



**REPUBLIC OF ALBANIA
MINISTER OF STATE
FOR LOCAL ISSUES**

**NATIONAL CROSSCUTTING STRATEGY
FOR DECENTRALIZATION
AND
LOCAL GOVERNANCE**

2015-2020

**FINAL VERSION
February 2015**



Table of Contents

1. PURPOSE AND STRUCTURE OF THE STRATEGY	3
2. GENERAL OVERVIEW OF LOCAL GOVERNMENT IN ALBANIA	6
2.1 Decentralization in Albania	6
2.2 Functions and Responsibilities of Local Governments	7
2.3 Fiscal Decentralization	8
2.4 Local Assets	11
2.5 Local Government Structures	12
2.6 Intergovernmental Relations	13
2.7 Institutional Capacities	14
2.8 Technical Assistance on Local Governance	15
3. VISION, PRIORITIES AND STRATEGIC GOALS	16
4. POLICIES, OBJECTIVES AND MEASURES FOR IMPLEMENTATION OF DECENTRALIZATION STRATEGY	19
4.1 Administrative-Territorial Reform	19
4.2 Structures of Local Governance	20
4.1.1 Deconcentrated Structures	22
4.3 Fiscal decentralization	23
4.4 Functions	25
4.1.2 Own Functions	25
4.1.3 Shared Functions	30
4.1.4 Delegated Functions	31
4.1.5 Regions and Regional Development	32
4.5 Development of Local Government Capacities	32
4.6 Open Governance, Transparency, Accountability and E-Governance at Local Level	33
4.7 European Integration and Local Governance	34
5. FISCAL IMPACT AND FINANCIAL REQUIREMENTS FOR IMPLEMENTING THE STRATEGY	35
6. MONITORING, EVALUATION AND REPORTING	36
7. ACTION PLAN	40



1. PURPOSE AND STRUCTURE OF THE STRATEGY

The National Crosscutting Strategy for Decentralization and Local Governance (NCSDLG) 2015-2020 presents the government's vision towards strengthening local democracy and advancing the decentralization process on best European standards. The policy goals and objectives of this strategy are fully aligned with the overall vision and goals of the National Strategy for Development and Integration 2015-2020 for social and economic development of Albania its path towards European Integration. The NCSDLG embodies the overall Government program goal *“to transform Albania into a model that inspires peace and development in the region”*.

The NCSDLG 2015-2020 presents a comprehensive approach to decentralization and strengthening local governance, in line with the principles of the European Charter of Local Self-Government and with the principles on local governance enshrined in the European Administrative Space documents with the aim of ensuring political, administrative and fiscal decentralization.

Preparation of the NCSDLG 2015-2020 took place in the same period when several new strategies and policy documents covering the same period of 2015-2020 were developed. Such programming approach is made in the framework of Integrated Planning System with the aim of better alignment of sector and crosscutting strategies within the overall strategic framework articulated in the National Strategy for Development and Integration 2015-2020. Development of several sector and cross-sector strategies and policy reforms is contributing to better their alignment, including the decentralization and local governance reforms, by paying attention to link this crosscutting strategy with other specific related sector strategies, including sectorial ones in the areas of public finance management, environment, social service, youth, civil protection, pre-university education as well as several other strategic documents on water supply and sewage, transport, tourism, economic development, etc.

The strategy takes into account the existing legal and political frameworks, the achievements and gaps of the previously implemented strategic policies, the requirements for enhancement of efficiency of public services, strengthening of local governance imposed by the process of European integration and principles of EU best practices. At the same time, the strategy considers the current status and specific peculiarities of development of the local government administration in Albania.

The elaboration of the Strategy was preceded by complex analytical studies in the domains of administrative and fiscal decentralization paving the way to administrative-territorial reform, assessment of the capacities of local public administration, progress made and challenges face in implementation of the local government own, shared and delegated functions.

The commitment undertaken by the Government to ensure transparency, participate and discuss with all interested parties and the development partners in the elaboration of the Strategy was performed by discussing the draft of the strategy in the inter-institutional working group for drafting the strategy, which is comprised of 70 different representatives from central administration, local government administration, local government associations, development partners and civil society, by undertaking tailored consultations on strategy draft



with the above stakeholders. International donors and partners engaged eight technical experts for the analytical phase and drafting of strategy.

The Minister of State for Local Issues (MoSLI) is grateful for the great support provided by the USAID Planning and Local Governance Project (PLGP) and other several development partners such as OSCE, Council of Europe, Swiss Agency for International Development, Swedish Agency for International Development, UNDP and other donors that contributed substantially with foreign and national expertise on work and studies carried out as part of the strategy development process. Special acknowledgment goes for local governance associations and nonprofit organizations that became an integral part in the development of this strategy.

The process of drafting the strategy started in March 2014 and was completed in February 2015. Some key dates of the drafting process include the following:

- 1) 13 February 2015: The Prime Minister's Order on Establishment of Inter-Institutional Working Group for Drafting the Strategy (Prime Minister's Order No. 69, dated 13.02.2014) was approved;
- 2) February-March 2014: Core working group and subgroups established to draft the strategy;
- 3) 28 March 2014: The Kick-off Conference for Drafting the Strategy held;
- 4) April-September 2014: Preparatory phase of developing the first draft of the Strategy initiated; More than 15 meetings of sub-working groups and experts with representatives of line ministries have been conducted; Technical experts prepared five analytical reports;
- 5) October 2014: The first draft of the Strategy was presented. First phase of public consultation initiated; The draft is submitted to local associations for their opinion;
- 6) October-December: Consultation process underway; Four regional consultative meetings held with representatives of local governance and decentralized agencies at regional level;
- 7) January-March 2015: Final draft of the Strategy approved after being revised as a result of the consultation process with local governance and line ministries;
- 8) April 2015 – Final draft of the Strategy send to final phase of consultation;
- 9) April 2015 – The National Crosscutting Strategy for Decentralization and Local Governance adopted by the Council of Ministers

The NCSDLG 2015-2020 document is organized in five chapters:

- Chapter 1: General Overview of Local Government in Albania presents an overview of the implementation of the decentralization reform, main challenges faced during the implementation process identifying the legal, financial and administrative barriers to implementation of decentralization process.
- Chapter 2: Vision, Priorities and Strategic Goals presents the long-term vision of local government, including responsibilities and functions, authority, instruments and financial resources and the accountability of local government bodies.
- Chapter 3: Policies, Objectives and Measures for Implementation of Decentralization Strategy presents priorities objectives and measures widely agreed for advancing the decentralization reform. This chapter presents the key implementation phases: i) Immediate phase, in which some short-term actions and reforms are identified and initiated; ii) the midterm phase until 2017, in which the main elements of the legal



framework will be realized; iii) third and final phase until 2020 in which the full range of local government responsibilities and authority will be completed;

- Chapter 4: Fiscal Impact and Financial Requirements for Implementing the Strategy presents sector resource requirements for implementation of the strategy. Financial resources requirements for 2015-2020 will be the bases for further discussions with development partners for supporting the implementation of the strategy.
- Chapter 5: Monitoring, Evaluation and Reporting establishes the framework for keeping track of the progress made in implementation of the actions, and performance towards meeting the strategy goals. This chapter includes the Action – Plan for implementation of the strategy including the time – table and allocation of responsibilities for each action. In addition it includes a Performance Assessment Framework composed of monitoring indicators, baselines and target indicators, that will be used for monitoring the implementation of the strategy based on a result based management framework.



2. GENERAL OVERVIEW OF LOCAL GOVERNMENT IN ALBANIA

2.1 Decentralization in Albania

The decentralization reform has progressed steadily during years 1999 and 2000 based on the Constitution (1998), the European Charter for Local Self-Government (ratified in November 1999) and the National Decentralization Strategy, adopted in 1999. The most important specific step was the approval and implementation of the Law No. 8652 of 31 July, 2000, “On the Organization and Functioning of Local Government”, which sanctions the rights and authorities of the local governments units in conformity with the Constitution and the European Charter for Local Self-Government, and which was followed by other laws regulating the activity of the local government and consolidating the autonomy.¹

Years 2001, 2002, and 2008 can be considered as the most successful in the field of fiscal decentralization. For the first time the concept of the unconditional transfer for local governments was adopted in the State Budget Law 2001, and developed further with the fiscal reform package adopted by Parliament in December 2002 increasing the autonomy of municipalities and communes to generate revenues from local taxes and fees and determine and their rates. The revenues generated by LGUs have been augmented through local tax on small business, transfer of the local share of the tax on vehicle registration, immovable property tax, etc. A significant reform was undertaken for transferring public assets to local government units by granting the latter the right to administration and development of public assets. Since January 2005, LGUs are responsible for the water and sewage service and its related financial issues to their responsibility and budget.

The State Budget Law of 2003 and 2004 sanctioned the formal delegation on the pre-university education and primary health care providing municipalities with full authority and responsibility for the maintenance and operation of pre-university education facilities located in the jurisdiction. During 2003-2005 important policy and legislative reforms were undertaken in the area of pre-university education, primary health care, economic assistance and social services. The most significant changes include greater involvement of local governments in implementing investments for pre-university education infrastructure and primary healthcare facilities, authority to hire custodial personnel for these facilities, ownership of the existing pre-university education and primary healthcare facilities and full authority in administering the economic assistance funds and community work programs.

While progress has been made on advancing the decentralization reform in the last decade, several challenges were faced. These challenges consisted on lack of a national policy development framework, lack of clear legal and regulatory framework, and extreme fragmentation of local authorities causing lack of capacities of the local government. Lack of consensus among the local elected officials, their partisan behavior and lack consensus inside local government associations have weakened the local governance position vis-à-vis the central government and caused delays in several important reforms. On the other hand, the

¹ The Law Nr. 8653 on the Territorial and Administrative Reform on which the LGUs (65 municipalities and 308 communes) established as unit to provide public services; The Law on Immovable State Property and on Transfer of Immovable State Properties to Local Governments (2001), the Law on Territorial and Administrative Division of Local Governments (2000), the specific law on the Organization and Functioning of the Municipality of Tirana was also prepared, discussed and approved by the Parliament at the same time as the Law on Local Government.



participation of the local government associations in the process of consultation with the central government have been carried out on *ad-hoc bases* and unsystematic.

The shared functions and competencies are vague, stemming mainly from the deficient and unclear legal framework regulating the structure, roles and competences of the central and local authorities at regional and local level. This has created uncertainty and ambiguity on the role of local governance and deconcentrated institutions with regard to shared functions.

Fiscal autonomy of local government is still a challenge. Local authorities do not have appropriate financial resources or local revenues commensurate with their own and shared competences. LGUs, particularly the small ones, are heavily dependent on financial assistance from the State. Data on local budgets for 2012 reveal that the State Budget funded over 80% of the budget for 60% of the LGUs. There is high unpredictability of the transfers over the years. There is a lack of capacity for collecting some revenue sources, particularly the property tax and other local taxes and fees. Decrease of small business tax rate in year 2006 and subsequently the reduced percentage of the tax on vehicles have impacted negatively the local government revenues in the last few years. Albania is among very few countries in the South East Europe in terms of fiscal decentralization indicators and which does not have a national personal income tax share system for local government.

Elected structures of local governance have been incapable of governing with efficiency and transparency and of involving citizens in their decision-making. In general, local governance has been closed and failed to organize and engage communities. Lack of LGUs' accountability on spending of local budgets has led to failing trust among citizens and businesses, therefore, to the decline of revenues from local taxes and fees.

The existence of a great number of small local government units until mid-2015 have increased the overall administrative cost of governing and management of the local government and made it difficult provision of services with high quality and effectiveness. Furthermore, the balance of costs and benefits has shifted since the latest overall re-organization of local units in 1992, on account of massive internal migration, technological progress and the growing expectations of citizens for public services. Similar to many other European countries, Albania undertook and implemented a territorial consolidation reform by means of Law No. 115/2014, "On administrative-territorial Division of Local Government Units in the Republic of Albania", solving issues of municipal fragmentation. This reform is harmonized and complementary with the decentralization reform.

2.2 Functions and Responsibilities of Local Governments

Law "On the Organization and Functioning of Local Government" defines three types of competences (functions) for local authorities: exclusive, shared and delegated functions. Functional analysis on accomplishment of assignments conducted in the framework of the administrative-territorial reform by the end of year 2013 showed that out of a total of 373 LGUs only 15% accomplished the functions assigned to them by the Law on Local Governance.



Until year 2014, there has been no change to date with regard to the groups of the main categories of *exclusive functions*, which include (i) infrastructure and public services² (ii) local economic development³ (iii) social, cultural, and recreational functions⁴, and, (iv) civil security. Implementation of exclusive functions has progressed, but is also associated with several shortcomings, such as lack of capacities of local administration to develop and implement sound local development strategies and programs, difficulties in management of some services such as water, sewerage and waste management due to lack of clear approach regarding regionalization or decentralization of these services, and critical situation of the stock of investment inherited, coupled with lack of financial resources for development and maintenance of local infrastructures.

Progress has been made towards the implementation of the *shared functions* in education system, social services and protection of civil order and security. While functions related with environment, cultural heritage have not progressed with the same speed, the implementation of shared functions in primary healthcare services has made regressive steps since 2005. Implementation of shared functions is associated with many uncertainties regarding the division of powers among different levels of government. Size, skill, willingness of LGUs and proper transfer of funds from central to local government to offset the additional costs are the most important factors affecting the level and quality of services provided by LGUs. Lack of service standards and average cost per unit has been affecting the proper programming and implementation of service delivery, coupled with the lack of proper funding and monitoring by central government.

The municipalities and communes also have *delegated functions*, which, by law or by a contractual agreement, are delegated by the central government to the local government units or that can be delegated among LGUs, e.g., in the framework of cross-local cooperation. The local governance law does not specify which functions may be delegated to local governments. Delegation of functions by central government is an instrument used mainly for several functions, such as administration of civil registry offices, National Registration Center (NRC) local offices and their expenditures are generally covered by the state budget. There have been very few cases of delegation of functions or authorities among LGUs of the same or different tiers. These cases have, however, had a short life.

2.3 Fiscal Decentralization

Despite progress made in the last decade with regard to the increase of autonomy of local governance through the transfer of numerous legal and financial instruments from the central government to LGUs, the fiscal decentralization reform made considerable regress during 2009-2013. In terms of fiscal decentralization indicators, Albania is much below of other countries of Southeast Europe. It is the last one in the region with regard to local government revenues share (2.2% of GDP or 0.8% of revenues generated from local taxes and fees) and LGU revenues per capita (670 Euro); share of property tax within the local government

2 Including roads, water supply, sewage systems, waste management, public transportation, public lighting, parks and public places;

3 Such as preparation of programs, regulation and functioning of public markets and trade networks, small business development, veterinary services and protection and development of local forests, pastures etc.

4 Such as preservation and promotion of local historical and cultural assets, management of relevant institutions, organization of recreational activities and social services, including orphanages, day care, homes for the elderly, etc.

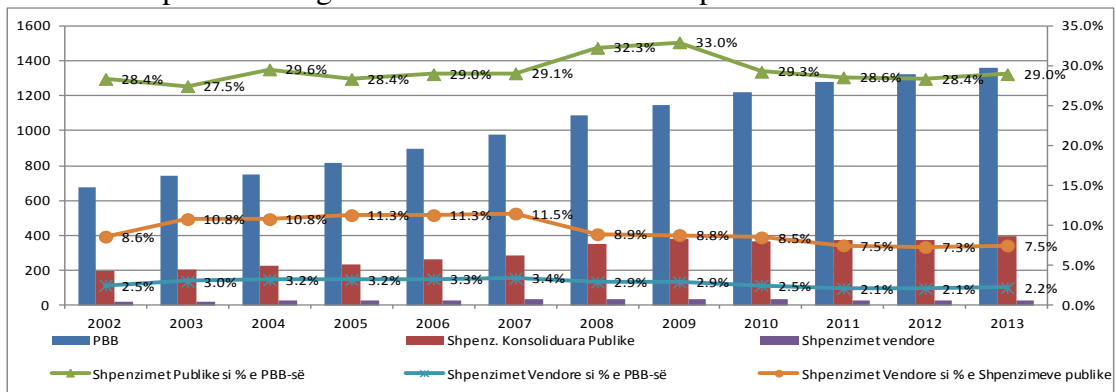


revenues and GDP is 0.18% of GDP living only Croatia behind by 0.13% of GDP; the last one with regard of local government investment per GDP (0.9% of GDP).

LGUs Revenues and Expenditures

Since 2000 local government revenues and expenditures have increased in nominal terms every year, having almost nearly tripled since 2002 (taken as baseline year). The ratio of local government revenues in terms of GDP and public expenditure share has shown modest, upward trends, increasing very substantially between 2002 and 2007, with variations in 2007-2009, than declining in 2010 – 2013, below the level of share of 2002 which is considered as baseline year for the fiscal decentralization. During 2014 and 2015, the upward trend of local budget share resumed, at 2.4% and 2.7% of GDP respectively due to the growth of the government transfer from state budget and new fiscal decentralization policy.

Graph 1: Local government Revenues and Expenditure trends



Source: MF, own calculations

Own Source Revenues

The structure of local government own revenues has changed radically during the last decade. Until 2005, the small business tax (SBT) was the single most important local government own revenue, but the status of the SBT has been one of the main contentious issues between the central and local governments. Changes in the national regulation concerning the base and the rate of the tax, the VAT thresholds for small businesses and the obligation of small businesses to file profit tax have been rather difficult. These factors and the impact of the economic crisis have contributed to the decline in the collection rate of the SBT reaching the level of 21% in 2011 and declining further to 13.9% in 2013. With amendments to the national tax system, SBT was changed to simplified profit tax on small business. All revenues collected from the central tax administration from this are transferred to local budgets. Since 2010, the tax on infrastructure impact has dropped significantly (due to the decrease of construction activities), whereas the property tax have become a robust and reliable source of local government revenues.

Local fees are another important element of local revenue structure. Revenues from these fees have faced an extremely rapid growth and have almost doubled since 2005 and representing more than 45% of all own-revenues in 2013. Local governments are using water utilities that have been transferred to their ownership as tax collection agents for local tax and fees, especially for collection from households. This is a positive development in terms of providing better collection rates and the potential to improve property tax collections and other local taxes. Collection of financial penalties (fines) is another financial source for



LGUs. However, the local governments are facing difficulties in collection of these fines from subjects and citizens, due to lack of stringent legal mechanisms for collection of the fines.

Revenues from Shared Taxes

The main sources of LGUs are: (i) the intergovernmental transfers from Central Government and (ii) own source revenues. This is unusual, compared to most European countries that make a fairly extensive use of the third source: shared taxes. The LGUs receive a share of the motor vehicle tax, but reduction in the amount of the national tax on used vehicles that came into place early in 2013 impacted the local governments' revenues since they receive 18% of this tax. While there is provision for sharing personal income tax under the existing legal framework (Law on Local Governance), this has not been materialized within the budget law or in the personal income tax law. Albania, along with Kosovo and Bulgaria, are the only countries in the South East Europe region that do not use Personal Income Tax (PIT) sharing⁵. Application of PIT sharing will significantly improve the situation of fiscal decentralization.

Intergovernmental Transfers: Conditional and Unconditional

During 2000-2002, local governments derived almost 45% of their revenues from conditional grants, but this percentage changed radically in 2002 when the amount of Conditional Grants was reduced, while the size and share of the Unconditional Transfer raised substantially. This has been an important moment in the history of decentralization. The transfer of SBT to local government units in 2003 and the increase of the share of unconditional grants in total revenues are reforms intended to reduce the dependency of local governments on the national government by expanding local governments' own tax powers. In 2002 the own-source revenues represented only 26% of LG budget, while in 2012 (a decade after) they almost doubled (representing 49.5% of LG budget), while unconditional transfers was reaching the level 42% of revenues. Such structural change gives the impression that local government was given more independence since the share of own source revenues are considerably higher compare to 2002. But, when comparing the level of own source revenues as percentage of state budget and GDP, the situation is almost the same. Reforms undertaken helped the LGUs to make use of the own-revenue powers, but resource allocated for implementation of functions transferred has been scarce. During this period several changes have taken place with the formula of distribution of unconditional grant, aiming to increase transparency and equality. One of the problems faced recently is the effect of population data coming from Census 2011, which differs from the civil registry data. Reconciliation of census and civil registry data need to be done in order to avoid any adverse impact on the local government units.

Conditional Transfer/Competitive Grants/Regional Development Fund

The competitive grants were introduced in 2006 as a mechanism to increase performance and objectivity in funding the local government investments, while in 2010 the Regional Development Fund was established in charge with management of conditional grants. Initially the competitive grants were used for financing the local infrastructure projects such as road, water and waste water, but in 2010 it also included projects related with the infrastructure of the shared functions such as education, health, and culture. The competitive

⁵ NALAS "Fiscal Decentralization Indicators for South East Europe: 2006 - 2012



grants have been a source of considerable debate and discussion over the past several years⁶, among this the issue of political favoritism in the grant awarding process. The financial mechanism of conditional transfers including the Regional Development Fund needs to be revised with the aim of applying new models in the framework of regional and local development policies and should be based on some performance criteria and eligibility to obtain funds through this grant mechanism. In addition, there is a need to review the potential ways of using the funds, including required co-financing of IPA programs or projects.

Local Tax on Immovable Property

The property tax has contributed to the revenues of the LGUs at an average of 0.16% of the GDP. Application of the property tax as an important source of revenues for LGUs provides the best option to local government units to improve own source revenues, but the progress of property registration remains a great challenge.⁷ Appropriate collection of property tax is facing two important issues: (i) completion of the first registration by the Immovable Property Registration Office (IPRO); and, (ii) provision of information on property registration by IPRO to LGUs. Currently, no LGU has access or has demonstrated any intention to access the IPRO database on property registrations. In 2014, a process to review the property tax model initiated with support from IMF and other partners. It is intended to turn this tax into an important source of revenues from local taxes for LGUs. (*For more information, refer to the section on fiscal decentralization.*)

Local Borrowing

Real process of borrowing from LGUs started in 2009 with the adoption of the Law No. 9896, dated 04.02.2008, "On Borrowing of Local Government", but since then the data on credits issued to LGUs indicate that it is very low, rating from 0.02% of national debt stock in 2010 to 0.04% in 2013. Since 2013, the limitation on public borrowing to 60% of GDP is not in force and there is no limit on the public debt borrowing by the central government. There are several restrictions imposed by the Ministry of Finance in the framework of local borrowing, on account of very high level of public debt in the country. Models of local borrowing through other form, such as PPP or Municipal Loan Fund, may constitute some of the solutions to capital investments at local level.

2.4 Local Assets

The process of transfer of immovable property to the local units is still ongoing⁸. Currently, the inventory process of public properties is completed in 373 LGUs. Preliminary lists of inventories for transfer of property have been approved for 265 local units, while the final transfer has been carried out only to 166 local units. All water companies have been already transferred to local government units in the form of shares of shareholder companies. The process of transferring the ownership of forests and pastures has been completed for 317 local units. Land registration is moving very slowly due to many difficulties faced by the LGUs in terms of paying the registration tariffs, problems with maps, and others. Many local

⁶ The United Nations Development Program (UNDP) provided an analysis of the competitive or Regional Development Fund (RDF) grants and indicated that major changes needed to be instituted with regard to the basis of selecting the local governments to receive grants. The recommendations were not adopted.

⁷ First registration of immovable properties is far from completion. The number of properties registered under the WB LAMP Project is estimated to be 120,000 properties. It is also estimated that the first registration in urban areas will complete by June and in rural areas by the end of year 2015.

⁸ Transfer of properties is made according to Law No. 8744, dated 22 February 2001 "On the transfer of state immovable property at the local government units", as amended.



government units have a computerized system for asset inventory and the GIS information system. This enables a better analysis of information and use of data for assets management, according to the specific situation. LGUs have the right to sell land for social housing development.⁹ LGUs have responsibility for urban planning, land management and housing, by engaging their own funds, state budget, donor funds or private-public partnerships for social housing programs, low cost housing or the infrastructure of land. After the removal of borrowing restrictions, use of PPPs is considered to be an opportunity for LGUs in accessing private financing for purposes of improving the quality and efficiency of public infrastructure and local assets.

2.5 Local Government Structures

Local governance in Albania is organized in two levels of government¹⁰:

Municipalities are the basic units of local government, representing the first tier of government¹¹. Prior to entry into effect of the Law on the New Administrative-Territorial Division, Albania was divided in 308 communes and 65 municipalities in the first tier and 12 regions (*qarks*) in the second tier.

The new administrative-territorial division produced 12 regions and 61 municipalities. LGUs are organized into constituent administrative units (former communes) as their administrative subdivisions. Tirana has 24 administrative units (11 municipal units and 13 former communes). From the urban planning viewpoint, municipalities will continue to be organized in towns and villages.

There was no change prompted to the 12 regions from the administrative-territorial reform, but their constituencies, municipalities and communes, underwent radical changes. Under this reform, regions cover an average of 5 municipalities as compared with 31 LGUs under the old division. In this context, the **Region's** coordinating role in harmonizing national policies with local and regional ones becomes easier and more efficient. The impact of socio-economic development at the regional level and the role of region have been weak due to the lack of a clear model for regional operation, lack of financial resources, assets and low institutional capacity. Policies on regional development and regionalization would give *qark* a new role in the future and these policies should harmonize with the recommendations of the Council of Europe and European Union with regard to structure of *qark* as a local government unit.

Deconcentrated bodies at local (regional local) level are represented from two institutions: the prefect and the regional/local directorates/offices of sector ministries.

The *prefect* role is to ensure supervision of the local government activities' legitimacy on behalf of central government. The role of the prefect¹² is increased over the years and being further consolidated. However, its role as mediator to ensure inter-institutional cooperation is

9 In this case the process is governed by Law No. 9232 dated 13 May 2004 "On programs for social housing in urban areas", as amended.

10 According to the Constitution of the Republic of Albania, Law no. 8652, dated 31 July 2000 "On organization and functioning of local governance", as amended, and Law no. 8653, dated 31 July 2000 "On administrative-territorial division of local government units", as amended.

11 They have similar public responsibilities and possessing similar types of authority and competence, with only difference that communes govern in rural areas, whereas the municipalities govern in urban areas. Sub-divisions of a commune are called villages and, in some special cases, towns.

12 The Prefect's relations with local government are regulated by Law No. 8927, dated 25.7.2002, 'On the Prefect.



not clearly defined in Law on the Prefect.¹³ The prefect appears powerless even when there are disputes and overlapping responsibilities between deconcentrated central government institutions and local government units. He/she lacks the legitimacy to address issues of coordination from the legal and institutional point of view unless locally-based institutions operate on joint powers authority. Legal improvements for a clear and well-defined role of the Prefect in the light of the provisions of the European Charter of Local Self-Government are necessary to take place.

Regional/local deconcentrated offices, or the so-called "vertically subordinate directorates" are established by several line ministries, such as education, health, labor, social affairs, agriculture, environment, etc., in each region and/or former district centers, with the function to manage implementation of sector policies at the local level. These structures act at the local level but are fully dependent on the line ministries they are subordinate to. The cooperation between the de-concentrated bodies and LGUs has increased over the years, but overlapping of competences or uncertainly has been oftentimes faced in different areas, in particular with regard to the implementation of shared functions. Such sectors are education, environment, social services, etc. The new territorial division will prompt a revision of the distribution of deconcentrated agencies at local level and better allocation of functions among these agencies and LGUs including cross-institutional coordination and cooperation.

Local government associations have continued, inter alia, to represent their interest vis-à-vis the central government in relation to different reforms, including in the decentralization process. The relations between central government and LGUs (their associations) have been largely influenced by the domestic political climate and have reflected this ambience in the indispensable dialog on issues affecting local governance interests. This dialog has been on ad-hoc basis, unconstructive, partisan, and formally unstructured. On the other hand, the effectiveness of the local government associations to represent a coherent and positive influence for changing the conditions of the local governments is still minimal and far from best practices of EU countries. Despite political conflicts, in several occasions many mayors and local councilors have expressed their readiness to co-operate beyond party lines in order to strengthen local authorities and to build up structures to defend their common interests. Funded by the Government of Switzerland, the Council of Europe is assisting associations of local government units to increase their efficiency and dialog power in their interaction with the central government. Other partners and donor-funded programs, including the USAID Planning and Local Governance Project, are working to enhance the dialog between the central government and local government units. The GoA Program for 2013-2017 foresees the establishment of formal dialog mechanisms, including the creation of the Central Government-local government Consultative Council. In pursuance of the Coe recommendations, the amendments to the Law on Local Governance (adopted in April 2, 2015) introduced for the first time the "right to consultation with local governance" in accordance with the principle of the European Charter for Local Self Governance.

2.6 Intergovernmental Relations

Decentralization will only be successful if local authorities can successfully promote their interests by engaging in political dialogue with central government and cooperating among

¹³ Article 12, point "ç" of the law limits the role of the prefect only to reporting central government institutions when such reporting is required by them



themselves. A strong involvement of all LGUs as driving forces will be essential for the success of this process. The cooperation and coordination between the central and local government have, over the years, been problematic and guided by political affiliation and influence. Improvement of this relationship must become an element of the constructive dialog and institutional cooperation between the central agencies and local government units. Intergovernmental relations will be improved through the establishment of institutional mechanisms of dialog as well as adoption of legislation on local finances.

Communication between the central government and local government takes place in two forms: (i) through the local government associations and (ii) through direct consultation of sector ministries with different LGUs during the policy and strategic making process. While there are no clear regulations formalizing the participation of the local government associations in the process of consultation with the central government, the central administration accepts that in many important process of drafting important legislation or policy reform documents consultation with local government representatives is either very limited or lacking. It is widely recognized that formalized rules for advocacy are missing. Legal changes must take place in order to formalize by law the process of consultation of local authorities by the central authorities, to ensure consultation takes place in due time and in an appropriate way, on matters which concern directly local government activity. This is one of the recommendations of the Congress of Local and Regional Authorities of the Council of Europe for Albania. (See paragraph 2.5)

Cross-local cooperation as a tool to create partnership among local authorities in a manner that both respects local autonomy and optimizes the gains of limited resources is just at the earlier stage of development. While the legal framework fosters the cross-local cooperation, the majority of local units consider the legislation in place as insufficiently supportive to initiate cross-local cooperation. Currently, solid waste management and economic development are the two functional areas that bring together the largest numbers of LGUs participating in cross-local cooperation. There are some instances on water management, territory management and building permits, while there is almost no experience of cross-local cooperation for social services, indicating that this kind of cooperation is not being used strategically and systematically. Nevertheless, a positive attitude to cross-local cooperation is being expressed recently by LGUs, which recognize important benefits to be gained. Furthermore, there appears to be a general consensus about the services that would improve via a cross-local cooperation (economic development, environmental protection, promoting tourism, land use planning and cultural heritage).

2.7 Institutional Capacities

In the context of the decentralization reform, local governments' responsibilities are becoming increasingly more important and versatile. Despite progress made, during the last decade, the effective and accountable delivery of quality public services at the local level still faces considerable challenges in terms of institutional and human resource capacities.

The civil status of local public officials still remains weak, unlike the status of public officials at the central level. Political power shifts after each local election process has, as consequence, impacted high staff turnovers making thus difficult to build capacities in the



long term. A new Law on Civil Servant adopted by the Parliament on 2013 extends its field of application to the commune administration. Human resource capacities have improved over the years, but still remain problematic. There is a lack of reliable statistics on the staff employed by local government units. The capacities of HRM units are weak. The leadership and coordination role from DoPA with respect to local administration has been weak, due to also the large number of local government units, which make it difficult in practice, for the limited staff of DoPA, to get in touch, instruct and monitor every single LGU. The wage system of the local government is regulated by specific legal framework¹⁴ and it is based on a classified into four groups category on the basis of the number of residents.

Training and Capacity Building

Several assessments confirm a serious lack of institutional capacities in local government units. The most qualified staff is mostly concentrated at central level, while remote areas are very weak. Limited capacity to design and implement integrated local development strategies and local territorial development plans, develop local midterm budget program, the ability to handle regulatory complexity, and the sustainability of training structures have been some of the main challenges for functioning of the local government administration. Adequate capacities in various fields like PFM, statistics, territorial governance, property, environment, etc., are either underdeveloped or missing at all in small LGUs. In 2006, TIP (nowadays Albanian School of Public Administration – ASPA) established a unit dealing with coordination of training delivery for local government officials. ASPA has delivered several trainings, mainly through donor-funded projects, to LGUs on different aspects of human resource management and implementation of functions. While many a training are provide by donors through their own projects, a strategic approach is lacking with regard to assessment of training needs, quality of training, curricula, and access to quality training.

2.8 Technical Assistance on Local Governance

Decentralization has been considered an important component of the multilateral and bilateral technical assistance provided by donor community to Albania. Indeed, technical assistance on decentralization and local governance over these years has been modest compared to other components of foreign aid granted to Albania. In addition, assistance on decentralization has been uncoordinated. Irrespective of mechanisms created for coordination of this assistance, such as Working Group for Coordination of Foreign Assistance on Decentralization, there remain challenges that call for attention in this respect.

Important donor players in the areas of local governance and decentralization for many years include the Government of the United States and the Government of Swiss Confederation. Other key donors include the Sweden, Italy, Germany, The Netherlands, Council of Europe, OSCE, and UNDP. The World Bank has been very active in the area of decentralization, but since year 2005 there has been no concrete involvement. Similar observation applies to European Union. Both organizations are expected to commit large-scale projects on decentralization and local governance.

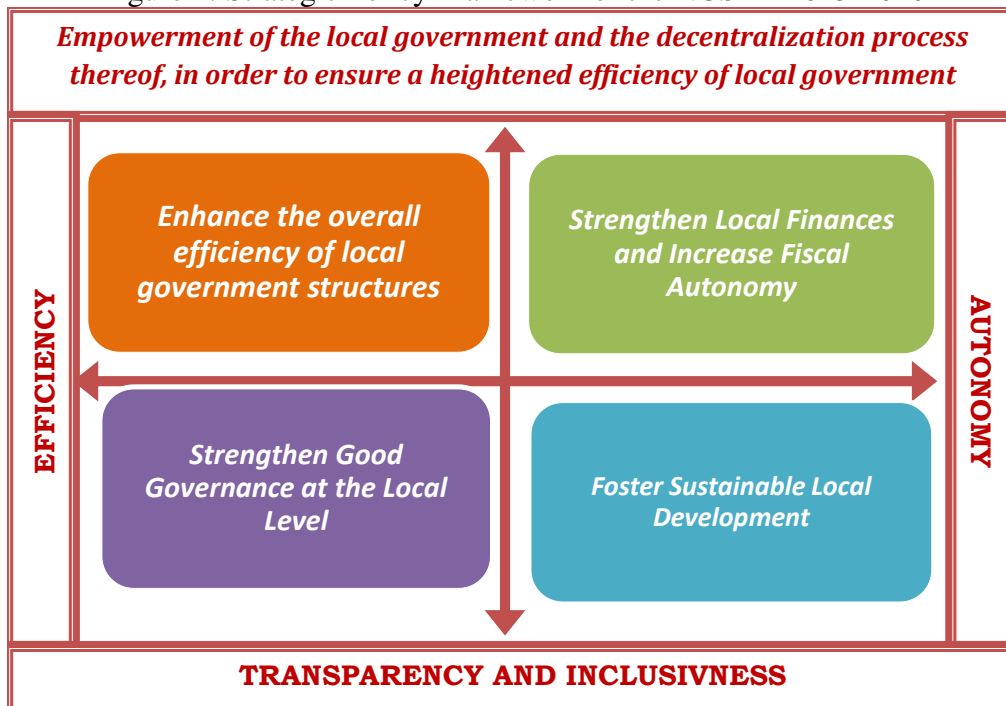
14 Decision of the Council of Ministers No. 1619 “On the Classification of Functions, Grouping of Local Government Units for Wage Effect, and Setting Wage Limits to Employees of Local Government Bodies” and Law “On the Annual Budget of 2011; The Decision of the Council of Ministers defines the minimum and the maximum amount for the mayor and deputy mayor monthly salary which varies for different groups of LG units.



3. VISION, PRIORITIES AND STRATEGIC GOALS

"Empowerment of the local government and the decentralization process thereof, in order to ensure a heightened efficiency of local government itself" is the government vision which follows the principles and standards enshrined in the European Charter of Local Self-government and principle of European Administrative Space for local government.

Figure 1: Strategic Policy Framework of the NCSDL 2015-2020



To achieve this vision during 2015-2020, the government will:

- i. Initiate and complete the territorial-administrative reform;
- ii. Improve the decentralization process of public funding;
- iii. Enhance the quality of and upgrade public services provided by the local government, on the basis of European standards;
- iv. Enhance the transparency and accountability of the local government towards the community; and
- v. Increase the participation of the citizens and groups of interest in the local government decision-making process.

The main pillars of the future reform on decentralization and local government and policy priorities will be:

1. *Enhance the overall efficiency of local government structures*

- *Territorial-administrative reform.* A key priority for the Government has been the reform and implementation of the territorial-administrative division, which seeks to achieve the territorial consolidation of the first and second-tier local government units. This reform is implemented in line with the best practices applied by the EU countries in this area, and based on an inclusive process.
- *Finalization of the decentralization process for shared and delegated powers.* The division of responsibilities and duties with regards to shared and delegated powers



between the local and central government, based on the principle of subsidiarity will be clarified. Priority will be given to the exercise of powers at the local government level, with central Government providing financial support in case when local government will be not able to meet the national standards.

- *Review of competencies under shared functions* will be harmonized and coordinated with the reformation of the second tier of local governance and deconcentrated bodies at regional level as well as with the regionalization process. The administrative-territorial reform will call for skilled management structures in the new LGUs. Support to smooth functioning of elected structures (mayors and councilors) and local administrators as new structures will become a priority.

2. Strengthen Local Finances and Increase Fiscal Autonomy

- *Fiscal decentralization reforms* will advance further aiming to create more opportunities for local government to take advantage of financial resources that will enable them to exercise their functions and powers in an efficient and sustainable manner. To this end, important legal initiatives, including the elaboration of a new integral law on the local government funding, development of a new fiscal decentralization package that will apply the concept of national tax sharing and improve the criteria for the allocation of grant transfers to the local government units will be undertaken. The financial mechanism of conditional grants allocated by the state budget will be re-examined seeking to introduce integrated funding in line with the instrument of Regional Development Policy, ensuring higher transparency and efficiency of distribution, in accordance with the national objectives.
- *Foster Sustainable Local Development.* A new harmonized model of socio-economic and territorial development will be developed, aiming to reduce disparities in the development of various areas and territories of the country and to support the local government initiatives for local development. This priority will be implemented by supporting the Strategic Development Plans elaborated by each LGU in conformity with the national and regional development policies. Fiscal decentralization policies shall guarantee a proper support and funding of the regional and local development strategies.

3. Strengthen Good Governance at the Local Level

- *Priority will be given to enhancement of transparency and increase of participation of the community, business and civil society in the public decision-making at the local level.* The legal framework will be revised and a special “performance monitoring system” for the LGUs will be developed as a mechanism to guarantee the accountability of the public administration and ensure efficient delivery of services at the local level.
- Civic engagement will be encouraged by empowering community structures (community liaison) in towns and (heads of villages and chairmanship of villages). Involvement of the youth in these community structures will be decisive for the enhancement of civil engagement. Priority will be given to increase of representation of women and girls in local governance structure at representational and executive level. In addition, inclusion of minorities in public decision-making at local level and improvement of action plans on human and minority rights will be promoted.
- *Empower the local administration.* The main goal in advancing the public administration reform at the local level will be the development of a non-bureaucratized, professional and transparent public administration, which is politically unbiased, able to respond to the expectation of the business and the community for public services and with the ability to



handle the challenges brought forth by the European integration of the country and the absorption of EU funds, in full respect of the standards, which will also be the priorities of the public administration reform at local level.

- *Improve institutional relations between the local and central governance.* Formal and functional mechanisms of the inter-institutional dialogue between the local and central government will be established. Decision-making of local impact will have a greater inclusiveness and will follow large consultation with its representatives of LGUs. On the other hand, institutional cooperation with the local government associations and other civil society entities will be strengthened.
- *Local governance and EU integration:* European integration is a strategic goal of Albania. In this respect, it is aimed that local governance, as a part of the public administration, will contribute to the achievement of EU integration goals by implementing standards and EU best practices at local level and by increasing capacities to apply for EU-funded projects. LGUs will also contribute to the strengthening of regional cooperation with per LGUs in the neighboring countries and in the cross-border and regional programs.

By the end of year 2020, in accomplishment of the vision and strategic objectives, the local governance in Albania will contribute to the level of wellbeing, country's development and EU integration process by delivering quality public services to its citizens at comparable European standards. Local governance autonomously carries out all functions and competencies stipulated in the legislation, within the general national policies, funded at comparable levels of the average of the Western Balkan countries by mean of adequate financial resources from central government transfers and local taxes and fees. By 2020, LGUs guarantee open and transparent governance with involvement of citizens and communities, and accountability based on credible performance systems.



4. POLICIES, OBJECTIVES AND MEASURES FOR IMPLEMENTATION OF DECENTRALIZATION STRATEGY

4.1 Administrative-Territorial Reform

As one of the most important priorities, the administrative-territorial reform was designed in an inclusive process, adopted by Law No. 115/2014, dated 31.07.2014, “On Administrative-Territorial Division of the Local Government Units in the Republic of Albania”. The main and final goal of the administrative-territorial reform is to enhance local administration’s efficiency, quality and standards of service delivery and a fair territorial development by enabling greater human and financial resources, by augmenting local responsibilities and competencies and by guiding them towards a transparent and more inclusive decision-making.

The first phase of the reform concluded with the adoption of the Law No. 115/2014, “On Administrative-Territorial Division of Local Governance in the Republic of Albania”, which stipulates an administrative division in 12 regions (*qarks*) and 61 municipalities. The communes and municipalities to be eliminated after the new division will function as constituent administrative units of the 61 new municipalities.

The second phase of the administrative-territorial reform will seek to facilitate the transitional stage until new LGUs are constituted and further on with the good functioning of the 12 regions and 61 new municipalities.

The specific objectives of the strategy are:

- Administrative and financial consolidation of 61 municipalities after adoption of the new law on administrative-territorial division;
- Institutional and infrastructure support to the 12 regions and 61 new municipalities after the local elections of 2015

Administrative and Financial Consolidation

In compliance with the new administrative map, the number of future LGUs will be 61 municipalities out of 373 municipalities and communes existing currently. Such administrative consolidation represents the merge of an average of 8-9 LGUs into one new unit. New LGUs will be fully responsible for the management of human resources, capital and financial resources within their territories.

New LGUs will be fully responsible for the management of human resources, capital, and financial resources within their territories. In this direction, it is necessary to conduct as soon as possible an assessment and comprehensive inventory to identify the state of each current LGU with the aim of creating a clear overview of functions of merging LGUs and the problems that have to be addressed in general as well as to clarify any specifics affecting new LGUs. This administrative and financial assessment will serve as the foundation for the creation of the administrative functioning manuals and new development profiles for the newly-created 61 LGUs. The purpose of this activity is to ensure that new LGUs created after the local elections of 2015 will have to their availability all appropriate reports and instruments to continue a normal operation of the new municipalities.



Institutional and Infrastructural Support to 12 regions and 61 New Municipalities after Elections of 2015

The new LGUs will function on a new territorial organization model, where new municipalities will have to incorporate the constituent administrative units (former communes) in their administrative structure and this will be stipulated in the law. The functional relationship between the new municipalities and their constituent units will require technical assistance for the establishment of the models of institutional and administrative organizational model within the new municipalities as well as infrastructure support to ensure physical and virtual connection (online communication) between them. It is intended that administrative units will be sufficiently functional to ensure a high level of administrative services in them.

Establishment of the Territorial Reform Enforcement Agency

The GoA will create the Agency for the Enforcement of the Territorial Reform to support new LGUs until they are fully operational. This agency will support coordination between central institutions and LGUs for the solution of problems arising in the transition process of new LGUs' amalgamation. It will instruct and provide assistance on allocation of the transition funds projected in the state budget and will continuously inform all institutions and partners on the progress of implementation of administrative-territorial reform.

4.2 Structures of Local Governance

The administrative-territorial reform will have a powerful impact on the functional and organizational restructuring of LGUs both in terms of political structures as well as administrative-executive and community structure and service delivery. This reform will also impact organizational relations within the structures of LGUs as well as among LGUs and with the central government's deconcentrated institutions.

The major objectives of the strategy in this process will be the consolidation of local autonomy through support for efficient functioning of representative, executive, and community structures of local governance of all tiers.

Specific interventions relate to amendment to the Law on Local governance and sectoral legislation as well as to sublegal acts with the aim of enhancing the decentralization process.

Specific objectives include:

- Strengthen the decision-making and monitoring role of municipal and regional councils
- Support mayors in the leadership and management of municipal structures
- Support functionality of constituent administrative units
- Strengthen dialog between central government and local government units
- Support community structures at local level.

Structures of Municipalities

Municipal Council

The role of the municipal council in the perspective of administrative-territorial reform will increase proportionally with the expansion of the territory and increase of the population of



new municipalities. The citizens' representation and efficient decision-making will have to rely on new channels of communication between elected and electors by complying with the principles of a functional and representative democracy at local level. The role of the council and local councilors must be strengthened as a conveyor of the voice of the citizens and their interest in the local decision-making. An internal body that controls and monitors the implementation of policies by the executive administration, the municipal council will acquire a new role in this direction by strengthening its internal capacities. The relations between the council and mayor will improve aiming to specify in details the competencies of the council as a representative body and the mayor as an executive and managerial body.

In addition, attention will be paid to make councils forums of local democracy by guaranteeing a stronger link with community structure and civil society. Citizens' participation in decision-making of municipal councils will be increased through civic engagement in local policies. Efforts will be placed to increase to 50% of councilors coming from youth and women in local councils.

Mayor

The efficient operation of local administration and public services is directly linked with the quality of leadership of the mayors. The support for management capacities and the empowerment of their role must come gradually with the increase of competencies for approving the administrative structure of the new municipalities. The leadership support for mayors is one of the main challenges in the mandate of the local governance during 2015-2019. Mayors will have boosted competencies on management of new municipalities, including approval of municipal staffing, hiring of administrators of administrative units, empowering role on management of public utilities, including water supply and sewage. With regard to competencies on shared functions, mayors will have a greater role to coordinate with deconcentrated structures of education, healthcare, and environment as well as for better relations with the Prefect and law enforcement agencies operating at local level.

Administrative Unit

The administrative-territorial reform reconfigures the system of local structures by means of creating constituent administrative units (former communes) as a functional part of the new LGUs. The support for the operation of these units and their relevant administration will be one of the challenges in the midterm. The new municipalities' administrative units will serve as one-stop-shops for the citizens. The functional link and complementarity with the headquarters of the new LGUs will be supported on technical assistance programs and projects. Administrative units will have their functions stipulated in the Law on Local Governance and decisions of the municipal council and will be served by a small and efficient administration. Application of information technology will render service delivery easy for citizens. Local administrators will be heads of administrative units' administration. They will also be the highest official to be held accountable on behalf of mayor concerning progress of works in the territory of their administrative units.

Community Structures

Community life and involvement of citizens in local governance matters will be revitalized by the establishment of and support to community structures at local level. Local development cannot be materialized without involving local communities in the design of



development strategies and municipal projects. It is intended to apply new models of community structures in towns and villages, including community liaisons and to empower the role of chairmanship and heads of villages (community structures in villages) as well as of assemblies of condominium apartment buildings in towns.

Amendments to the Organic Law on Local Governance will seek to involve these structures in local issues. Other sublegal acts and decisions of municipal councils will aim to decentralize certain competencies on self-organization of community matter at village or neighborhood level in town, including cleaning and maintenance of common community premises, development of minor artistic-cultural activities, sports activities, etc.

One of the drives to involve community in local issues includes the adoption of the Law on Voluntarism that will help to improve structuring of relations between public entities and community structures or active individuals in the community.

Central Government-Local Governance Consultative Structures

Cooperation and dialog between central government institutions and local governance are of particular importance and key to good functioning of local governance. No decision affecting local governance will be made without consulting initially with the local governance representatives. This principle of the European Charter of Local Self-Government will become part of the catalogue of the fundamental rights of the local governance in the Law on Local Governance. GoA will work with international partners to establish and operate institutional dialog mechanisms with local governance. In this respect, the Consultative Council of the Local Government and the Central Government will be established, involving local government representatives in the decision-making instruments and mechanisms of sectoral policies that are crosscutting with the local government

Cross-Local and Inter-Institutional Cooperation

The administrative-territorial reform has minimized the role of cross-local cooperation as an instrument for efficient provision of services in a fragmented model of local governance. Yet, some services will call for cross-local cooperation or inter-governmental collaboration. Relevant legislation will be improved and LGUs will receive assistance for the application of this instrument in order to facilitate cooperation.

4.1.1 Deconcentrated Structures

The administrative reform will reconfigure the relations of cooperation between local governance and central government's deconcentrated structures. One of the aims is to improve institutional cooperation and coordination and to eliminate overlapping and duplications of functions and competencies. In addition, efforts will be placed to clarify and ensure gradual transition of competences in the shared functions.

The review of the role of prefects in monitoring and checking the legitimacy of local governance bodies will abide by the principles of the European Charter of Self-Government.

Several interventions will be undertaken in this regards: (i) revision of the Law on Prefects (ii) revision of current legislation of functions and competences of deconcentrated units in education, health, public order, social care system, tourism, etc., in order to identify areas where competences are overlapping or conflicting; and (iii) development of clear matrix of



competences for every sector where the map of responsibilities will be designed starting from the identification, programming, implementation and monitoring and controlling of quality performance of the services.

4.3 Fiscal decentralization

The main goal of fiscal decentralization reforms will be *to financially support local governance programs, to create more opportunities for local government to take advantage of financial resources that will enable them to exercise their functions and powers in an efficient and sustainable manner.*

The main objectives of the strategy in this area are to:

- ***Increase local revenue capacity of local government to meet the financial needs for delivering more services.***
- ***Improve stability, simplicity, equity of the transfer system along with increased transparency.***
- ***Provide more capacity for local governments to utilize borrowing and debt, within national policies on public debt, for financing the capital investments.***
- ***Strengthen the public finance management system at local and regional level***

Several priority measures will be implemented in different specific areas of fiscal decentralization aiming to strengthen financial situation of the local government.

Local Fiscal and Financial Authority: Revision and adoption of the relevant legislation such as the draft Law on Local Finance, the Law on Organization and Functioning of Local Governments, and the Law on Management and Budgetary System will take place in order to determine their compliance with the European Charter on Local Self-Government to set tax base and impose surtax on these national shared revenue sources.

In general, indicative tax rates set in law will be revised and local government discretion in setting tax rate and base (depending on the type of tax) will be increased. Specific rules will be introduced for the calculation of local fees. The national shared tax system will be established in conformity with the European best practices. This system will be reviewed every two years regarding adequacy of financial resources for performing functions granted by law. No restrictions will be imposed on local authorities on the use of own revenues. LGUs will have discretion to spend for functions or projects falling out of their competencies but that attract local public interest.

Own Source Revenues: In addition to revision and adoption of the legislation, important measures will be undertaken to increase the tax collection capacities of the local government units. Improvement of expenditure assignments based on population size of the LGUs, taking into consideration the new administrative territorial restructuring and clarifying the shared functions, will be important reforms to be undertaken.

Shared Revenues: Important legal initiatives, including the elaboration of a new integral law on the local government funding, development of a new fiscal decentralization package that will apply the concept of national tax sharing will be undertaken. Possibilities for new



shared taxes (tax on vehicles is already a shared tax by now), taking into consideration distributional equity will be studied. Certain conditions will be imposed to ensure that local governments utilize their taxing authority to the fullest extent in order to receive some portion of the shared taxes (PIT and CIT).

Intergovernmental Transfers: Legal framework will be reviewed to improve the criteria for the allocation of grant transfers to the local government. Rules for vertical and horizontal equalization and fiscal rules aiming to ensure local fiscal discipline will be introduced in legislation. Data from 2011 census and civil registry will be reconciled for the purpose of unconditional grant transfers. Efforts will be made to define the level of transfer as percentage of total public revenues.

Implementation of property tax: The property tax will undergo a radical reformation by modifying the main principle of this tax from an area-based tax to a value-based immovable property tax. The reform will affect all tax components including the creation of a specific fiscal cadaster for this tax. As a result of the reform on property tax, it is expected that in a midterm period this tax will be the main source of own revenues to LGUs.

Local Borrowing: The local borrowing legal framework, including financial insolvency legal framework will be revised to improve the situation with regard to local governments' capacity to borrow to finance infrastructure projects. This will go along with assessing overall local governments' capacity to borrow and use the loans. This reform will be linked with strengthening the internal auditing capacity of the LGUs, identify the accounting problems at local level, which will help to prepare the package of measures to address them.

Public Finance Management system at local and regional level of government

The main objective will be to guarantee a sound financial management at local level. The best practices of financial management at local level will go along with the increase of accountability and financial control to avoid abuses and corruption at local level. The financial rules will be reviewed to avoid accumulation of declared debts or arrears.

The local financing or organic budget legal provisions will be revised in order to improve the process of formulation, execution, oversight of local budgets. Local government will be included as an important layer in the Financial Management Law of Albania. Automated Financial Information Treasury System will be implemented also at local level in order to integrate the information on local revenues and expenditures into the national system and increase the speed of information. Enable connectivity of local management information systems in LGUs with the Treasury System in order to facilitate the flow of relevant treasury data needed for accurate forecasts on revenues at the local and national level will be a priority over the long period. The guidelines and procedures for pre-commitment and commitment control applied at the central level (registration of contracts, acceptance and registration) will be unified.



4.4 Functions

Local governance functions after administrative-territorial reform will undergo a revision with the aim of redefining responsibilities of local authorities on own and shared functions to be adopted in the new Organic Law. Regardless, the process of decentralization will seek to allocate new functions to LGUs by means of sectoral legislation as well as by applying the principle of functional analysis and complete funding of function prior to its decentralization. LGUs may refuse functions decentralized to them by sectoral legislation unless there is a functional analysis and complete funding of function.

The new Organic Law on Local Governance will, for the first time, incorporate the principle of asymmetric decentralization based on the principle of subsidiarity. Those LGUs that have human capacities and financial resources may demand decentralization of certain competencies within shared functions or other ones exercised by central government agencies seeking to provide services of higher standards.

4.1.2 Own Functions

The main objectives of the strategies in the area of own functions are to:

- **Revise and improve the legal framework in implementation of exclusive functions and services**
- **Improve the quality of infrastructure based on minimum mandatory national standards to be defined**
- **Ensure sustainable local economic development through design and implementation of adequate policy framework and coordination mechanisms.**

A. Local infrastructure and public service

Reform in the Water Supply and Sewerage Sector

The water supply and sewage sector will undergo a radical reformation. In the midterm period, the entire regulatory and financial framework will be reviewed to establish new standards in the system of water production, distribution and management of polluted water. A reassessment of the water fee system will be conducted in the framework of the financial assessment of the entire sector. The development of the legislation on public services/utilities will be a short-term priority.

In the framework of administrative-territorial reform, water supply and sewage utilities and their assets will be reconfigured/merged in accordance with the new administrative division of 61 LGUs.

Road Infrastructure

In terms of local road infrastructure, it is intended to enhance management capacities for the maintenance of urban and rural roads. The inventory of the entire urban and rural road system will be completed by year 2017. GoA will adopt standards of design, construction and maintenance of road infrastructure. PPP forms in the construction and maintenance of local infrastructure will be promoted as an efficient way to improve service quality.



Urban Waste

Based on the new territorial and administrative reform, the functions of urban waste management will be revisited. The integrated waste management system will be functionalized in the framework of 61 new LGUs and 12 regions. The management of landfills will be reconsidered under the new frame of allocation of competencies among various tiers of local governance. The urban waste fee system will undergo new rules to protect consumers and standardize the formula for determining the fee rate by an independent state entity.

New standards shall be adopted and applied for the integrated administration and management of urban waste by means of using economic mechanisms to encourage the sorting and differentiated collection of wastes in the source. Waste recycling, as an effort to reduce landfills and enable their incineration for purposes of producing electric energy will be promoted. LGUs will be encouraged to apply public-private-partnership type of cooperation. The central government will provide strong support to the local government, in finalization and adoption of all the regional plans for a sustainable waste management, but will closely monitor also their enforcement.

Capital Investments in Infrastructure

GoA and its agencies will continue to powerfully support the improvement of local infrastructure with capital investments coming from the state budget and international donors. The Regional Development Fund and Albanian Development Fund will continue to be promotional instruments of urban and rural development in the framework of broader policies on regional development. Investments at local level will be incorporated into strategic programs of regional development and will guarantee economic and social cohesion among various regions and areas of the country.

Local governance will be supported by specialized state agencies in enhancing management capacities for large infrastructure projects, in management of EU-funded projects and PPPs.

Irrigation and Drainage

In the area of agricultural infrastructure, LGUs will have a new function – construction and maintenance of secondary and tertiary irrigation and drainage network. This new function of local governance will significantly enhance services to the benefit of farmers and rural development. Amendments to the Organic Law and sublegal acts will also include this area. Management plans on irrigation and drainage systems will be designed for each municipality with the assistance of central authorities and donors.

B. Social, cultural, and sport functions

Local social service function will be decentralized and transferred to the competence of municipalities. Integrated social service offices will be established in municipalities and a “basket of basic service” to be funded from state budget will be designed. Local social plans will be developed at municipal level. Municipalities will have the authority to offer additional services in the area of social services and welfare other than those provided under the “basket of basic services”. These supplementary services will be funded from local budgets that may create financial instruments, such as Local Social Fund, to this end.



Improving capacities and qualities of the *social services* related to orphanages, day care, elderly homes, etc., will be part of the priorities of the government in the social sector. The reform in social services will be closely linked with the new role of local governance after the administrative-territorial reform. The new LGUs will be the main actor in providing social services at local level by filling this huge vacuum existing between the citizens' expectations for social services and delivery capacities of the local governance.

Several reforms will be undertaken, focusing on increasing professionalism of social workers and improving quality of services. Institutional capacities of the local government will be strengthened in order to enable them to design and implement comprehensive and integrated services programs for individual and families in needs. Service provisions will be based on a predefined list of services service and minimum standards that will be developed by the Ministry of Social Welfare and Youth. Cooperation and partnership with nonprofit organizations for the provision of social services will be enhanced.

Social Housing

Social housing will be reformed in harmony with the new housing strategy. LGUs will be encouraged to establish cooperation with private sector and/or nonprofit entities to ensure affordable housing for needy population groups by providing fiscal facilities and public land for social housing. Every new LGU will have 10-year social housing plans and will plan specific funding for this function. The central government will continue its policy of investment through the National Housing entity by meeting the increasing demand of the municipalities. LGUs' capacities to administer the demand for social housing and the management of the social housing stock will be objectives to be addressed in the midterm period.

Youth

Competencies of local governance in the area of youth will be enhanced. In pursuance of national policies, local governance will design its own policies on youth. Youth consultative boards will be established at each and every municipality. It is aimed that 20% of municipal councilors will come from youth.

Sport

The local government will be the main actor in revitalizing the local sports infrastructure and in organizing sports activities. The cooperation with the Ministry of Education and Sports will seek to increase sports activities and provide additional sports premises to the benefit of local communities.

Culture

The government goal is to increase the funds allocated to local government for promoting and ensuring conditions that allow tourism and culture heritage, overall culture and sports activities to be developed and take place at local levels. Support will be provided to the LGUs to establish the integrated development system of the areas and cultural heritage objects. Legal mechanisms for the protection of cultural heritage will be clarified. The role of municipal police will be enhanced with regard to protecting the cultural heritage in line with the provisions and guidelines developed by the Ministry of Culture.



C. Local economic development

Local governance (both local and regional) will be the main actors to support local economic development by providing competences and concrete instruments to encourage entrepreneurs and investments. Local business environment will be supported with real initiatives to draw investments from businesses. Promotion of favorable business climate at local level will be a new function of local governance.

Strategic Development Plans

Each LGU will design a Strategic Development Plan that will comprise the main planning instrument on local economic development. Strategic development plans will be aligned with national and regional development plans and will be the principal base of planning public investments by means of capital investment plans. They will guide state budget investments for local government units.

Urban planning and land administration

Territorial planning will continue to be a function of local governance. In conformity with strategic development plans, each municipality will design and adopt local territorial plans, which will harmonize with regional plans and National Development Plan. The new territorial planning law grants the authority to municipalities and regions to draft and adopt territorial development plans and development permits. In pursuance of the territorial reform, the existing territorial development plans will be reviewed. Financial support will be provided to local authorities to review all territorial plans they have as well as the database created for their territory (population of GIS platform).

The Law on Local Finances will review the tax on urban land and infrastructure impact tax as well as some other financial instruments (taxes, betterment fees, development contributions, etc.) with the aim of ensuring the appropriate financial resources for local governance. The amendments to the law will be complemented with the methodology on the implementation of the financial instruments that will be developed in accordance with the best practices developed in Europe. Expected changes of territorial administrative reform will be followed by changes of the internal organization of municipalities, establishment of new structures and development of methodologies for the reorganization of the work so that they respond to the demands for administering a larger territory. Capacity building of the relevant staff and new elected officials after 2015 local elections will play a key role in application of legislation, a role that will highly depend on their professionalism and capabilities.

Public-Private Partnership at Local Level

Local governance will have the authority to establish/enter into public-private partnerships in order to support strategic plans for economic development in public infrastructure and services under its jurisdiction. This instrument will help to attract private investments and improve local public services. Use of PPPs at local level will be made easier by means of amendments to the legislation.

Protection and development of forests, pastures and natural resources to the local government

Transfer of forests and the pastures will be completed. The LGUs will be involved in the implementation of a new national forestation program and organize the national forest



planting day. Cooperation between extension service and LGUs will be increased in order to ensure the participation the local government in the relevant policy-making process and management of forest areas. A new investment program will be approved to rehabilitate as soon as possible forest areas that are of national importance, such as Lura, Qafshtama etc.

Tourism

The wealth of natural resources and cultural heritage are a common potential for tourism development. Tourism is a very important sector to local and national economies and has a high potential for creating new jobs. Other opportunities together with efforts for improving the quality of service are to be explored. LGUs will have additional competencies on organization of local tourist promotion network and improvement of local infrastructure quality in tourism services. Use of other opportunities will be coupled with the efforts to improve service quality. Cooperation with relevant central agencies and private business to enhance tourism sector at local level will be an obligation for each municipality.

LGUs will be involved in and benefit from the implementation of three key program that Government plans to implement: (i) *the Program for the Cultural and Historical Tourism*¹⁵, (ii) *The Program for Eco-tourism*¹⁶ and (iii) *the Program for Coast and Mountain Tourism*¹⁷, which will be followed by major projects of capital investments in services and infrastructure through public-private partnership practices, especially for the zones that are close to the residential areas.:

Public order and civil security

Fire Protection

Fire protection assignment will be transferred to LGUs as a shared function. Legal amendments to be made within year 2018 will restructure the Fire Protection Service and will ensure the transfer of service staffing and structures to local governance. This new function will be associated with the transfer of the necessary financial resources and capacity building.

Civil Protection

The strategy and the new law on civil protection will revise and improve the competencies and role of local authorities in the area of civil protection.

Municipal Police

Capacities of LGUs will be strengthened through training provided to municipal police inspectors on different areas related to their competences. The municipal police structures will be revised based on the new organization of LGUs after the territorial and administrative division. The number of staff will be optimized based on defined criteria. Central government will provide support on development and modernization of civil emergency infrastructure and enhance staff capacities.

¹⁵ The Program for the Cultural and Historical Tourism, focuses on the protected areas and monuments of culture, promotes the Albanian traditions, addresses, in particular, the household economy-based tourism and the small business, in cooperation with the elite tourism operators.

¹⁶ The Program for Eco-tourism builds on the natural resources, their ecological exploitation and provision of infrastructure and basic services, high security and professionally perfected guides.

¹⁷ The Program for Coast and Mountain Tourism will implement major projects of capital investments in services and infrastructure through public-private partnership practices, especially for the zones that are close to the residential areas.



4.1.3 Shared Functions

In order to address the challenges faced so far in implementation of shared function the strategy highlights four key priority measures that will be implemented:

- **Ensure quality of services based on national standards and policies;**
- **Increase efficiency of local and national budget through improved planning process;**
- **Ensure financial coverage to achieve standards of service as per central/local relationships**
- **Eliminate the overlapping of competences between deconcentrated structures at local level, and local government structures;**
- **Establish proper coordination mechanisms between central and local level;**

Development of the standards for services from the central government are considered to be very important element in efforts to improve quality of services, efficient use of resources and strengthen the local government administration accountability versus central government and local constituency.

Pre-university education

The local government will continue to provide the same functions in this area. A new formula for *unit/pupil* will be defined by the Ministry of Education and Sports (MES). Minimum standards for maintenance, safety and health performance will be developed. Setting up minimum costs and standards will improve resource allocation help the local councils to decide about the funds based on policies to meet those standards, which are of local, regional or national interest.

Assignment of responsibilities and accountability mechanisms will be revised. Overlapping and uncertainties in legislation will be eliminated through a review and harmonization of current legislation. Attention will be paid to the clarification of competencies between the LGU and the regional education departments/offices on the distribution of the students within LGU jurisdiction area. New mechanisms will be developed to strengthen the role of the new municipal management in the boards of educational institutions, and improve relationship between the management of the education institution and LGUs. Funds allocated through competitive grants for primary education and pre-university education infrastructure will be increased and allocation will be made through a more transparent.

In the framework of the “Schools as Community Center” Program, municipalities will be the main authority for implementing this program by means of instruments and joint activities with education institutions.

Social assistance, poverty alleviation and ensuring of the functioning of relevant institutions

The major objective is to ensure the main role of LGUs in social services and welfare assistance. LGUs will be involved in implementation of the Social Re-integration Program and application of the “Work instead of Welfare Assistance” for urban and rural areas. Management of the Welfare Assistance Program will be reformed, aiming to increase efficiency and transparency of the system. The role of the LGUs in management of the Welfare Assistance Program will be redefined based on the results of the new "scoring system" that will be piloted in 2014 - 2015. Improved operations of the Social Fund and establishment of a National Fund for Social Services and the Regional Funds for Social Services will contribute to increasing financial resources.



Primary health care services

The local governments have a limited role in the implementation of primary health care services. Impact of the current implementation by local government of shared functions in primary health care, as a result of the administrative-territorial reform, system will be analyzed. Current legislation will be revised to clarify the role and institutional accountability on maintaining the physical infrastructure of primary health care institutions, which are part of the local government owned assets. Competences of the LGUs associated with various programs of public health, such as HIV, the fight against tobacco, etc., will to be clearly defined, and service standards and unit cost will be developed. Transfer of additional competences in these areas will be made based on predefine set of criteria and assessment of capacities of LGUs to implement them.

Public order and civil security

Attention will be paid to eliminate duplication of functions between state police and municipal police in controlling urban traffic within the LGUs territory and ensure full harmonization of legislation with the state police to local government. Building an effective and viable partnership between the State Police, local government institutions, civil society and the community is one of the priorities of the Government Program 2013-2017. This priority will be implemented through institutionalized practices of cooperation and coordination between the LGU and State Police in performing common functions in the protection of civil order and security in the framework of the “community policing” program.

Environmental protection

LGUs and regions will have their determined role in the area of environmental protection. Major competencies have been specified in sectoral laws on waste management, environmental protection, protection of air quality, etc. The competences of municipalities and regions on planning and monitoring of environmental protection will be enhanced upon legal amendments and support for capacity building.

There is strong need to develop proper and genuine structures in each LGU to deal with environmental protection, as currently, environmental protection has been left outside the concern of LGUs. Capacity building of technical and professional personnel dealing with environmental protection will be provided in cooperation with the Ministry of Environment, ASPA and other training providers in the area. Budget resources for implementation of functions in the area of air pollution and other areas will be increased, in order to support the capacities of the LGUs in implementing their functions.

Other functions

Other functions that may be part of the decentralization process will be reviewed in the framework of the reformation of public services and deconcentrated organization at local level after the enactment of the administrative-territorial reform. A revision of strategy in the midterm will help to clarify the frame of other functions and competencies that will be decentralized.

4.1.4 Delegated Functions

The Government is committed to putting an end to the chaotic management of the Civil Register and address system, through implementation of concrete projects that will finally



ensure a proper management of the Address and Civil Registry systems for ensuring a unified management of the citizens' data.

4.1.5 Regions and Regional Development

The region's coordinating role with LGUs as the second tier of local governance will be reviewed after the enactment of administrative-territorial reform and in ratio to new regional development policies.

Regions will play an important role in harmonizing policies between central and local tiers of governance. In this context, regions will adopt regional plans on territorial development, environment, social services, etc.

National policies on regional development will establish new relations between central and deconcentrated agencies at regional level with the region. The latter will have a coordinating and proposing role in strategic investment projects undertaken at regional and local level.

Regions will continue to be a key player in application of projects funded by EU and in absorbing funds in this direction.

Empowerment of first tier of local governance will diminish the coordinative role that the region used to have prior to administrative-territorial reform, whereby it coordinated the work of about 30 local government units. Now, it will have to coordinate about 5 LGUs. In this respect, the competencies delegated to regions by first tier of local governance will be reviewed in terms of efficiency and effectiveness of functions delegated by central or local level.

4.5 Development of Local Government Capacities

Empowering the local administration is the main goal in advancing the public administration reform at the local level. The priority of the government is to establish a non-bureaucratized, professional and transparent public administration, which is politically neutral, able to respond to the expectation of the business and the community for public services and with the ability to handle the challenges brought forth by the European integration of the country and the absorption of EU funds, in full respect of the standards is the main priority of this reform.

During this period the focus of public administration reform at the local government level will be:

- **Establish a local, professional, and sustainable civil service;**
- **Prepare a competitive system of wages for LGUs;**
- **Enhance institutional capacities of new municipalities by implementing a modern and tailored training system**

The structures of new municipalities will be reviewed in order to adapt to the new changes and ensure better coherence between the policies designed and implemented at the local level. In addition, functions between deconcentrated and regional and local government units will be reviewed in order to eliminate overlapping and increase accountability.



Capacities of human resources management (HRM) units will be strengthened in order to ensure a proper implementation of the new civil service law, including recruitment and performance evaluation system. Capacities must be built to better connect human resources management and the system of capacity development with the strategic plans of local development.

The required performance and adequate capacity of local administration will be achieved through the promotion of continuous learning and short-term and long-term training. In addition, the capacities of the Albanian School of Public Administration (ASPA), as a strategic institution of the development of capacities of staff, for the delivery of training to local administration in collaboration with other training providers, will be enhanced. Efficient mechanisms of communication among LGUs, DPA, ASPA, and local government associations will be established to determine basic training curricula for the development of the new local administration's capacities. Based on the needs assessment a new National Midterm Plan for Training of LG for supporting new LGUs will be developed. The government will dialogue with development partners for supporting funding the implementation of the National Midterm Strategy for Training of LG.

A database on human resources management as part of the Human Resources Management Information System (HRMIS) will be established at each and every LGU. HRMIS will be connected with the Government's Financial Information System (Treasury) in the framework of interaction of government's databases in order to ensure a more effective management of the public finance system in the field of salaries at local level.

4.6 Open Governance, Transparency, Accountability and E-Governance at Local Level

Local governance will shift from closed and non-transparent governance into open and citizen-oriented governance. Albania has now become part of countries that have committed to implement Open Government Principles (OPG). The principles of open government, transparency, and accountability will be mandatory principles to be applied by local government units upon amendments to be made to the Organic Law on Local Governance and related sublegal acts. All decisions to be made at local level will have to involve citizens in a transparent manner.

Local accountability will be promoted by implementing performance management system that will be objective instruments in the transparency and accountability of local government units.

National digital agenda will expand at local level. The National Agency for Information Society (NAIS) will provide hosting services to LGUs for their website and other online applications. Connection of national and local databases will allow for better exchange of data and reduction of bureaucratic procedures in accessing national databases.

E-governance as an instrument for modernizing public services will be applied at local level by means of one-stop-shops. By year 2018, all municipalities and administrative units (former communes) will have one-stop-shops installed in their premises to ensure delivery of



modernized digital services to citizens without having to obtain these services in the centers of new municipalities.

4.7 European Integration and Local Governance

European integration process is Albania's major challenge and priority. Local dynamics where governance is closest to citizens must recognize the importance of this process. Local governance will play a more active role in the promotion of EU principles at local level and will embrace a more dynamic approach with regard to obligations stemming from local governance from the implementation of *acqui communautaire* European standards.

Local government units are entitled to obtain funding from EU. Level of capacities to benefit from and absorb EU funds at local level is very low. Therefore, LGUs will receive assistance in order to design and submit quality projects. They will be more active under the technical assistance training program of TAIEX.

Regional and cross-border cooperation with local partners of other regional and member countries is one of the directions where local governance will focus its priorities. This cooperation is the cornerstone in establishing relations of good neighborliness and diplomacy.



5. FISCAL IMPACT AND FINANCIAL REQUIREMENTS FOR IMPLEMENTING THE STRATEGY

The National Crosscutting Strategy for Decentralization and Local Governance (NCSDLG) 2015-2020 and its action plan foresee about 150 actions, whose funding required a financial commitment of about 7.7 billion Albanian Leks, or about 55 million Euros. A cost analysis of the strategy reveals that state budget (from line ministries) will fund about 1.5 billion ALL (20%) and local governance budget will cover the same amount. Donor community is also contributing with 450 million ALL (about 8%) to come in the form of technical assistance.

The financial gap projected for the strategy 4.25 billion ALL (52%). For year 2015, the state budget has projected funding for the transition period in support of LGUs after enactment of the administrative-territorial reform. It is intended that the mechanism of this transition fund will be utilized in the coming years and will be funded by donors and/or state budget.



6. MONITORING, EVALUATION AND REPORTING

The monitoring of the implementation of the NCSDLG 2015-2020 is based on a short list of indicators defined for each policy area. These indicators focus on the achievement of strategic goals and are developed at the level of *impact* and *outcomes*.

The monitoring system will provide all stakeholders involved in the implementation of the strategy with the information needed to track major government commitments.

Monitoring of the strategy will focus in two aspects: (i) monitoring of accomplishment and (ii) monitoring of the results and the impact of the policies implemented.

Two monitoring tools are included in the strategy:

1. Action Plan of Implementation of the NCSDLG 2015-2020 which will serve for monitoring the accomplishments and keeping track on the process made in delivering the actions and outputs within the programmed time.
2. The Matrix of Indicators, which includes core indicators which will be used on the purpose of monitoring the performance and achievements of the policies in different area such as fiscal policy, territorial and administrative reform, etc.

The Action Plan of Implementation of the NCSDLG 2015-2020 will constitute one of the most important aspects of the reforming process of decentralization and local government, being included all components, with specific objectives, envisaged actions, timeframe, terms and responsible for the implementation.

Monitoring of the accomplishment of the NCSDLG 2015-2020 will start with its launching, in order to identify in due time eventual incorrectness and gaps in unfolding of the planned actions. The monitoring of implementation of the activity will be performed *annually* and involves: detailed reporting for a period of a year, to estimate the impact that was determined by medium-term tasks; *periodic* reporting of the results on separate stages; *final* monitoring and reporting on objectives achievement for a full period.

Annual monitoring reports of the implementation of the strategy will be presented for review and approval to the minister responsible for local issues and to the Strategic Planning Committee and to the Parliament. These reports will be part of the dialog with LGUs and their associations as well as with our international partners and will serve to readapt the Strategy's objectives and action plan.

The full coordination of the process of monitoring and evaluation of results of the NCSDLG 2015-2020 as well as the recommendations for potential amendments will be ensured by the Minister of Local Government Issues, who will fulfil the role of crosscutting coordinator of the implementation process and monitoring of the Strategy.

The general monitoring and assessment system will be developed in a consistent manner, being aligned with the process of reporting on accomplishment of National Strategy for Development and Integration 2015-2020.



The Minister of State for Local Issues will encourage independent monitoring of the strategy through the civil society mechanisms and organizations or international partners. In addition, MoSLI will ask local government associations to monitor the implementation of this strategy.

In consideration of monitoring and evaluation reports on the implementation of the NCSDLG 2015-2020, the strategy will be reviewed in year 2017.

Table 1: Performance Assessment Matrix

No.	Objective and related Indicators	Baseline		Milestone	Target	Source
		Year	Value	2017	2020	
A.	Reform impact related indicators					
1	Increased fiscal autonomy of local government					
1.1	Ratio of local budget to GDP (%)	2012	2,1	4	6	Ministry of Finance
1.2	Ratio of local revenues to GDP (%)	2012	0,8	2,4	3,9	-/-
1.3	Ratio of Unconditional Transfer to Local Revenues (%)	2012	45/55	40/60	35/65	-/-
1.4	Ratio of Local Government Borrowing as % of Total Government Borrowing (%)	2012	0,02	0,05	0,2	-/-
2	Territorial Administrative reform implementation					
2.1	Establishing of “one stop shop” in all 61 municipalities (% of LGUs)	2015	0%	80%	100%	MoSLI
2.2	Financial support for local infrastructure (transitional fund)	2015	2 billion ALL	500 mln ALL	500 mln ALL	MoSLI
3	Enhance the quality of and upgrade public services					
3.1	Number of Local Asset Property Transferred (%)	2015	50%	70%	100%	MoSLI
3.2	Number of Territorial Development Plans Prepared (number)	2015	30	35	50	AKPT
3.3	Number of implemented PPP project at local level	2015	15	50	100	Ministry of Economy/ MoSLI
3.4	Number of local projects financed by RDF (number)	2014	130	200	500	PM office/MoSLI
3.5	Number of local projects financed by EU (IPA funds etc)	2014	-	200	400	EUD/MEI
7	Human Resource Management					
7.1	Number of LGUs staff recorded in the HRMIS (%)	2014	0	50%	100%	DoPA
7.2	Number of LGUs staff trained by ASPA (% of local civil servants)	2014	5%	35%	50%	ASPA/DoPA
7.2	Number of training courses provided by ASPA	2014	50	150	200	ASPA/DoPA

The implementation of the decentralization strategy will take place in three phases. Some major actions are provided below. The Action Plan contains over 150 detailed actions.

Phase I: Short term (2015-2016)

The reform includes some immediate actions and measures, which are possible to achieve in the short term. The main focus of the reforms in this phase will be the revision of the whole scope of the existing legal framework, particularly the Law on Organization and Functioning of the Local Governments and adoption of the Law on Local Government Finance, which will be adopted as a whole legislative package.

The main legislative actions in short term will be:
Revision and adoption of a Comprehensive Legislative Package



The following laws will be revised and adopted in this phase:

- New Law on Organization and Functioning of the Local Government;
- New Law on Finances of Local Governance;
- New formula for allocation of unconditional transfer;
- New model of municipal staffing organizational chart
- National Midterm Training Program for LGUs;
- Training program for local government units;
- Revision of legislation on tax on property and establishment of the fiscal cadaster;
- Establishment and functioning of the Territorial Reform Enforcement Agency;
- Revision of the Law on Prefect;
- Functional review of the water supply and sewage sector;
- Capacity building for application to EU-funded projects;
- Institutional and infrastructure support for the transition period after the territorial reform;
- Review of the legislation on social services and welfare;
- Review of the Law on Social Housing;
- Support for local capacities in the area of local economic development.

B. Inventory of Other Normative Acts (Laws and Government decrees)

Local government is affected by a large number of laws and other normative acts. Implementation of the administrative-territorial and decentralization reforms identified several areas that require legislative interventions, in particular related to implementation of shared functions where legislation is not clear, conflicting or presents a situation of overlapping functions between the deconcentrated structures and local government structures (such legal acts exists in areas of social services, protection of environment, cultural heritage, prefect, etc.). This legal framework (with about 70 laws and sublegal acts) will be analyzed to bring out the problems and needs that prompt specific interventions.

Second Phase- *The midterm (2017 to 2018)*

This phase will address some crucial issues linked with the implementation of the new administrative-territorial reform and with the consolidation of the new LGUs and local governance capacities.

- Operation of one-stop-shop service office in all administrative units
- Support to tax administration at local level;
- Support for the functioning of municipal councils;
- Alignment of regional and local development policies;
- Program on minimal standards for public services at local level;
- Monitoring of local governance on performance of public services;
- Forestry and pastureland management local plans;
- Training program for local government units;
- Transfer of competencies of fire brigade service;
- Consolidation of irrigation and drainage assignment;
- Consolidation of urban and rural road management assignment.



Third Phase - Long Term (2019 to 2020)

The reforms in this phase will be guided by implementation the legal framework and reforms initially developed in the previous phases and the midterm revision to the strategy. In this phase, actions will focus on the accomplishment and verification of the final goal of the strategy for the enhancement of efficiency at local level and strengthening of local governance.



7. ACTION PLAN

Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
I. Administrative-Territorial Reform							
A	Establishment and operation of Territorial Reform Implementation Agency	x	x	x	MoSLI	1,500,000	MoSLI, IPA, STAR, donors
B	Information support program for 61 new municipalities	x	x	x	MoSLI	10,000,000	MoSLI, RDF, IPA, donors
C	Application of integrated administrative services with ICT technology for 61 municipalities and administrative units	x			MoSLI, MIAP	2,000,000	MoSLI, IPA, donator
Ç	Financial inventory and consolidation of 61 municipalities	x			MoSLI/STAR	600,000	STAR
D	Geographic determination of administrative boundaries of 61 LGUs	x			MoSLI/STAR	250,000	STAR
DH	Drafting model statutes and regulations of 61 municipalities	x			MoSLI	50,000	STAR/Donors
E	Technical assistance for city managers and local administrators	x	x		MoSLI	100,000	MoSLI/ASPA/Donors
È	Design profiles of social-economic development	x			MoSLI/STAR	350,000	STAR
F	Preparation of consolidated budgets and fiscal packages of 61 municipalities	x	x		MoSLI, MF, LGUS	150,000	Donors
G	Alignment of Territorial Development Plans in accordance with the new administrative division	x	x		MoSLI, MUD, NTPA,	2,000,000	MoSLI, NTPA Donors
II. Local Governance Structures							
I.1	Local structures (elected bodies, community structures)						
A	Training program for new councilors of 61 LGUs and 12 regions	x	x		MoSLI, LGU associations, Donors	250,000	CoE, Donors
B	Leadership program for new mayors of 61 LGUs	x	x		MoSLI, LGU associations, Donors	500,000	CoE, Donors
C	Transparency and Participatory Decision-making at local level	x	x	x	MoSLI, NPO	1,500,000	Donors
Ç	Support with modern decision-making infrastructure at local level to promote involvement of citizens and local democracies (reconstruction of city hall rooms, installation of electronic voting systems, premises for attendance by citizens/media in council sessions)				MoSLI, donors	15,000,000	MoSLI, LGUS, RDF, IPA, donors



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
D	Strengthening of community structures at local level (heads of villages, liaisons in towns)	X	x		MoSLI, NPO	1,500,000	Donors
E	Program to strengthen cooperation between the central and local governments; establishment of central government-local governance consultative council and cooperation with associations of local elects		x	x	MoSLI, LGU associations, Donors	1,000,000	CoE, PLGP/
1.2	Administrative Structures						
A	Amend Law No. 8652/2000, "On Organization and Functioning of Local Governance", with the purpose of: (i) enhancing the power of the mayor to approve organizational structure of the municipal administration as well as the internal work regulation; and, (ii) creating administrative units and determining their functions	X			MoSLI, DAP	5000	MoSLI, CoE
1.2.2	Keep the current level of citizens' access to municipal services						
A	Develop the methodology to transfer functions/competencies from central government to local governance	X			MoSLI, DLDP, LGU associations	35,000	DLDP
B	Conduct a detailed assessment of procedures/processes of current and new functions planned within the mandate of LGUs (including new management functions)	X			MoSLI, Line Ministries	70,000	DLDP, STAR, CoE
C	Develop standards on determination of number of employees and workload for each function	X			DAP, MoSLI,	50,000	CoE
Ç	Conduct a detailed assessment/study of opportunities to outsource or provide selected services through PPP	X	X		MoSLI, Line Ministries, NPO	100,000	Donors
D	Prepare the blueprint on organization of administration of new LGUs and a handbook on its implementation	X			DAP, Min. CV, STAR	30,000	STAR, CoE, DLDP
	Create efficient and effective internal structures						
A	Prepare the model job description / mission of each of typical unit of new municipal administration, for each major function/process as well as for each typical job position in the new municipal administration	X			DAP, MoSLI	25,000	DAP, CoE
B	Establish a permanent "helpdesk" and provision of continuous support to LGUs in the organization process	X	x		MoSLI, DAP	45,000	CoE, STAR
	Transfer of assets						
A	Complete the process of transfer of public assets to LGUs	X	X	X	MOI, MoSLI	50,000	MOI
B	Establish an integral computerized system at national and local level for registers of assets transferred to local governance				MOI, MoSLI	500,000	MOI, Donors



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
C	Develop the regulations on management of assets of new LGUs		X		MoSLI, MF, ME MOI,	300,000	MOI, donors
Ç	Review the legislation that regulates the procedures on registration of ownership rights and management of municipal assets		X		MD, MOI, MoSLI	15,000	MD, MOI
II	Fiscal Decentralization						
II.1	Increase local revenue capacities of LGUs to meet their financial needs in order to provide more services						
A	Establish the technical working group of national- and local-level officials to review and identify specific areas of the present legal framework that needs to be amended	X			MoSLI, MF, PLGP/ USAID LGU associations	25,000	PLGP/USAID
B	Draft the Law on Local Finances	X			MoSLI, MF, PLGP/ USAID LGU associations	20,000	PLGP/USAID
B	Revise and adopt the sectoral legislation and sublegal acts on local finances and taxes	X	X		MoSLI, MF, PLGP/ USAID LGU associations	35,000	PLGP/USAID
Ç	Analyze implications of sharing national taxes with LGUs	X	X		MoSLI, MF, PLGP/ USAID LGU associations	20,000	PLGP/USAID
D	Increase allocation of vehicle tax shared between central government and LGUs		X		MoSLI, MF, PLGP/ USAID LGU associations	15,000	PLGP/USAID
DH	Implement the new property tax system	X	X		MoSLI, MF, PLGP/ USAID LGU associations	300,000	PLGP/USAID
E	Support local tax administration on property and local taxes	X	X		MoSLI, MF, PLGP/ USAID LGU associations	250,000	PLGP/USAID
II.2	Improve the stability, simplicity, and equity of the transfer system together with the increase of transparency						
A	Create a new transfer formula for unconditional transfers based on more transparent, simpler and more objective criteria	X			MF, MQV, LGUS	10,000	PLGP/USAID
B	Reconcile the census and civil registry data and determination of the source of information to be used for intergovernmental transfers and expenditure assignments	X			MOI, INSTAT,	10,000	PLGP/USAID



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
					MF		
C	Utilize the reconciled population data for purpose of LGUs amalgamation and unconditional grant transfers	X	X		MF, MoSLI, LGUS	5000	PLGP/USAID
D	Review the competitive grant system (Regional Development Fund, etc..) to focus it on areas of the highest regional importance. Its reconsideration relative to the skills and practices needed to absorb future EU funds.		X		MF, MoSLI, LGUS	25,000	PLGP/USAID
DH	Determine the level of transfer as percentage of total public revenues;		X		MF, MoSLI, LGUS	10,000	PLGP/USAID
II.3	Enhance LGUs' capacities to utilize borrowing and debt for financing the capital investments						
A	Assess local governments' overall borrowing capacity and the restrictions presently imposed on LGUs to borrow and use the loans	X			MF, MQV	10,000	PLGP/USAID
B	Establish dialogue of main stakeholders from central, local, and financial organizations to review existing legal framework and identify new approaches to borrowing;	X			MF, MQV, LGUS	25,000	PLGP/USAID
C	Review the Law on Local Borrowing to establish a fairer ratio to public debt between central government and local government units.		X		MF, MQV, LGUS	15,000	PLGP/USAID
Ç	Identify the accounting problems at local level and prepare the package of measures to address them		X		MF, MQV, LGUS	20,000	PLGP/USAID
D	Ensure guarantee schemes of local borrowing through linkages of land and infrastructure with the relevant financing authority			X	MF, MQV, LGUS	20,000	PLGP/USAID
II.4	Strengthen Public Finance Management System at local level						
A	Identify hidden arrears created before changing the map of LGUs; Elaborate specific plans on how to cover the arrears with funds supplied either from central budget or decentralization	X			MF, MoSLI, LGUS	20,000	PLGP/USAID STAR
B	Implement automated Financial Information Treasury System at local level		X		MF, MQV, LGUS	500,000	MF, IPA PLGP/USAID
C	Extend the reform of Internal Audit and Control, External Audit, and Public Procurement to include local governments; make the level of local governments equally important for monitoring performance of the reform progress in the area of PFM.		X		MF, MoSLI, LGUS	300,000	MF, IPA PLGP/USAID
Ç	Unify the guidelines and procedures for pre-commitment and commitment control applied at the central level (registration of contracts, acceptance and registration) adjust guidelines for the local level in order to prevent the creation of			X	MF, MoSLI, LGUS	30,000	MF, IPA PLGP/USAID



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019 - 2020			
	hidden arrears at local level in the future						
D	Improve overall capacity of the LGUs in the area of budgeting programming and implementation; Roll out the MTBP budgeting process to all new LGUs; Apply the SDP and MTBP approach to all LGUs	X	X	X	MF, MoSLI, LGUS	100, 000	MF, IPA PLGP/USAID
III	Own functions						
III.1	Improve the legal framework on implementation of functions and services						
A	Draft a new Law on Organization and Functioning of Local Governance	X			MoSLI, USAID, OSCE, CoE	50, 000	PLGP/USAID
B	Review functions and competencies of regions by harmonizing them with national policies on regional development	x			MoSLI, MEDTE,	20, 000	MoSLI Donors
C	Review legislation on public services/utilities at local level	X			MTI, MoSLI	30, 000	Donors
Ç	Review the scheme of functions and competencies in the sector of water supply and sewage	x	X		MoSLI, MTI	300, 000	MTI, donors
D	Review the scheme of functions and competencies in the sector urban waste	x	x		MTI, MM, MoSLI	300, 000	MTI, MM, donors
DH	Conduct a study on expansion of functions and competencies of LGUs in the area of rural development and agriculture	x	x		MARDWA, MoSLI, NPO	250, 000	Donors
E	Review the legislation on decentralization of functions of maintenance of secondary and tertiary irrigation and drainage network	x			MARDWA, MoSLI	20, 000	MARDWA,
Ě	Design local plans on management of and investments in the secondary and tertiary irrigation and drainage network	x	x		MARDWA, MoSLI, LGUS	500, 000	MARDWA, MoSLI, LGUS, WB
F	Design local plans on management of forests and pastureland		x	x	MM, MoSLI	1, 200, 000	MM, IPA, WB
G	Review law on social housing and provide support for design of social housing plans at local level	x			MUD, MoSLI, EKB, NPO	500, 000	MUD donors
III. 2	Public infrastructure and services at local level						
A	Conduct a study on minimal standards of public services at local level		X		MoSLI, MTI, MM, MUD, MSWR, LGUS	1, 500, 000	MoSLI, IPA, donors
B	Make an inventory of the urban and rural road infrastructure network		x	x	MTI, ADF, MoSLI	500, 000	MTI, ADF donors
C	Apply an integrated planning system for maintenance of roads at local level		X		MTI, ADF, MoSLI	1, 500, 000	MTI, ADF, IPA



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
III.3	Ensure a sustainable local economic development by designing and implementing an appropriate framework of policies and mechanisms for their coordination						
A	Review the function of local economic development; draft legislative sectorial amendments that empower the role of LGUs on strategic investments, PPP, local asset management;	x			MoSLI, MEDTE, MOI	50,000	MEDTE, donors
B	Support strengthening of tourism structures at local level	x	x		MUD, MoSLI, LGUS	1,500,000	MUD, donors
C	Clarify functions of responsibilities in the area of tourism and cultural heritage; review legislation	X			MoSLI, MUD, MoC, LGUS	100,000	Donors
Ç	Establish an integrated system of development for areas and facilities of cultural heritage at local level	x	x		MoC, MoSLI, LGUS	500,000	MoC, donors
IV. Shared functions							
IV.1	Ensure quality services in accordance with the standards adopted by central government						
A	Develop service standards and determine the average cost / unit as a prerequisite for the transfer of additional powers in the primary healthcare service.		X		MoH	300,000	MoH
B	Review sectorial legislation on complete decentralization of the social service scheme and improve social inclusion at local level				MSWR, MoSLI	300,000	MSWR
C	Improve the mechanisms to identify and assess the needs for social care services, according to standard operating procedures and methodologies		X		MMRS, MoSLI, LGUS	100,000	MSWR
Ç	Review the list of services to be provided by LGUs introducing and explaining the typology of new service	X			MMSRR, LGUS	100,000	MSWR
D	Draft and adopt the standards of services and unit costs	X			MSWR	100,000	MSWR
DH	Establish integrated systems of services in regional / local level, based on the standards of social services for all groups.		X		MSWR, LGUS	200,000	MSWR
E	Build capacities of the LGUs on planning the social services (including identification, management, monitoring and evaluation of the social services system).		X		MSWR, LGUS	500,000	MSWR donors
Ë	Increase the capacities of social service workers; Create professional profiles and implement the continuous qualification program	X	X	X	MSWR	300,000	MSWR donors
F	Draft job descriptions of the social employees /required competencies and skills			X	MSWR	200,000	MSWR donors
Environmental Protection							
A	Review sectorial legislation to increase the	x	x		MoE,	150,000	MoE donors



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
	role of LGUs on environmental protection				MoSLI		
B	Build relevant human capacities for environmental protection. Training of the specialists in local government on law enforcement for the environmental permits and various aspects of management of environment; Development and training programs for environmental issues, environmental legislation, as a mandatory condition for all civil servants working at the LGUS structures, responsible directly for environmental management;	X	X	X	MoE, MoSLI, LGUS	250,000	MoE donors
gC	Increase financial resources of the LGUs for the function of environmental protection; develop a system of costs and fees for treatment of waste	X	X	X	MoE, MF, LGUS	300,000	MoE, donors
IV.2	Enhance efficiency of national and local budgets by means of improving the process of social service planning						
a	Review LGU structures to ensure an integrated approach and planning and delivery of harmonized social services and social inclusion (application functions across different departments (health, education, housing etc.))	x	X		MSWR, LGUS	200,000	MSWR donors
B	Draft the plan for deinstitutionalization of services from residential model into community and family based services	X	X		MSWR, LGUS	250,000	MSWR donors
c	Review the System of "Economic Assistance/Aid"; Pilot the new system "of scoring" Economic Assistance"	X	X		MSWR	600,000	MSWR donors
ç	Define the role of LGUs in the management of NE, after piloting the new system "of scoring."	X	X		MSWR	30,000	MSWR donors
D	Draft model of allocation of funds for social services at local and national levels.		X	X	MSWR, LGUS	500,000	MSWR donors
DH	Establish financial mechanisms for funding social service delivery at national and local level; Set up the National Fund for Social Services and the Regional Funds for Social Services as part of the Social Fund		X	X	MSWR, MF	500,000	MSWR donors
E							
IV.3	Eliminate duplication of competencies between deconcentrated structures at local level and local government structures						
A	Revise the Law on Prefect in order to clarify the status and the role of prefect in order to avoid overlaps	X			MOI, MoSLI	50,000	MOI, donors
b	Review the criteria for determining the optimal number of municipal police staff by size of new LGUs, population and the list of functions /		X		MOI, MoSLI,	50,000	MOI



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
	duties.				LGUS, MF		
C	Review the functions in the area of public order and civil defense by adjusting them to the new administrative division	X			MOI, MoSLI, LGUS	100,000	MOI
Ç	Analyze the impact of current implementation of shared functions after the new administrative division; clarify competencies; Develop the matrix of competencies for the three tiers to determine the role of line ministries, central institutions, regional institutions and LGUs;	X			MoSLI, LGUS,	70,000	Donors
D	Review the system of enforcement of liabilities from administrative infractions at local level. Legal review on strengthening of enforcement mechanisms for the collection of fines from business entities and individuals for violations and misdemeanors.		X		MoSLI, MD	100,000	Donors
V. Develop local governance capacities							
V.1	Establish a local professional and sustainable civil service;						
A	Prepare a national training program for local government units	x			MoSLI, DAP, CoE	100,000	Donors
B	Establish and provide initial training to human resources units of new LGUs as the units that will prepare and carry out the transition process	X	X		MoSLI, DAP,	10,000	CoE
C	Develop detailed manuals and guidelines with clear rules and procedures with regard to transfer/reallocation of staff	X			MoSLI, DAP,	10,000	COE
Ç	Prepare preliminary blueprint on municipal administration of new LGUs and a sample of job descriptions (including job requirements) for each typical position in the phase of establishing a new municipal administration	X			MoSLI, DAP,	50,000	IPA, donors
D	Provide continuous assistance by central government on the accomplishment of this process	X	X		MoSLI, DAP,	200,000	Donors
DH	Ensure financial resources to implement the process of establishing new structures	X			MoSLI, DAP,	100,000	STAR, CoE, donors
E	Prepare and adopt legal acts on training during transition period of staff that will be redundant after this process	X			MoSLI, DAP,	20,000	DAP, donors
V.2	Prepare implementation of the civil service law						
A	Establish human resources management structures and build capacities through intensive training and support to be provided by DPA	X			DAP, MoSLI, LGUs	50,000	CoE, donors
B	Establish/create the national team of trainers and network of manager of human resources	X			DAP, MoSLI,	20,000	CoE, donors



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
	management units capable to replicate and provide specific training programs and modules on the enforcement of legislation on civil service				LGUs		
C	Prepare manuals and guidelines on civil service procedures with regard to recruitment, career development, parallel transfer, job descriptions, performance review, discipline, personnel restructure and files, etc.	X	X		DAP, MoSLI, LGUs	15,000	CoE
Ç	Create a structure (helpdesk) at DPA to provide online assistance for LGUs concerning implementation of the civil service law	X			DAP, MoSLI, LGUs	20,000	CoE
D	Conduct regular assessment of implementation of the civil service law and relevant procedures with the aim of identifying issues and taking measures to address these problems	X	X	X	DAP, MoSLI, LGUs	20,000	CoE, donors
DH	Set to work the Human Resources Management Information System (HRMIS) and its application by LGUs	X	X	X	DAP, MoSLI, LGUs	50,000	CoE
E	Connection of the HRMIS with the Central Financial Management System (Treasury) with the aim of monitoring the implementation of the civil service legislation and salary system at local level	X	X		DAP, MoSLI, LGUs	20,000	CoE
V.3	Prepare a competitive system of wages for LGUs						
A	Assess the possibility of increasing the autonomy of local elects to determine the additional levels of salaries by replacing the static criteria of upper limits on salaries with dynamic system of performance indicators (e.g., spending on staff in ratio to revenues generated by LGU)	X			DAP, MoSLI, LGUs	20,000	CoE
B	Plan and prepare a full enforcement of the civil service legislation with regard to performance evaluation and classification of job positions in terms of salary system in the local governance		X		DAP, MoSLI, LGUs	25,000	CoE, donors
C	Prepare manuals and guidelines on performance review and on the system of classification of job positions intended for LGUs		X		DAP, MoSLI, LGUs	20,000	DAP, CoE
Ç	Provide specific training to human resources and officials involved in the performance review and job classification system		X		DAP, MoSLI, LGUs ASPA	20,000	ASPA, CoE
D	Assess the possibility for implementing a salary system based on the steps of increasing the salary		X		DAP, MoSLI, LGUs	5000	DAP
DH	Amend secondary legislation on civil service with the aim of including the final classification of job positions as part of the approval process of organizational and administrative structures under the authority of the mayor		X		DAP, MoSLI, LGUs	15,000	DAP, CoE
V.6	Increase capacities of LGUs by implementing a modern and specific training system						



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
A	Prepare an ad-hoc plan to address the implications of administrative-territorial reform and decentralization concerning the needs for training	X			DAP, MoSLI, LGUs, ASPA	40,000	COE
B	Conduct a centralized assessment of training needs for the transitory phase and adoption of the National Midterm Training Strategy / Training Program for LGUs and its implementation intended for the creation of new local governance units	X			DAP, MoSLI, LGUs, ASPA	30,000	CoE
C	Plan and provide introductory training to all displaced civil servants (for new LGUs) that have not passed through the training provided by the Albanian School of Public Administration (ASPA)	X			DAP, MoSLI, LGUs, ASPA	40,000	ASPA, CoE donors
Ç	Conduct an extensive training campaign to support the performance of new functions transferred to LGUs	X	x		DAP, MoSLI, LGUs, ASPA	150,000	ASPA, CoE donors
D	Develop and implement a sustainable methodology to assess the training needs, intended for LGUs		X		DAP, MoSLI, LGUs, ASPA	25,000	ASPA, CoE donors
DH	ASPA organizes mandatory training for all newly-hired staff in the local administration		X	X	DAP, MQV, LGUs, ASPA	60,000	ASPA, CoE donors
E	Prepare training module and deliver specific mandatory training by ASPA for senior civil servants		X	X	DAP, MQV, LGUs, ASPA	10,000	ASPA, CoE donors
Ë	Determine cost of provision of mandatory training and ensure relevant budget as part of funds from the unconditional transfer		X		DAP, MQV, LGUs, ASPA	5,000	ASPA, CoE donors
F	ASPA develops training programs in compliance with the identified needs		X	X	LGUs, ASPA	100,000	ASPA, CoE donors
G	Create a mandatory (procedural and institutional) system to ensure coordination and certification of training activities provided by donors through ASPA		X		LGUs, ASPA	10,000	ASPA, donors
GJ	Establish the archive and electronic library of training materials		X	X	ASPA	50,000	ASPA, donors
H	Establish a quality system for curricula and trainers		X		ASPA	50,000	ASPA, donors
V.6	Enable LGUs to act within a clear legal framework in accomplishing their functions						
A	Assess the specific sectoral and horizontal legislation on cross-local cooperation		X		MoSLI, LGUs	15,000	CoE
B	Prepare legal amendments to the legislation with the aim of clarifying roles and their separation, competencies and relevant procedures regarding the cross-local relations for implementing the functions		X	X	MoSLI, LGUs	50,000	CoE
VI Citizen-Oriented and Innovative Local Governance							
VI.1	A citizen-oriented local governance through the implementation of the new Administrative Procedures Code						



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
A	Conduct an assessment and review the special legislation on special administrative proceeding under the jurisdiction of LGUs in order to ensure their compliance with the new Administrative Procedures Code	X	x		MoSLI, LGUs, MD	100,000	Donors
B	Review internal procedures of LGUs for the compliance of their reorganization with the new Administrative Procedures Code		X		MoSLI, LGUs, MD	100,000	Donors
C	Prepare manuals for the enforcement of the new Administrative Procedures Code at local governance		X		MoSLI, LGUs, MD	150,000	Donors
Ç	Provide intensive training to LGUs staff on implementation of the new law	x	X		ASPA, MoSLI	150,000	ASPA, donors
VI.2	Reduce local administrative obstacles for businesses and citizens						
A	Assess and review the legal provisions that regulate the procedures on establishment of other internal service under the competence of LGUs	x	X		MoSLI, LGUs, MEDTE	100,000	Donors
B	Review the internal procedures of LGUs relative to organizational internal procedures and services	x	X		MoSLI, LGUs, MEDTE	150,000	Donors
VI.3	Use the information technology and other new solutions to improve service delivery and internal management of LGUs						
a	Assess the possibility of using IT in local public services		X		MoSLI, LGUs, MIAP		
B	Establish electronic database on legal and sublegal acts affecting local governance	x			MoSLI, NPO	450,000	Donors
C	Design a program on possibility of citizens' effective access to local decision-making and local normative acts through proactive publication and use of ICT	x	x		MoSLI, MIAP, LGUS, NPO	1,500,000	Donors
Ç	Establish websites for 12 regions and 61 municipalities	x	x		MoSLI, NAIS, LGUS, NPO	300,000	NAIS, donors
D	Implement pilot projects in selected areas (such as local taxes, etc.)		x	X	MoSLI, MIAP, LGUS, NPO		
DH	Create one-stop-shop in 'administrative units' to deal with all procedures and formalities under the competence of LGUs	x	x		MoSLI, LGUs, Line Ministries	2,500,000	AIRT, Donors
E	Assess the possibility and readiness of LGUs to use one-stop-shops of LGUs as 'joint' points to deliver services at local and central level; procedures/formalities under the jurisdiction of LGUs and central government		x	X	MoSLI, LGUs	100,000	Donors
È	Develop and implement an automated integrated information management system to serve all functions of local governance and ensure LGU access to national information systems		x	X	MoSLI, NAIS, Line Ministries	500,000	NAIS Donors
G	Create an official electronic local journal for the publication of normative acts and policies, process of consultation and publication of normative decisions of LGUs		x	X	MoSLI, LGUs	450,000	MoSLI, donors



Nr	Objectives/Measures	Deadline of Implementation			Institution	Budget	Funding Source
		2015-2016	2017-2018	2019-2020			
VII	Local Governance and EU Integration						
A	Enhance LGU capacities in the framework of project funded by EU	x	x	x	MoSLI, MIE, LGUS, ASPA, NPO	150,000	IPA, donors
B	Establish and train focal points of contact on European integration in regions and large municipalities		x	x	MoSLI, MIE, LGUS, ASPA, NPO	300,000	IPA, donors
C	Enhance collaboration among LGUs in the framework of regional and cross-border cooperation	x	x		MoSLI, MIE, LGUS, NPO	150,000	IPA, donors
Ç	Conduct awareness and information campaign on European integration process at local and regional level	x	x		MoSLI, MIE, LGUS, NPO	100,000	IPA, donors
D	Support LGUs on cooperation in the framework of Adriatic-Ionian Euro-Region	x	x		MoSLI, MIE, LGUS, NPO	300,000	IPA, donors