization for strengthening the local government as entity and responsibility” (Rama, 2015) .

All we can say is that: the adoption of new law brought many changes in the division of Albanian territory, while its operation remains to be tested in the future reality (Kondi, 2015).

1.3 Methodology

The preparation of this research is a descriptive and explanatory study which gives a broad analysis of the topic in the respective field. The research strategy used in the paper is that of a case study as it examines and defines the Local Government and Decentralization in Albania (LGDA). Although unknown elements incurred more after 90s, the number of studies carried out in this context has been considerable.

Different from other studies this paper covers also the new Administrative-Territorial Reform as a key issue in the government development agenda. Thus, this is a new and relevant study which analyzes and elaborates further the approach onto the LGDA. Even though most of the information is founded in English literature, there was relevant information in Albanian written works too.

The data used for this study come mainly from qualitative sources, but also areas of quantitative one may be found. The qualitative data illustrate the changes on Albanian LG

through the years, the government measures, new policies and priorities. While the quantitative data, refer to the evidences that are used to notice certain facts.

The data collection relies on a broad contemporary literature involving various books with political and economical character, several journals and articles, different web pages, specific studies and international institutions reports. The main foundations of this study are the secondary sources, holding a high level of reliability.

Chapter Two: Theoretical and Conceptual Approach

2.1 Introduction

This part explicates the theoretical and conceptual framework of local government and decentralization. Both terms are defined by various authors and scholars who present their views on related concepts. Firstly this chapter starts by explaining the types, varieties, advantages and disadvantages of decentralization. Then it focuses on the devolution of competences to small entities of the government where it intends to enlighten the performance of decentralization in improving public service delivery. At the end of the chapter there is illustrated the distribution of services and decentralization impact on local government efficiency.

2.2 Different Types of Decentralization

In ‘An Essay on Fiscal Federalism’ Wallace E. Oates alleges that in the industrialized and developing world, states are turning to devolution for improving the accomplishment of public sectors. While the state and local governments are near to the citizens, they will be more responsive to the specific requirements, by finding new and better manners in assuring their services (Oates, 1999).

The devolution of competences to local government should be performed including three types of decentralization. All of these types are closely related to each other and we cannot have successful implementation of decentralization process if local government bodies do not have jurisdiction in relation to any of the dimensions. There exist three general types of decentralization: political, administrative and fiscal decentralization.

Political decentralization occurs when public officials (governor, mayor, council member) of sub-national governments are chosen by secret-ballots or sub-national governments, to have free authority from the legislative or constitutional competences in decision making process (Kim, 2008). It assists democratization by giving the citizens as well as the representatives more authority in the formation and execution of duties. The advocates of political decentralization comply that opinions which are taken by greater participation will be more adequate to the different concerns of the citizens, than those which are made just by national political officials.

Administrative decentralization exists when the central government and its agencies shift their responsibility for management, planning, and financing to the governmental levels, regional capacities or subordinate units (The World Bank Group, 2001).

Fiscal decentralization takes place when sub-national governments have decision-making power, approved by the legislation or constitution, to increase incomes and execute spending activities. They possess free decision-making authority for financial resources distribution (Kim, 2008). The financial responsibility is an integral part of decentralization. For carrying out the decentralized functions efficiently, local governments and private organizations need to have an adequate level of revenues (The World Bank Group, 2001).

As experience has shown, it is rarely the occasion when three aspects of decentralization happen simultaneously. Instead, it is more usual to find one or two types of decentralization applied in various countries (Kim, 2008). Decentralization might not be always efficient, because of the weak administration at local levels that may result in less efficient service delivery at various areas of the state. The administrative accountability may be shifted to the local units without completing the sufficient fiscal resources which makes the supply of services and equal distribution more difficult. Furthermore, the mistrust among private and public sectors can undermine collaboration at the local level (The World Bank Group, 2001).

Local governments generally find difficulties in competing with central government and other private sector or nongovernmental organizations in the labor market. It might suffer from human resource constraints particularly in poor countries and rural zones, hence may not be able to perform several functions (World Bank, 2009, p.15). So, even if the central government set to transfer duties and finances to local governments, the latest might not have adequate staff to fulfill these duties (World Bank, 2009, p.16). In a theoretical perception decentralization needs the synchronous existence of three decentralization types (political, administrative and fiscal) to achieve all possible benefits. Nevertheless, in the real world especially in developing states, every of these features may happen separately or maybe two or all can take place together on different levels. So, decentralization can be defined as an evolutionary process on distributing political, fiscal and administrative power to sub-national government, instead of being described precisely by these features (Kim, 2008).

2.3 Major Forms of Decentralization

It should be claimed that in many developing states sub-national governments operate as agents of the central government, and function according to the directives set by it instead of making free spending decisions. In practice, decentralization is generally used with correspondently devolution and de-centralization on delegation (Kim, 2008). The impact of decentralization on good governance relies upon the form and nature of decentralization included in a specific country. The sort of unit by which power is shared in the decentralization process is crucial to understand the implications of the good governance (UNDP, 1999). There exist several arrangements that are generally involved in discussions on decentralization:

Devolution: “The transfer of governance responsibility for specified functions to sub-national levels, either publicly or privately owned, that are largely outside the direct control of the central government” (Yuliani, N.d).

Devolution is an extensive form of decentralization whereby the government devolves functions, transfer power for finance, administration and decision making, to quasi autonomous levels of local government in corporate condition. Devolution generally shifts authority about services to municipalities which choose the council or mayor, increase their own incomes and bear autonomous power in taking investment commitments. In a devolved structure, local governments have a true and lawfully identified geographic border where they execute authority and where implement public functions (The World Bank Group, 2001). Devolution is a form of decentralization which might direct to real Local Self-Governance. It possesses the most promise as well as presents the major risk (Local Government Decentralisation, 2003).

Delegation: “The transfer of managerial responsibility for specified functions to other public organizations outside normal central government control, whether provincial or local government or parastatal agencies” (Yuliani, N.d).

With delegation the central government conveys power about decision-making and direction of community duties, to semi-autonomous organizations which are responsible to the central government, but not fully managed from it. Governments delegate authority while they form companies or public enterprises, regional development corporations, particular service districts, housing and transportation authorities, semi-autonomous school districts or especial project application units.

De-concentration: This unit of decentralization is found more often in unitary states and is thought to be as decentralization weakest form. Under different levels of central government it spreads management, fiscal authorities and decision making power. It may simply transfer powers from central government executives of the capital city to those operating on regions or districts, either it can make local administrative capacity or powerful field administration, under the central government ministries guidance (The World Bank Group, 2001).

Privatization: This form refers to the external units of governmental structure as NGOs, companies and corporations. Rather than forms of decentralization, these phenomena are better treated as divestment. Divestment takes place when public functions and administrative accountability are moved from government to private, voluntary and non-government institutions. In various occasions, governments can shift to “parallel organizations” like political parties, trade and national industrial associations or cooperatives, the right to permit, control or oversee their members in executing duties which were firstly examined by the government. In other occasions, governments can transfer authority for supplying goods and services to private organizations, a procedure frequently called privatization (UNDP, 1999).

As we can understand from above de-concentration implies a moderate autonomy comparing with the centralized systems, delegation implies a higher level of autonomy than de-concentration, whereas devolution provides the highest degree of autonomy at the local units.

2.4 Advantages and Disadvantages of Decentralization

Even though the modern countries are divided on a territorial basis, there still exists space for debate where the balance should lie among centralization or decentralization. Advocates of decentralization tend to assert that decentralization is a basic principle of democratic governance (Heywood, 2013, p. 164).

Many countries around the world view decentralization as a procedure which makes the government more responsible, accountable and efficient in delivering public goods and services (Kim, 2008). Nevertheless, in reality exists a broad gap among pretended results and evidence of advocating or discrediting decentralization. According to some studies decentralization is concluded as neither good nor bad for effectiveness, some authors

consider it as good governance and impartial, some find it as more effective and less expensive, while others argue that its productive efficiency is small (Kiwanuka, 2012).

According to a research conducted by Keith Green, decentralization encourages good governance in many aspects involving political and financial equity, enhancement of citizen involvement, democratic election and transparent government (Green, 2005). The advantages of decentralization that are found below claim that decentralization is an autonomous, strong and participatory example of local governance, that reveals extensive power for local administration and leading the local sustainable development process (Miller, 2002).

In the textbook “Politics” Heywood listed some of the main features concerning decentralization.

Boosting participation: Comparing to the central one, local or provincial government is a more effective agent of participation. This is due to the fact that more people hold office at the local level rather than the national one, and even more are included in standing for election or campaigning. With greater political participation, the transfer of decision making responsibility to lower levels assists in narrowing the gap among the politically ‘active’ few and the ‘passive’ many.

Greater responsiveness: While being much closer to the citizens, peripheral bodies are more sensible to their needs and desires. This strengthens democratic accountability and provides the government to respond not just the general interests of the community, but also to particular needs of the society. There exists a greater chance that local politicians live in, or have personal information of the community they operate, bolstering their responsiveness.

Increased Legitimacy: The physical distance from government affects the eligibility or rightfulness of political decisions. Decisions which are taken at the local level are considered as understandable and consequently legitimate, while geographical distance causes a sense of political remoteness, thus weakening the binding character of political decisions. This is particularly the case as centralization decision-making can just treat the public as an amorphous mass, rather than as an accumulation of different groups and communities.

Upholding liberty: Decentralization and localism are considered very helpful in deterring tyranny and consequently in protecting individuals freedom. According to liberals, as the

power becomes more concentrated the corruption tends to increase, since there are fewer controls on politicians' egoistic tendencies. When the political decisions are delegated to lower levels, power is more widely diffused and a network of checks and balances emerges. For checking central government power also each other, strong peripheral bodies are shown to be more effective (Heywood, 2013, p. 388).

On the other side, the opponents of decentralization such as Crook and Sverrisson (1999), or Smith (1985) notice that power have to prevail in the hands of central authorities, since local government lack the adequate financial, human and technical capacities which will prevent them for delivering relevant public services under a decentralized scenario (Balaguer-Coll, Prior, & Austina, 2004). Another research that exposes the implication of decentralization process is shown by Daniel Treisman. The Treisman's analysis in his work "Decentralization and the Quality of Government" indicates that decentralization tends to diminish the quality of government, leads to high rates of corruption, might constitute coordination difficulties and prevent reforms. When more tiers of government exist, the entities of decentralization appear less effective in providing public goods and services. Based on his evidences he affirms that countries whose governments are divided in smaller first-tier jurisdictions, tend toward higher perceived corruption and may perform worse (Treisman, 2000). Axel Dreher also warns against many tiers of the government as they exert a negative effect in various dimensions of governance (Dreher, 2006). The disadvantages of decentralization represent it as a complex form of governance. Existence of some levels of government brings complexities to operation, relationships, profits and power sharing. Finance and mandates are usually the most controversial issues (Miller, 2002).

National disunity: The central government expresses the whole society's interests, rather than its various parts. Whereas a strong centre assures that government reveals the mutual interests and shared responsibilities, a weak centre permits people to focus on what divides them, producing rivalry and discord. Transferring political decision-making to lower levels risks encouraging parochialism and will create difficulties for citizens to see the political 'big picture'.

Uniformity threatened: Only the central government may set uniform laws and public services which assist the individuals to displace more simply from one place to another. Geographical as well as social mobility are possible to be restricted to the degree that political decentralization results in changing tax regimes and differing legal, educational,

and social security systems in a country. The lack of uniformity can also threaten the nationwide growth of business.

Inhibiting social justice: Devolve of political decisions from the centre has the detriment that it enforces peripheral institutions to depend on the resources disposable in their locality or province. Just the central government may correct the disparities that appear by the fact that places with more social needs are those with less possibility in raising revenues, and only central government has the assets to invent and implement major programs of welfare provision. Thus, decentralization puts social justice in risk.

Economic development: Centralization and economic development are closely related to one another. As central government posses a great administrative capacity, it can execute functions which stand beyond the capacity of local bodies. These involve managing a single currency, control of tax and spending, providing an infrastructure in the form of railways, roads, airports and so on. Centralization also stimulates efficiency as it permits government to benefit from economies of scale (Heywood, 1997, p. 388).

Under the decentralization system does not exists policy collaboration among the center and periphery, whereas under the centralization system common profitable approach is probable but not ensured. “In country after country, decentralization improved some aspects of public services, worsened others, and left the remainder largely unchanged” (Faguet, 2004).

Referring to Besley and Coate in their working paper on “Centralized Versus Decentralized Provision of Public Goods”, the obstacle with the decentralized system is that it grants public goods which consider only local welfare, and therefore results in under provision when those goods present important advantages for the larger community. On the other hand, centralized decision making system displays a “one size fits all” outcome that appears insufficiently adequate to local requirements (Besley & Coate, 1999).

Regardless its possible pitfalls associated with implementation, most of the scholars comply that an enhanced efficiency and accountability is more likely to emerge in a decentralized system of governance than the centralized counterpart (White, 2011).

2.5 Decentralization and Local Government

Decentralization refers to the transfer of authority and responsibility of public services from the central government to intermediate and the local ones. It is seen as an important

method of governance for local democracy and local development, where the localities grant more autonomy (Local Government Decentralisation, 2003). There exist various types of decentralization which include the political, administrative and fiscal one. All these types of decentralization have an essential function in the participation of political, economic and social activities. Decentralization increases the sensitivity of government official to local conditions and services; it also may provide new and responsible platforms which allow people to better control the public programs at local tier (The World Bank Group, 2001). After everything, the idea behind decentralization is not only about diminishing the central power, neither is it for choosing local officials to the central ones, but it is essentially to make governance at local units more accountable to the necessities of great majority of the citizens (Bardhan, 2002 , p. 202).

Local Government may be described as: “a sub-national level of government which has jurisdiction over a limited range of state functions, within a defined geographical area which is part of a larger territory” (Miller, 2002). Different individuals choose to interpret it as decentralized management which is directed by the local community in a democratic way. Local government term refers to the systems or institutions that handle responsibility to perform governmental tasks at the local unit.

Whereas local governance refers to the processes by which citizens preferences are decided, policies defined, decisions created and applied at the local level. It is the operation of roles and relations among diverse stakeholders that constitute the community. It may be described as the activity of administrative, political and economic authority in managing the local affairs.

Local Government and Decentralization are concepts that are very tightly inter-connected, even though they do not always bear the same relation to one another. Local Government (LG) is usually interpreted as the upper form of decentralization such as the devolution type, however it is not always so. While LGs perform as the agents of central government instead of as tools of local self-expression, this in real comprises de-concentration rather than devolution. In this case LGs are strongly dominated by the centre regarding personnel, economic and application of legal competences, consequently they bear limited power to influence local decision making.

Local Governments that are the agents of central authorities will not grant full advantages of decentralization as they will not assure area for independent operation or alleviate local self-administration, by which comes the authority to make decisions that express local

choices, preferences and conditions. The idea that local government doesn't need to be a dependent level but a particular scope of government with its varieties of functions in which it exercises complete autonomy, is not broadly approved. Nevertheless, many states in the world have accepted that local governments are not creatures of central governments but rather they possess a separate existence and carry strong protection contrary arbitrary actions of central authorities (Miller, 2002).

2.6 The Decentralization Impact on Local Government Efficiency and Effectiveness

As improving public service distribution has shifted to the forefront of the policy agenda, decentralization has been catching the attention as a tool of enhancing the supply of public goods and services. Local Government is more effective to assure goods and services attached to the tastes and inclinations of the individuals, thus as to reach an increased level of satisfaction to them. The time has shown that decentralization has often been stimulated by political reasons. High expectations of decentralization arise to stem partly by failed centralized state's experiences under programmed political and economic system (Bardhan, 2002). An important argument comes from Stacey White, who believes that decentralization is generally recommended to offset an issue which has brought displeasure in a centralized system. After a conflict or national crisis, decentralization is introduced as an instrument to create or recreate an efficient government and provide the proper allocation of resources (White, 2011).

Lot of pressure for restructuring the public sector has been previously in countries at different stages of economic growth and is present also today. It has been claimed that fragmenting central power may produce a range of advantages involving making government more effective and responsible (Bardhan, 2002). Some political scientists as well as economists have suspected the productiveness of central government in advancing the allocation of revenue and stabilizing the economy, whereas defending a smaller public sector by giving markets and local authorities more power. A modern state which comprises hundreds of millions of citizens, being totally managed by the centre is just absurd. For instance, if all functions and responsibilities of modern government were to be directed from the centre, the outcome would bring hopeless inefficiency and bureaucratic chaos, or in other word disorganization. As peripheral institutions are closer to the people, they are more sensitive and responsive to their necessities. This encourages democratic accountability and provides for the government to answer not just the general

needs of the society, but also to the particular concerns of specific communities (Heywood, 2013, p. 165).

The impact of decentralization varies on how it is applied. High performance organization need clear authority; adequate fiscal, autonomy and human resources; and clear accountability. Without the adequate financial and human resources, the decentralization of authority will lead local governments to failure. The distribution of power and resources has been the central leading force of decentralization in many states. As such, the policy makers, different scholars and the public have been dealing in finding manners to enhance the efficiency of public sector. It is the government's duty to increase the welfare of its people through the appropriate providing of public needs, from educational opportunities and employment to the provision of clean water and other stuff (Kim, 2008).

The Local Government prime argument to accomplish a certain task is efficiency, that is, local governments are near to inhabitants, therefore are more aware of local preferences and can respond to them more effectively. The second argument attain from the presumption that businesses and mobile citizens in quest of better public services and infrastructure produce competitive tension between local governments and increase their performance (World Bank, 2009, p.15). Also technological improvements facilitate somehow the provision of public services and lower units of government have more chances to handle various duties (Bardhan, 2002 , p. 185). Needs to be mention that allocative efficiency is achieved when the public sector makes goods and services which are most valued for the society, the wants and needs have to be met in the best way possible (Kim, 2008). Decentralization is broadly believed to guarantee a range of advantages. It is a method of decreasing the state's role in general by fragmenting central authority.

It can be stated that decentralization is a form of strong, autonomous as well as participatory model of local governance that has extensive and real power for local self administration and local sustainable development. Decentralization brings the government closer to the citizens; it facilitates the strong relation among the governors and the governed, serves to diminish anti-social conduct of the people in seeking for their concerns to be taken into consideration. The responsibility of managing the local affairs provide to the citizens more access and influence in the decision making process. In the end, we can say that decentralization creates an environment of cooperation, tolerance

and understanding between different groups that constitute the local society. A decentralized local government type promotes accountability, fosters transparency and openness in the management of public affairs (Miller, 2002).

2.7 Conclusion

Generally in democratic systems there is a transmission of functions from central to local level, aiming to involve citizens or other interest groups in the decision making activities and in the implementation policies. Based on this theoretical chapter decentralization and local governance are important for strengthening the democracy and execution of law, improving the quality and quantity of public services, or in different words assist in increasing the standards of good governance.

However, beside its advantages the decentralization process presents some disadvantages that are less significant compared to its benefits. The recognition of disadvantages is important to understand the factors which create difficulties in the process and to take the appropriate measures when possible.

The transfer of power to local level may be successful and bear appropriate responsibilities when local government posses the political, fiscal and administrative competences which are passed by the central government. From the outcome of the decentralization forms, the citizen services will be more efficient and in consistency with community interests. As the study indicates, the political and administrative decentralization are easier to be achieved while fiscal decentralization appears more complex. The central government encounters more difficulty in transferring the financial competences in lower levels, due to the fact that are noticed deficiencies in proper management of finances from the local government. As such, it is needed responsibility and capable administrative capacity to accomplish properly this process.

Finally, it can be concluded that decentralization reforms aims to increase the effectiveness of the government, make it more transparent, encourage the creation of a stable basis for economic development, and promotes greater involvement of the people at the local and regional level.

Chapter Three: Organization and Structure of Albanian Local Government

3.1 Introduction

This chapter deals with the organization of Albanian local government starting from the post-communist period until today, by focusing on its structure and responsibilities. It attributes the obstacles that came across in rebuilding state structures to the unfamiliar environment of liberal democratic institutions. There are emphasized the adaption of crucial laws which brought substantial changes in Albanian Local Government Units to their coordination, delegation of functions and responsibilities.

3.2 Historical Background of Decentralization Process in Albania

The decentralization process has done considerable advancement during the transition stage for challenging the monopoly of centralized decision making. In 1990 right after the fall of communist regime, the overall government started to transfer to a more decentralized local government process. However, the local governments' responsibilities were still vaguely defined and under the control of the Central Government. The national powers and the specific organs determined nearly all procedures and regulations of services; as such the responsibility and authority of local government to exercise any regulatory act remained in practice very limited. The grants were limited and guaranteed a minimal level of public services. Local government had no stimulus to gather complementary funds, it had just partial expenditure competences on 5 % of revenues collected from own local impositions and fees. This weakened the democratic involvement of local community, produce incapability, and hold the centralized features of Albanian governance. The necessity for reform in this terrain of governance was regarded very needful (Hoxha, 2002). At the end of 1998, the condition of local governments entered in a central-local discussion in the necessity for implementing local government and decentralization reform (Brahimi, Baholli, Haldeda, & Dika, 2013).

The intensive stage of decentralization process in Albania followed these essential events: the Constitution of 1998, the endorsement of European Charter of Local Self-Government (Law No.8584 date 11.11. 1999), and the adaption of National Decentralization Strategy (1999) (Merkaj & Imami, 2013).

In 1998 period, the newly adapted Constitution was approved and a major step was the endorsement of the fundamental principles of autonomy. It established the main principles and standards about local government institution, their essential responsibilities, authorities and composition. Article 13 of the Constitution defines: “Local government in the Republic of Albania is founded upon the basis of the principle of decentralization of power and is exercised according to the principle of local autonomy” (Albanian Constitution , 1998). In this way it distinguishes the concepts of decentralization and local autonomy. In a general context decentralization is determined as the transfer of assets and responsibilities away from the national bodies (Heywood, Politics, 2013, p. 165). While the concept of local autonomy that is one of the essential principles of the European Charter is clearly illustrated in the article 3: “Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population” (European Charter of Local Self-Government, 1985).

The Albanian Government ratified the ECLSG (European Charter of Local Self-Government) in November 1999 to guarantee the inclusion of European standards in its national legislation. There are defined the general norms and rules for protecting and promoting local autonomy and the rights of all signatory states. The Charter is a model of set up effective democratic and modern governance founded on the standards of local self-government and subsidiarity. Subsidiarity is an organizing principle of the Charter meaning that the public services ought to be handled by the lowest level of government in consistency with the allocative efficiency (Brahimi, Baholli, Haldeda, & Dika, 2013).

On 31 July 2000, a significant step was the adaption of Law No. 8652, “On Organization and Functioning of Local Government”. It is a piece of organic legislation which guides the operation of local governance in the first and second tiers (IDM, 2014a).

This law approves the regulations and administration of local government levels in compliance with Constitution and the ECLSG. It was pursued by various laws managing the activity of local government and strengthening the autonomy. Years 2001, 2002 as well as 2008 could be regarded as prosperous in the realm of fiscal decentralization. The idea about the unconditional transfer for local governments was adapted firstly in the

State Budget Law 2001 and followed by the fiscal reform package adapted by the Parliament in December 2002. It raised the autonomy of communes and municipalities in deciding the rates and generates incomes from local tariffs and taxes. Other important improvement was taken to transfer the public assets to LGUs, by giving them the right to administer and develop the public assets. From January 2005, Local Government Units are responsive for the water service and its financial matters. During 2003-2005, were provided significant policies and legislative reforms in the field of economic assistance, primary health care facilities, infrastructure of pre-university education and social services.

Whereas improvements have been done on progressing decentralization reform in the last decade, some challenges were faced. These challenges lie on lack of clear legal and regulatory framework, absence of national policy development framework, as well as extreme fragmentation of local authorities creating weak capacity of local government. The existence of many small local government units brought the increase of administrative cost to manage local government and made it difficult in providing high quality services (Republic of Albania, 2015).

Like other European countries, Albania adopted and implemented the administrative-territorial reform of Law. No.115/2014 dated 31.07.2014, “On Administrative-Territorial Division of the Local Government Units in the Republic of Albania”, which leads the organization and activity of local authorities and settle issues of municipal fragmentation (IDM, 2014b). This reform is in harmony and corresponding with the decentralization reform.

3.3 Structure of Albanian Local Government

Even though Albania is a sovereign and independent country since 1912, after 90's it began to build its democratic institutions. Before 1990 Albanian Local Government was characterized by a highly centralized decision making system and with limited self-government bodies (UNDP, 2014).The 1992 reforms paved the way for establishing democratic local authorities which was calling for distribution of authority, responsibilities and access to public service provision through various levels of government. The public services were directly passed to the local organs, although politically autonomous, they had scarce of administrative and financial autonomy. For the first time was made possible the establishment of politically autonomous local

governments, regarded as a very significant accomplishment (UNECE, 2002, p. 39). Nevertheless, LGs carried an insufficient authority which prevented them from fulfilling their responsibilities in serving the needs of the community (Hoxha, 2002). During the transition time, the focus was primarily on essential reforms such as building the key institutions (government, parliament and judiciary) and reforming the economy (macroeconomic, banking, privatization). However, several laws and governmental regulations that determined the competency and authority of local institutions were enacted. The Albanian Local Government status is the incarnation of the political, economic and social elements of transition without living behind the traditional, historical and cultural impacts.

The law “On organization and Functioning of the Local Government” defined the functional duties of the two levels of local governments in Albania, the communes and municipalities, and the regions. Particularly it determined the local functions and responsibilities on one side, and local financial competencies and property rights on the other side (Brahimi, Baholli, Haldeda, & Dika, 2013). Albanian local governance is founded on two levels of governance: The communes and municipalities which represent the first tier of local government, as well as regions that constitute the second tier. Before entering into force the Law on the New Administrative-Territorial Division, the country had 308 communes and 65 municipalities as the main units of local government, and 12 regions that formed the second tier (Republic of Albania, 2015). The article 108 paragraph 3 of Albanian Constitution specifies: “Communes and municipalities are the basic units of local government. They perform all the duties of self-government, with the exception of those that the law gives to other units of local government” (Albanian Constitution, 1998). For the second tier of the local government the Article 110 paragraph 2 of the Constitution defines: “The region is the unit in which regional policies are constructed and implemented and where they are harmonized with state policy” (Albanian Constitution, 1998). With the adaption of Law No. 115/2014, in Albania are found 12 regions and 61 municipalities. The 21 June 2015 local elections were held based on the new territorial division. Local government bodies constituted after 2015 local elections will be organized and operate based on the administrative-territorial division defined in this law. Law no. 8653, dated 31.7.2000, "On the Administrative-Territorial Division in the Republic of Albania", amended, is repealed. Law no. 8654, dated 31.7.2000, “On the Organization and Functioning of the Municipality of Tirana” is repealed with the

establishment of representative and executive bodies of Tirana's Municipality after 2015 local elections (QBZ, 2014).

Municipalities continue to be the basic unit of local government and the regions represent the second tier of government. Termination of the communes do not cause problems on the law constitutionality, as "Municipality" and "Communes" under Article 108 of the Constitution, are both basic units of local government, as such they may exist both or only one.

The organization of LGUs is done by constituent administrative units (former communes) as their administrative subdivision. Tirana city possesses 24 administrative units (11 municipal units and 13 former communes). According to the urban planning perspective, municipalities will continue their organization in towns and villages. From the Administrative-Territorial Reform the 12 regions did not change, but their constituencies, communes and municipalities followed fundamental changes. With the new reform, regions incorporate an average of 5 municipalities, comparing with 31 LGUs of the old organization. In this regard, the Region's synchronizing function to harmonize national policies with local and regional ones seems to be more easy and fruitful (Republic of Albania, 2015). The effect of socio-economic growth at the regional level and the role of the region have been fragile as a lack of a clear example for its functioning, lack of the financial incomes as well as weak institutional proficiency. The policies in terms of regionalization and local progress could provide to the regions a new function in the future. However, these procedures shall be harmonized with the Council of Europe's recommendations concerning to the Region's structure as local government units (Oshafi, 2015).

De-concentrated bodies at local level (regional/local) are presented by two institutions: the prefect and the regional/local directorates/offices of sector ministries.

The role of the *prefect* is to provide observation over the local government activities on behalf of the central government. The prefect's role has been increased during the years and further consolidated. Even though, its function as mediator for assuring inter-institutional cooperation, is not evidently determined in Law on the Prefect. The prefect seems ineffective even when there are conflicts and violating responsibilities among local government units and the de-concentrated central government institutions. He/she does not have the legitimacy to direct matters of coordination from the legal and institutional viewpoint, just if locally-based institutions perform on common powers authority. For a

clear and well-defined role of the Prefect in consistency with the provisions of European Charter of Local Self- Government, some legal improvements need to take place.

Regional/local de-concentrated offices or differently called “vertically subordinate directorates” are set up by various line ministries like: health, education, social affairs, labor, agriculture etc. They are placed in every region, with the task to direct implementation of sector policies at the local level. Even though these structures operate at the local level, they fully rely on the line ministries they are subordinate to. Over the years the collaboration among the Local Government Units and de-concentrated bodies has been increased. However, the violation of authorities or uncertainly regarding the execution of shared functions has been shown in some sectors such as: social services, education, environment etc. (Republic of Albania, 2015). The new reform will revise the distribution of de-concentrated agencies at local level as well as the allocation of responsibilities between the agencies and LGUs involving cross-institutional coordination and collaboration.

Local government associations continue to present their interest vis-à-vis with the central government by using different reforms, involving the decentralization process. The central government and Local Government Units relations have been mostly affected from the domestic political climate. They have expressed this atmosphere in the necessary dialogue on matters that affect local governance interests. This dialogue has been on ad hoc basis, partisan and formally unorganized. On the other hand, the productiveness and efficiency of the local government associations for representing a rational and positive effect in changing the local governments conditions, stands still minimal and away from best practices of EU countries. Regardless of political conflicts, in certain conditions many local councilors and mayors have demonstrated their willingness to cooperate beyond party lines, so to strengthen local authorities and building up structures to protect their common interests (Republic of Albania, 2015).

3.3.1 Structure of Municipalities

Municipal Council

Local Council in Albania is the body of policy and decision making which consists of local elected councilors. The municipal council can designate the standards of services, can draft four-year fiscal policies, establish structures for public participation, drafts development strategy and so on (LGDA, 2007, p. 13).

In the prospect of Administrative-Territorial Reform the role of council and local councilors must be strengthened as the representative of citizens' interests in the local decision making. As the only internal body which controls and monitors the policy implementation of the executive and administration, the municipal council will obtain a new role in this direction by enhancing its interior capacities. The council and mayor relations will improve by intending to clarify the power of the council as the representative body, and the mayor as the managerial and the executive body. Furthermore, through the civic engagement in local policies, citizens' involvement in decision making of municipal council will be expanded (Republic of Albania, 2015).

Mayor

As in most of the countries, the mayors in Albania are the key official executives of local government units. The mayor has the responsibility of implementation, staff supervision and budget responsibility. He or she has to work closely with the local council whose competences meet those of the mayor. For example, the mayor drafts the annual local budget that will be reviewed by local council in response to the policies of the council. Once it is approved by the council, the mayor is responsible for implementation of the budget (LGDA, 2007, p. 11)

The quality of leadership of the mayors has to do a lot with the efficient function of local administration and public services. The empowerment of their functions must come gradually with the enhancement of authorities for adopting the administrative structure of new municipalities. Mayors will have strengthened powers on administering the new municipalities, involving the approval of municipal staff, appointment of managers of administrative units as well as management of public utilities. Regarding the shared functions competencies, mayors will bear a greater function to coordinate with de-concentrated structures of healthcare, education and environment, and also for better relations with the Prefect and law enforcement agencies performing in the local level (Republic of Albania, 2015).

Administrative Unit

The new administrative reform reshapes the local structures system through creating constituent administrative units (former communes) as useful part of the new municipalities. The administrative units, important part of new municipalities will serve as one-stop-shop for the administrative services of the citizens. The functional connection

with the headquarters of the new municipalities will be based on programs and projects of technical assistance. Administrative units will carry their roles determined in the Law on Local Governance and the decisions of municipal council will be served by a small and effective administration. The service delivery for the citizens will be easier by the application of information technology. The heads of administrative units will be the local administrators. He/she will be the highest official which will be accountable on behalf of the mayor about the work process in the area of their administrative units (Republic of Albania, 2015).

3.3.2 Local government at the regional level

The region comprises a certain number of municipalities and presents the interests of the local community. The regional council may act and take decisions, within the limits of the law and in the overall interests of the region. In each case, the regional council decisions should not breach the autonomy of any of the municipality of the region without its consent (Local Government Decentralisation, 2003).

The region's role as the second level of local governance shall be revised in purpose of its coordinating function with the new municipalities, after the Administrative-Territorial Reform and in relation with the new regional development policies. The regions will have a significant task in harmonizing policies among local and central government units. In this respect, regions will approve regional plans in the development of territory, social services, environment etc. It will play an organizer and suggesting role in strategic investment projects initiated at local and regional levels. Region will proceed to be a crucial actor for application of projects financed by EU and in absorbing the funds.

The empowerment of the first level of local governance will reduce the coordinative role of the regions. Prior to the Administrative- Territorial Reform, the region coordinated the work of 30 municipalities/communes while after the reform it will have to coordinate about 5 municipalities (Republic of Albania, 2015).

3.4 Functions and Responsibilities of Albanian Local Government

The activities which are performed for public benefits are considered as the functions of the local government (Local Government Decentralisation, 2003). The Albanian LGs adjust and perform many public services: on behalf of the central government they manage certain functions of government, set and collect local taxes and fees or

accomplish several duties. The funds for performing these functions come from local fees as well as from central government transfer. The functions of Albanian local government contain the following categories.

A) The authority and responsibility to fulfill these functions are on the power of local government.

1) Infrastructure and public service: water provision, building, rehabilitation and maintenance of local roads, lighting service, cleaning services.

2) Social, cultural and sports services: the preservation and development of local cultural and historical values, setting-up of sports organizations and maintenance of respective foundations, management of kindergartens, asylums, orphanages.

3) Local economic development: training of schedules about local economic development, the establishment and operation of public markets, the preservation and development of forests, etc.

4) The order and civil protection: the preservation of public order to prevent administrative violation, civil protection (LGDA, 2007, p. 9).

B) Local and central governments possess common functions. As such the authority and responsibility to accomplish the duties are shared by law between central and local governments.

1) Pre-university education: The central government is responsible for the curriculum development, teaching standards, as well as recruitment and departure of key staff (teachers and school directors). The Local Government is in charge of maintaining the educational facilities and investment materials for education equipments. However, the funding of education equipments is done by the central government.

2) Health care system and protection of public health: The central government is responsible for setting health service standards, recruit and train of the medical staff. Local government is responsible for maintenance of health care facilities, recruitment of assistance staff and supply with medical equipment.

3) Social assistance: The Central Government is accountable in setting the standards of social services, the criteria of legality of public services benefits, the financing of social assistance and other forms of social support. Local governments are responsible for identifying vulnerable categories and the exact destination of services in their territory.

They are also responsible for management of social care facilities such as: orphanages, facilities for persons with disabilities, etc.

C) Delegated functions - the central government has all the competences, but services are provided by local government.

1) Civil status: This is a state function, also exercised by local governments. Standards, funding and management of civil status offices are under the power of the central government. These offices are part of the local government structure to be nearby the citizens (LGDA, 2007, p. 10).

Local governments are important actors for identifying the problems, for adopting the proper solutions and implementing the useful policies. A crucial function is played by the municipalities, communes and regions which have in charge important tasks at local level for their development. An essential concern in Local Government decentralization is the citizen involvement for assuring that the necessities and demands are being met (Local Government Decentralisation, 2003).

The European Charter of Local Self-Government states that: “local self-government denotes the right and ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interest of the local population” (European Charter of Local Self-Government, 1985). The level of government that is closest to the community ought to provide public services for ensuring the efficiency and accountability.

3.6 Conclusion

As the information indicates Albania started its political decentralization path after 1990, by letting behind an extremely centralized government system. Regardless of the importance of this political progress to democratic involvement, the local management and financial autonomy remained very weak. A significant boost of decentralization process was received between 1998-2000, with the adaption of new Constitution, ratification of European Charter of Local Self-Government, and approval of law “On Organization and Functioning of Local Government”. Since then, several legal reforms for local self-government were passed, regulations have been put in place and some initial policy reforms have been adopted. Although the attempts for reforms, the local government units still did not properly accomplished the community and social functions, they were characterized by weak policy implementation and coordination.

Even though Albania was far from fulfilling the political, administrative and fiscal tasks of decentralization which improve the governance, accountability and service delivery, it made considerable progress in consolidating a legal framework and adaption of local government principles that gave more autonomy to regions, municipalities and communes.

The following years Albania has faced difficulties and critical issues involving: weak institutions, insufficient local autonomy, ineffective grant system, great fragmentation of LGUs, lack of transparency etc. In this context, the new Albanian Government undertook a feasible Administrative-Territorial Reform and intends to implement it in the near future, concretely after the 2015 local elections. This reform aims to strength local democracy, to increase the LGUs efficiency, to provide high quality services, and implement a sustainable decentralized administrative system based on European standards. Decentralization constitutes a priority and a challenge for Albanian future in every of its dimensions.

Chapter Four: Strategic Goals, New Policies and Priorities

4.1 Introduction

This chapter tends to look at decentralization performance in the recent years, the challenges, lack of specific responsibilities and weak capacities in various institutions. It presents and exposes the reasons why Albanian Government decided to initiate the Administrative-Territorial Reform, what it seeks to achieve, what are the opportunities that it offers and its impact on local government efficiency and effectiveness. Furthermore, it analyzes the objectives, measures and priorities that the government aims.

4.2 Administrative-Territorial Reform

The Albanian government initiated the Administrative-Territorial Reform for expanding the decentralization operation in Albania. In this way the LGs will obtain more resources and capacities for local units' progress and the people will have more possibilities to join political processes of local government. Its commitment intends to make the public services more productive, transparent, contemporary and easily accessible for the people (Cuci, 2014b). Referring to Albanian 2014 Progress Report, the Law on Territorial-Administrative Reform intends to increase the LGUs capacity, brings efficiency in service delivery and financial sustainability (European Commission, 2014).

To include also the Albanian citizens' opinion a national survey on administrative and territorial reform was conducted. The survey was undertaken by the Albanian government, directed by Albanian Institute for Development Alternatives (IDRA), in assistance with Support for Territorial and Administrative Reform (STAR) (Administrative Territorial Reform, 2014).

Through a structured questionnaire, around 16,000 Albanian citizens over the age of 18 were interviewed. The "Citizen's Voice Territorial Reform Survey" collected different public opinions on local government issues, specific proposals, perceptions on new territorial division, reasons for support or rejection etc. From the obtained results, 67% of citizens were in favor of territorial reform (IDRA , 2014).

Throughout the years many local actors, international contributors and different projects have discussed the Administrative-Territorial Reform and decentralization process in

Albania. But why this reform has been widely discoursed and considered as a necessity by political stakeholders?

There are listed some of the main reasons which make essential the initiation of this reform:

1. The Demographic changes

Citizen's internal migration and emigration influenced a lot in the Albanian demographic map changes. According to the census statistics, last years the rural Albanian resident population has declined and people tend to move more towards urban areas (CENSUS, 2011). Around 2/3 of LGUs show a 25 % change in population. The people migration has left its impact on Albanian LGUs, where some parts need to satisfy the growing needs of residents and others have to cope with the consequences of fled inhabitants (Ministry of Local Government, 2014)

2. Local Government Fragmentation

The fragmentation of LGUs is regarded very high taking into consideration the Albanian's population and its conditions. There exist a lack of legal clarification about the functions and competences of regions. This influenced the regions to be less effective comparing to the citizens expectations about them, municipalities and the communes. The great fragmentation of LGUs is a serious problem as it results in very high administrative costs and brings low efficiency in service delivery. This thing impedes the full decentralization of services due to lack of capacities and economic efficiency (Buka, 2013). It is necessary the reduction number of municipalities and regions. The current era gives the opportunity to deliver the services quickly through data digitization, logistics and software programs. Limiting the number of LGUs would connect our needs with the provisions of European Union laws (Kadenasi, 2013).

3. Lack of efficiency

The third argument which supports this reform is the lack of efficiency in public service provision. Some of the LGUs misuse the public funds which should be spent only on citizen's behalf. According to Albanian Finance Ministry, in 2012, 70 % of LGUs have not spent any money on local investments. The territorial reorganization can provide an efficient way of distributing the investments, can manage better the financial resources, can offer more services and be closer to the citizens. It aims to create economies of scale

which will make possible the provision of efficient utilities with lower costs (Kuvendi, 2014).

4. Inability to support local economic growth, and disparities among local government units.

Among the arguments that emphasize the need for this reform is the weakness of Albanian LGUs to further local economic process and diminish the inequalities which are applied through years. LGUs have an essential role in the country's economic development. They are responsible for attracting and sustaining investments in their area while promoting the business climate. Local government units which are more populous and perform more economic activities, have large provisions to achieve greater incomes and thus to provide more public services. Lastly, another significant factor is the existing inequalities between urban zones and rural units with a small population. Human resources exist and perform their duties in large LGUs whereas in smaller units their operation is absent. The LGUs performance is closely related with the size, surface area, population and the capacity which they possess (Ministry of Local Government, 2014).

As an important priority in political agenda, on 31.07.2014 the Law No. 115/2014 "On Administrative-Territorial Division of the Local Government Units in the Republic of Albania" was adopted. The essential goal of this reform is to provide a fair territorial development, to increase local administration efficiency, enable quality standards of public services, to enhance local responsibilities and lead them in a more inclusive and transparent decision-making. The criteria reform was that each municipality will belong to a certain city (the territory was reformed around urban centers, not allowing rural local units without an urban center). The minimum population that each new unit must possess is 20.000 inhabitants (Kuvendi, 2014).

The first phase of the reform determines the new territorial division in 12 regions and 61 municipalities. After the reorganization, the eliminated communes and municipalities will serve as component administrative units of the 61 municipalities. The second phase seeks the facilitation of new LGUs and good functioning of 12 regions and 61 new municipalities. Another specific objective is the institutional and infrastructure support of LGUs after the 2015 local elections (Republic of Albania, 2015).

By this reform the government is expected to save 30-60 million dollars a year as administrative expenses which will be used by local government for investments. In this

way the Administrative-Territorial Reform will enable more investments in local infrastructure, provide more public services and consequently the life of the people will improve. The formation of larger LGUs will create the essential circumstances for social and economic development. They may absorb different investments by public or private institutions, from European Union and other international donors (Shteti Web, 2015).

The administrative reform is implemented almost in all European Union states with the purpose to gain an efficient and qualitative service delivery. Decentralization is an instrument that serves to increase the citizen's welfare and local sustainable development. The performing of this reform has been a recommendation which draws us closer to European model, the family where we want to go (Cuci, 2014a).

4.3 Vision, Objectives and Priorities

Strengthening of local governance and decentralization operation is the government's vision to ensure a heightened efficient local government. As such, the government increased their demands by adapting new regulations. The implementation of territorial reform is a key concern which seeks to create more opportunities for local governance, by enabling their activities to function in a more efficient way (Republic of Albania, 2015).

The new Administrative- Territorial Reform has a priority to diminish the units of the first tier of local government by forming 61 LGUs. Through these units the citizens will have more efficient public services, more economic and social opportunities, and new public investments for country's development. The re-organization of local and regional government will bring these essential advantages:

- New local government units will guarantee more efficient public services with lower prices and it will increase the economy of scale.
- New local government units will accumulate more incomes; therefore financial assets will be more disposable for public investments and services.
- New local government units will exercise more competencies in a range of tasks. The decentralization of services and more authority from central to local government will be possible.
- As the larger units of local government will execute more activities, the citizen participation in decision-making process of local governance will increase (Cuci, 2014b).

It is believed that territorial organization will further democratize the Albanian local government, will create the conditions for a more integrated social and urban development, will increase the accountability in territorial administration and will hit the electoral corruption. By creating space for civic coexistence, this reform fades the discrimination of small and remote communities. In this way it cures disparities between citizens of the first and second level. Until now there has been a perverse administrative, institutional and territorial organization which provided bankrupt services for the citizens and community. This reform gives Albania a great opportunity to become a modern homeland. “The new government is giving to local government a different development plan, more urban and integrated, and is enabling the organization of communities” (Rama, 2014b).

Recently, Albania has planned strategies and measures related to the degree of European Standards. Based on European countries experiences it is shown that reducing the number of LGUs brings an efficient performance, enhance the quality of services and provides a prosperous life for the citizens. By applying this reform, Albania has now 61 new and larger LGUs from 373 that it consisted before. This reform came in power with the approval of Albanian Constitution, with the European Charter on Local Autonomy and other relevant laws, local and central government institutions, political forces and the citizens will (Cuci, 2014b). It aims to strength the structures of local and regional governance and to reinforce the cooperation among local representatives, for providing an efficient local government and decentralization in compliance with ECLSG principles (Council of Europe, 2014b).

Albanian local government will have a more participatory role in promoting EU principles and will comprise a more dynamic approach to implement the European standards in relation to local level (Republic of Albania, 2015). The undertaking of this reform brings Albanian state closer to its progress towards the EU. Considerable efforts have been done in advancing the Administrative-Territorial Reform. However, it is needed more activity in strengthening the LGUs capacity, leaving them to perform more functions and implement legislation in a sustainable manner, enforce openness, efficiency and accountability (European Commission, 2014).

The implementation of this reform offers to Albanian state a new political and territorial format that brings a new era in local governance. The reduction of LGUs will give more

competences to new elected mayors and will provide new development opportunities in political, economic and social life of the state. This reform will decrease the existing disparities among urban centers and rural areas in the aspect of services, incomes, finance and development. For citizens new door of communication will be opened, where apart from local unit their issues will be discussed again by the municipality. Citizens and interest groups will have the chance to be part of the decision-making process by lobbying the projects of their locality. LGUs will have more authority and finance to ensure their citizens enjoy efficient services with European Union standards (Shteti Web, 2015).

In the last two decades many European countries including Poland, Denmark, Sweden, Latvia and Estonia have successfully implemented a similar administrative reform. The vision of the reform does not favor any interested party. It is an instrument for an integrated and modern country as well as a strong impetus to achieve the vision in constructing a European Albania. The reform intends to increase the local and national governance, to modernize the supplying system and ensure reliable services for the citizens. This is a vital reform which will make Albania more willing to have access in structural funds, and easier the interaction process to EU (Rama, 2014a). The goal of the reform is to have a fair territorial development, increase the efficiency of local administration, enable more financial and human resources, offer the citizens a democratic development and guide the country to a more transparent and comprehensive decision making process. With larger administrative units the local government will further the decentralization empowerment, engage in more efficient organization, raise revenues and service distribution. The reform aims to put the local power for community service and to correct the past mistakes. In Albania many problems exist that are expected to be solved by the government such as: unemployment, economic crisis, corruption, rule of law, integration and other important issues. Recently, the challenge of Administrative-Territorial Reform is more in the foreground than the others. This is due to the reason that the reform was recommended by international partners and because it should be completed before June 2015, in order for local elections to be held by that division. In this context, the 21 June 2015 elections took place according to the newly-formed local government units. These elections were considered as an important test of ongoing reform of local government in Albania and to the European Union candidate status (OSCE & ODIHR, 2015).

4.4 Conclusion

The first wave of democratic system brought with itself the first approach to decentralization. Due to many deficiencies, Albanian tradition had difficulties in cultivating a true decentralized government. The high number of LGUs which required more budgets for administration and didn't provide efficiency was considered as an impediment for local government development. The demographic changes, lack of productivity and imparities between LGUs raised the necessity to undertake a new reform in reorganizing the local government. To raise its responsiveness toward local needs, the government began the Administrative-Territorial Reform. Together with Albanian stakeholders, the project was also supported by international partners. Their contribution is very important to lead Albania toward the road of modernity.

This initiative was a missing strategy which promises to influence a lot in Albanian local government development and consolidation. It aims to create LGUs which provide more benefits, guarantee quality services for Albanian citizens and ensure good governance. The reform permits citizens to be closer to the decision-making, ensures efficiency in development policies and provides a responsive system of democratic government.

As many former communist states, Albania has made important steps toward decentralization. Another wave of decentralization has just started and is tightly connected with the new territorial administration. There exist many challenges for the further process of territorial reform, decentralization and the enhancement of local governance. The success of this reform depends on several elements. It depends on political determination to form the entire system of institutions, political will to fulfill the responsibilities, execution of functions with responsibility and by competent human resources, impose accountability and increase transparency which still remains a challenge for Albania. In this regard, the government should work with professionalism in order not to violate the criterion that the reform aims: the approach of the services to citizens. However, there are reasons to be optimistic that Albania will be able to achieve its objectives related to local government enforcement.

Chapter Five: Conclusion

The Local Government's prime reason to fulfill a certain task is efficiency, that is local governments are near to inhabitants, as they are more aware of local preferences and can respond to them more effectively. The level of government that is closer to the community may provide public services in a more responsible, fruitful and efficient way. As improving the local services distribution has shifted to the forefront of policy agenda, decentralization has been catching the attention as a tool of enhancing the supply of goods and services.

Albania inherited an unfavorable ground for implementation of decentralization reforms due to the previous regime which was based on centralized operation of the state. Contrary to the centralized system where the central power directed every aspect of the political life, the democratic system seeks to involve the citizens and interest groups in political decision-making. The Albanian Local Government status is the incarnation of political, economic and social elements of transition, involving the historical, traditional and cultural impacts. Its decentralization process started after 1990's aiming the strengthening of local government and decentralization, as the main principles of democratization of the country.

Despite the lack of experience in such areas under the leadership of Democratic Party, Albanian state made several organizations at the local level. It started its orientation to a more decentralized government where privatization, liberalization and local government autonomy were considered as crucial reforms for the state. Although the attempts for reforms the local government was characterized by weak capacity in implementing the community social functions. Its limited responsibility, corruption, weak management, poor quality of execution of law, deficits on service delivery and bureaucracy brought many discontents and loss of trust in local authorities. A consolidated local government and devolution of powers are crucial to build a real democracy which premise responsiveness, prosperity, people empowerment and a more inclusive decision-making.

The need for reform was politically recognized and the government increased the concern about decentralization and local government issues. In order for local government duties to be compatible with the citizen requirements, the geographical size of LGUs must be

appropriate. The need for the reform was greatly upheld by international community as a way to reduce spending, fight corruption and make a more efficient local government.

These concerns grow the attention of policy makers and resulted in the adaption of territorial reform.

As the process of Administrative-Territorial Reform has emerged strongly in country's political agenda the government and opposition should work together and focus the efforts on this initiative. The reorganization of territory was seen as crucial for Albanian local government. The new configuration of the region will bring a new way on national development policies, efficient organization and increase responsibility. The reform aims to intensify the quality of public services, increase the capacity for administration and strengthen the mechanisms of direct democracy. From the new Administrative-Territorial division the LGUs will have more decision making authority. This move will improve the political, economic and social condition of local government and provide more opportunities to make progress in European integration.

The effectiveness of the reform will largely depend on the efforts and the government's commitment in the management of public affairs. As such, the government should work to favor a non-bureaucratic system which serves people with professionalism, transparency and efficiency. To meet their goals toward good governance it is necessary the application of undertaken policies with courage, determination and great responsibility. The government should work to establish a harmonized model of local government in Albania, reduce the barrier of disparities and guarantee support of local government initiatives. Their promises should be followed by actions, which mean the implementation of government's programme should become realistic. As decentralization operation has a significant part in increasing the power of local government, the territorial reform should be a priority for the local government by setting an all inclusive process which involves the political elements, the civil society as well as international.

The further consolidation, the future sustainability and its effectiveness depend on the engagement and determination of Albanian political actors as well as on the citizen responsiveness. The implementation of new reform with great accountability and professionalism is believed to assist Albanian local government and decentralization in its further process toward sustainability.

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