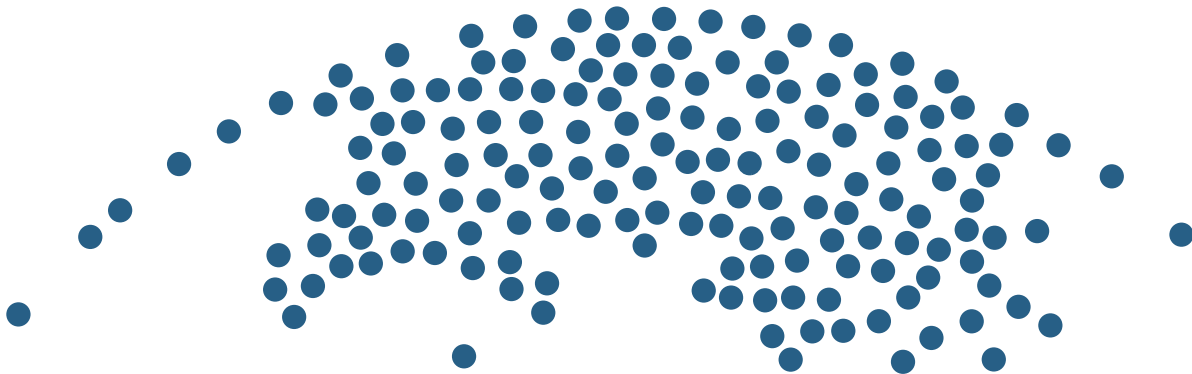




Who we are?

Helvetas is a civil-society organization committed to bringing about real change through cooperative partnership with people in developing countries.

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ADDRESSING TERRITORIAL INEQUALITIES THROUGH A

FUNCTIONAL AREA APPROACH:

Territorial Administrative Reform in Albania: a case study

DDLP is a project supported by the Swiss Development Cooperation (www.eda.admin.ch) and implemented by Helvetas in 4 phases (2006-2019) in Albania. The project supported the Albanian Government and the Local Government Units in their decentralization efforts, to improve public services and local governance (for more info www.dldp.al)

ALBANIA BEFORE TERRITORIAL ADMINISTRATIVE REFORM

The territorial development in Albania during communism as every other aspect of life was very centralized. There was a clear division between urban and rural areas; cities and villages. The cities were centres of industrial production and services while the villages were based on an agriculture economy. The administrative and governance systems were very centralized with planning and almost all decision making transpiring at the Central Level.

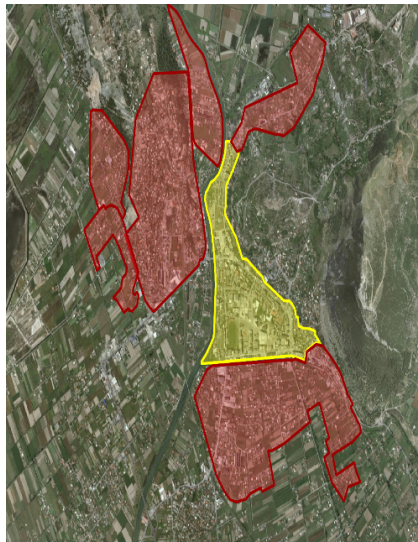


Fig 1: City versus village during communist regime in Albania: two different ways of living and working

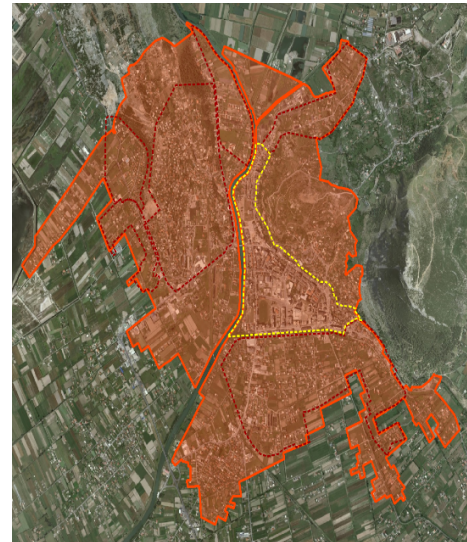
Due to poor economic development and scarce public services, the Albanian transition was characterized by a rapid depopulation of rural areas (from 70 % in '89 to 47 % in 2011) with people migrating abroad, to larger metropolitan areas or other urban centres. This persistent migration trend alongside unclear development policies created the following features:

- While the industry collapsed, **cities** turned mostly into trade and service centres attracting a lot of migration from rural areas. The growing population and low levels of economic development created a pressure on the public services, the still forming Local Government Units (LGU-s) proving unable to cope with the demand.
- The emergence of informal **peri urban zones** created areas with sub-standard public infrastructure, degraded landscape and environment, pockets of poverty, social and cultural exclusion. The areas were typically located around the periphery of the existing larger cities and their surrounding rural areas.
- At the same time, people living in **rural areas** lacked basic public services, and faced unemployment and/or underemployment in the agriculture sector, dominated by subsistence. Most young people left, creating a shortage in labour force as well a brain drain with the most educated searching for better opportunities elsewhere. On the other hand, this also contributed to a vast surplus of untapped natural areas, especially in the more remote areas with difficult access.

The first **efforts for decentralization** were introduced with the establishment of the Local Government Units (the LGU-s) after the '90-s, The LGU-s had some minor functions and finances that were increased and regulated gradually over the years. The administrative boundaries were largely inherited from the communist era, identifying 65 municipalities (former cities) and 360 communes in rural areas (clusters of villages based on the former agriculture cooperatives).



Legend
 Historic Urban Area
 Informal Areas



Legend
 Historic Urban Area
 Informal Areas
 GLP Urban Area

Fig 2: Lezha municipality before and after TAR, informal areas 4 times the original surface of the city

It became evident that the **territorial and administrative division was outdated** and was not responding to the dynamics of the social and economic development in the country. The boundaries between municipalities and communes were becoming quite formal. This restricted efficient and equitable distribution of resources and undermined the effectiveness of development programs. Human resources concentrated more and more in the cities and the natural resources in the rural areas, with the informal settlements in between, increasingly negotiating access to more bureaucratic and centralized services, against chaotic unregulated development.

TERRITORIAL ADMINISTRATIVE REFORM (TAR)

BASED ON THE FUNCTIONAL AREAS (FA) APPROACH

There was a consensus amongst politicians and experts on a need for a territorial and administrative reform (TAR) that would reshape the boundaries of the Local Government Units and strengthen the LGU-s as an agent of development of their own territories and reduce emerging inequalities. In 2014 the Albanian Government made clear the intention to design and implement the TAR. Some of the key motives included **reduction of disparities between rural and urban areas** and the **need for planning for economic development at larger scale** reflecting more the real economic dynamics of the territory.

The FA research conducted in 2013 by HELVETAS Swiss Intercooperation (HELVETAS) in the framework of the Decentralization and Local Development project (DLDP) supported by the Swiss Agency for Development and Cooperation (SDC), was used by the Albanian Government as an inspiration to place multiple functionality criteria at the centre of its policy efforts for the design and implementation of the TAR. The FA was designed through decentralized cooperation taking place in various levels between Albania and Switzerland such as universities, municipalities, development actors, parliaments, private sector, communities etc. facilitated by dldp.

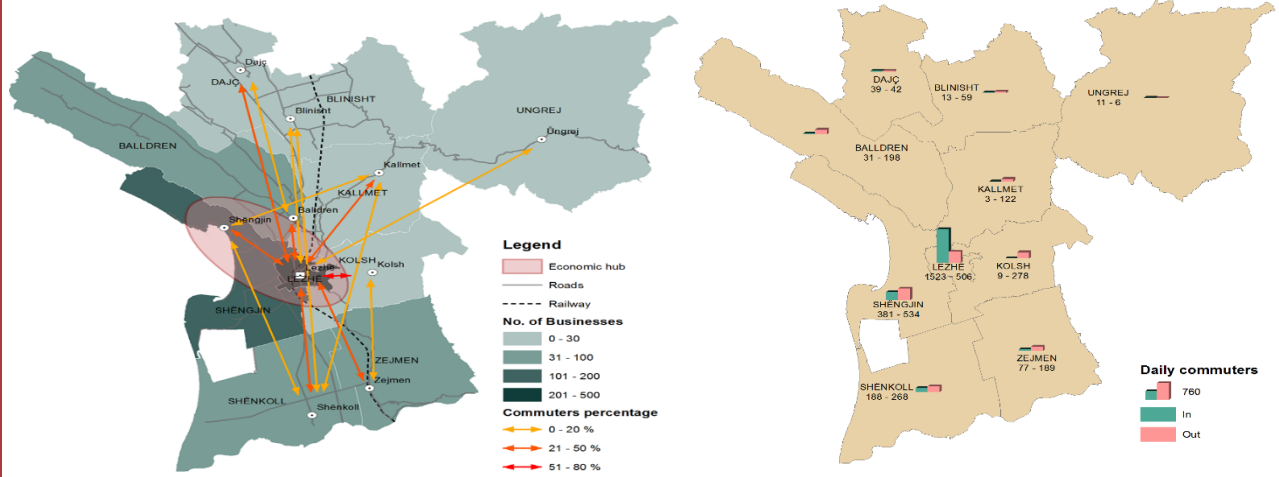


Fig 3: Lezha municipality applies functional area criteria

The functional areas in this context could be defined as groups of communities in LGUs bordering each-other with high economic and social interaction, which would benefit from joint actions in tackling joint problems and issues as well as unleash the development potentials of the areas.

The research conducted by DLDP led to the identification of the functional areas. Criteria for the identification of functional areas were related to economic criteria (i.e. commuting to centres of employment), social interaction (i.e. access to health, education and leisure centres), governance (i.e. inter LGU initiatives – administrative services delivered in one municipality people had to commute to).

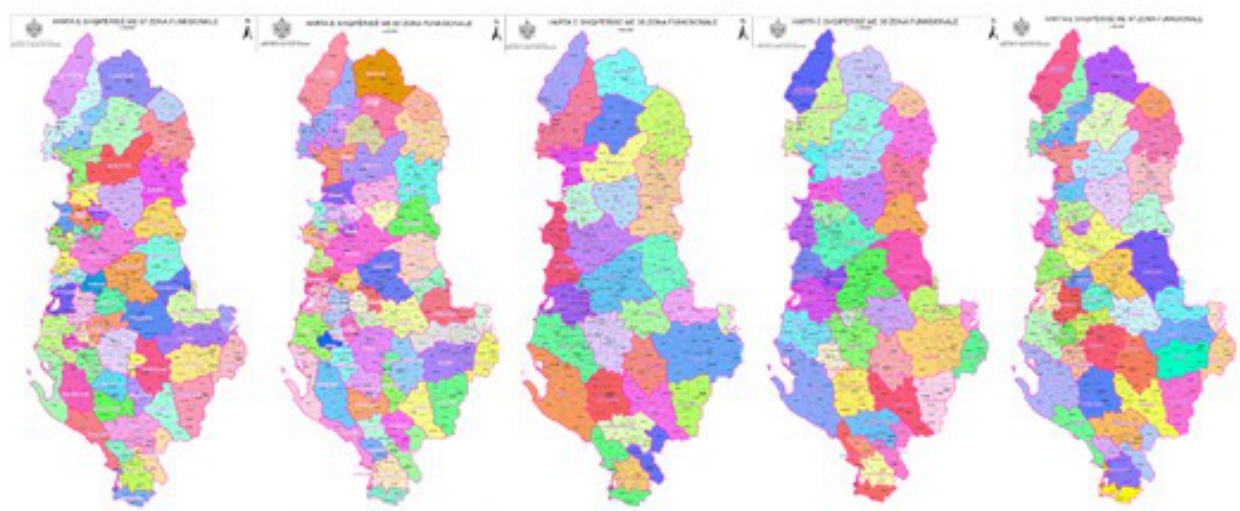


Fig 4: Five proposed scenarios of territorial administrative reform in Albania (for more on the process reformaterritorial.al) 30 LGU, 39 LGU, 47 LGU, 57 LGU and 63 LGU

Based on the principle one Functional Area – One Municipality, the TAR resulted in the establishment of 61 Municipalities out of formerly 364 Local Government Units (LGU). While the former administrative boundaries of the LGU-s created a clear distinction between urban areas (municipalities) and rural areas (communes), almost all the 61 new municipalities are now a mix of urban and rural areas within the same administrative boundary.

TAR was prepared keeping in mind the development potential of the functional areas and new LGU-s, assuming that the new municipalities with the urban-rural territories and enhanced professional capacities would be supported to behave as a developmental actor in the driver seat of the development of their territory.

IMPLEMENTATION OF THE REFORM AND EMERGING POSITIVE TRENDS

Alongside the TAR, **a series of policy and other reforms** were undertaken to support the new municipalities in their new role. The following presents the key undertaken reforms and the first emerging results (incl. reduction of inequalities) illustrated through national data as well as a case study (Lezha municipality):

1. The Decentralization Strategy and engendered Law on local self-government, based on which more functions and funds were transferred to municipalities and citizen's outreach mechanisms were foreseen to cover the deficits of reduced number of local council members.

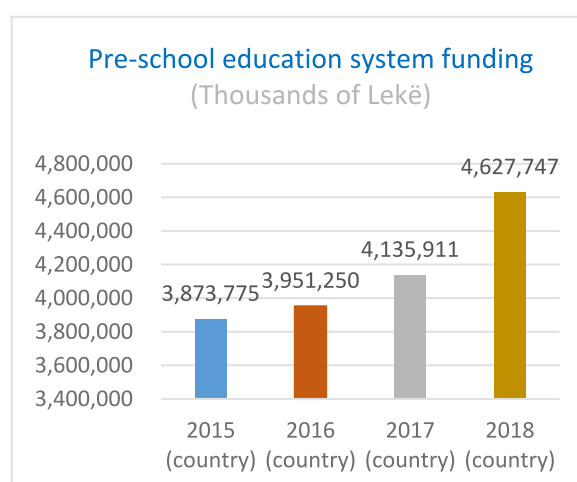
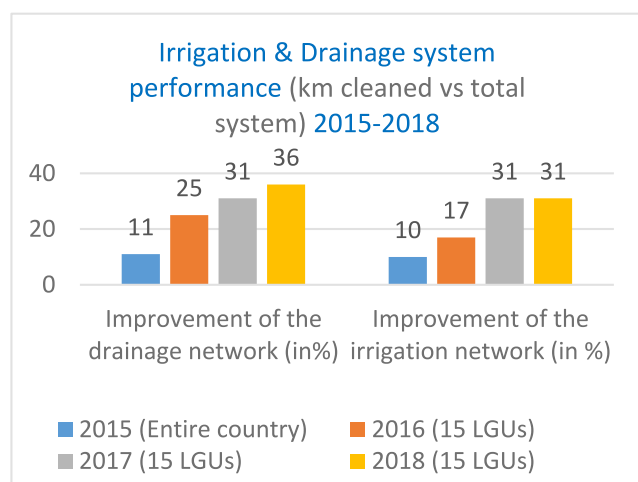
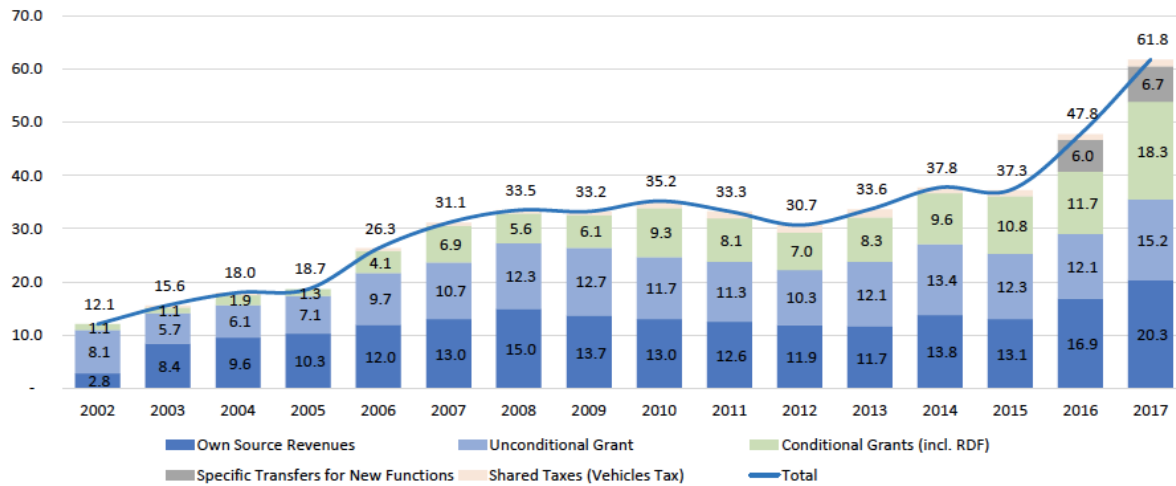


Fig 4: Socially and rural sensitive services are better funded and improved after TAR and decentralization

2. The engendered Law on Local Finances¹ created a more favourable environment for fiscal discipline, the growth and predictability of local revenues reserving a minimum of 1 % of GDP to be transferred to the LGU-s, an amount that cannot be diminished, as well as a higher share from some of the taxes collected from the Central Government (i.e. personal income tax).

1. One of the goals is to assure gender equality; programme objectives should be gender sensitive; make public the expenditures which guarantee gender equality

Composition of Total Local Government Revenue, in billion ALL



Developments 2016/2017

OSR: +20%

UG: +25.6%

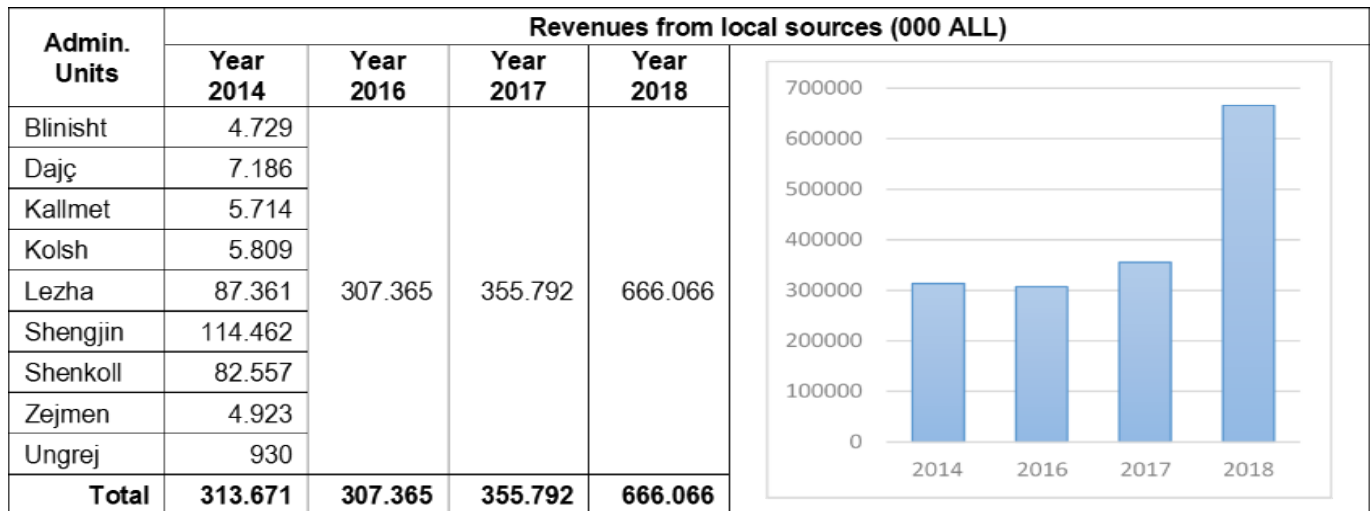
Condit. Grants + RDF (without Specific Transfers) +56.4%

Specific Transfers 11.6%

Shared taxes +20%

Fig 5: Local revenues improved after reforms progressively

Increased revenues of the new municipalities and wealth redistribution on the whole territory through municipality own spending or Central Government investment grants.



Investments in different AU 2014 vs. 2018

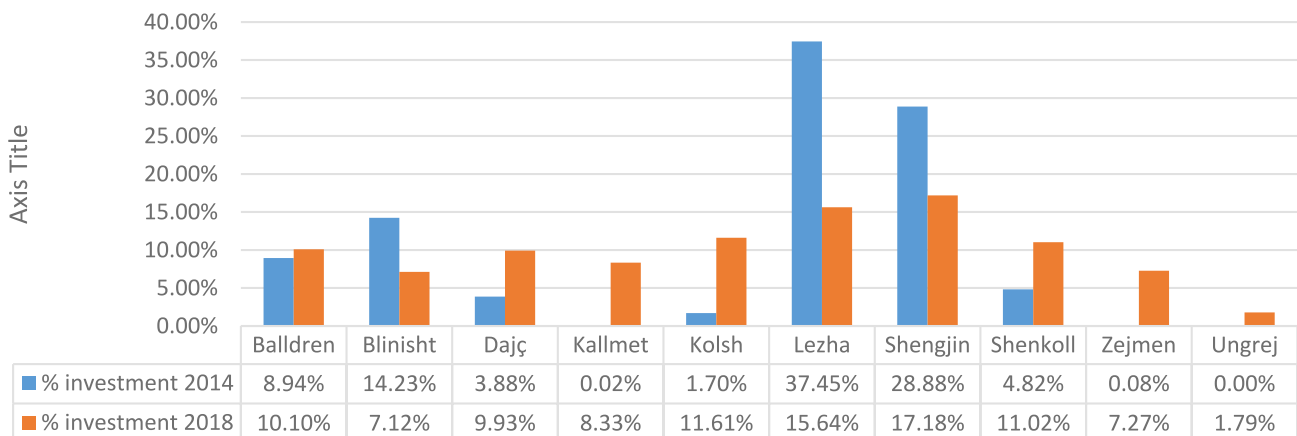


Fig 5: Own revenues and share of investment before and after TAR (case of Lezha Municipality)

3. Soft and hard measures to assure **economic development and TAR consolidation**

A substantially resourced programme from Government and Donors "**The Urban Renewal**" supported the municipalities in urban upgrading of the cities, informal peri-urban areas and rural areas.

The Government financed the preparation of the **General Local Plans** across the country for the new municipalities including a territorial development strategy (that relied a lot on the Functional Area programmes in the municipalities where dldp worked) and clear spatial plans in the form of building codes and guidelines.

A recent initiative in rural development, the **100 villages program**, is going to support infrastructure, services and economic development interventions in one hundred villages that will serve both as a model and centre of development clusters in rural areas.

4. The electoral code imposed **50% gender quotas** and the new **Municipal Councils** have a higher share of women represented (38% of seats today).

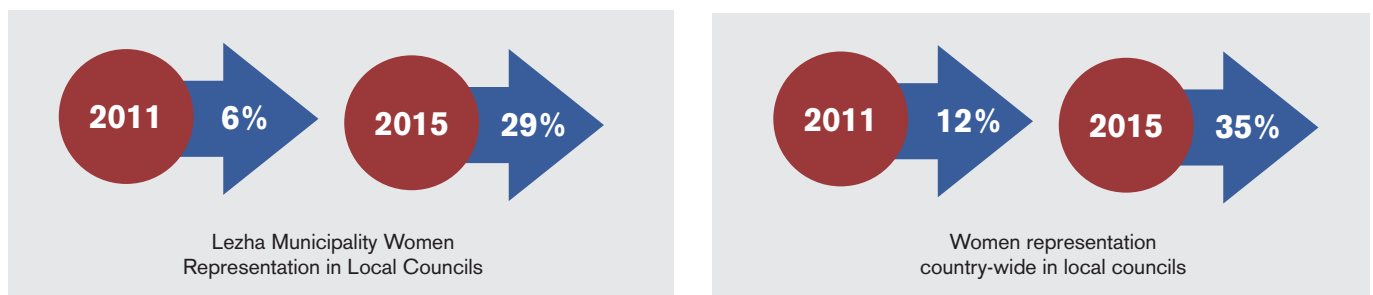
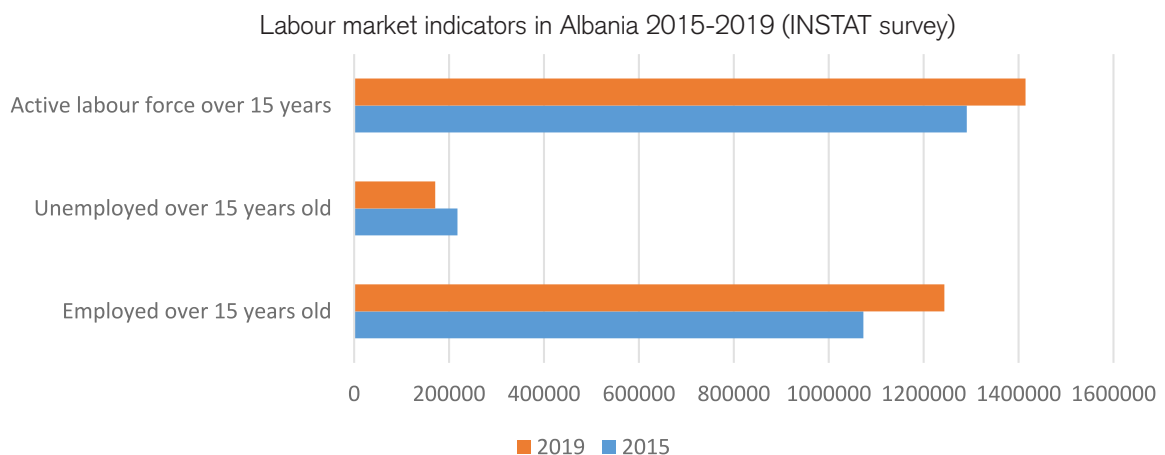


Fig 6: improvements in women representation country wide as well as in Lezha Municipality

POSITIVE TRENDS ON REDUCING TERRITORIAL INEQUALITIES AND SOCIAL INCLUSION

Although root causes (incl. ones related to inequalities) are more complex and attribution should be further studied, some positive trends are observed on (i) labour market access (ii) service coverage (iii) demographic changes (iv) decrease of informality

(i) **Labour market opportunities** improved



(ii) **Increased coverage of public services:** typically this lead to coverage with public services in the peri urban and rural areas where these services did not exist before, i.e waste management or water supply, while still should be done more for the periphery.

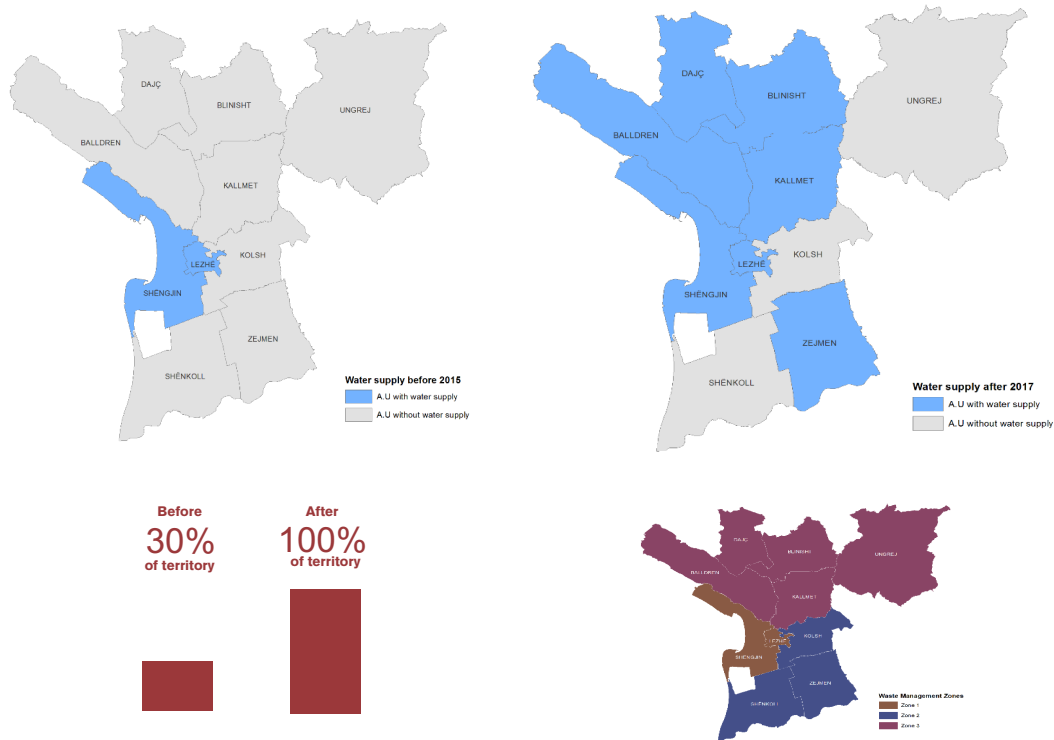
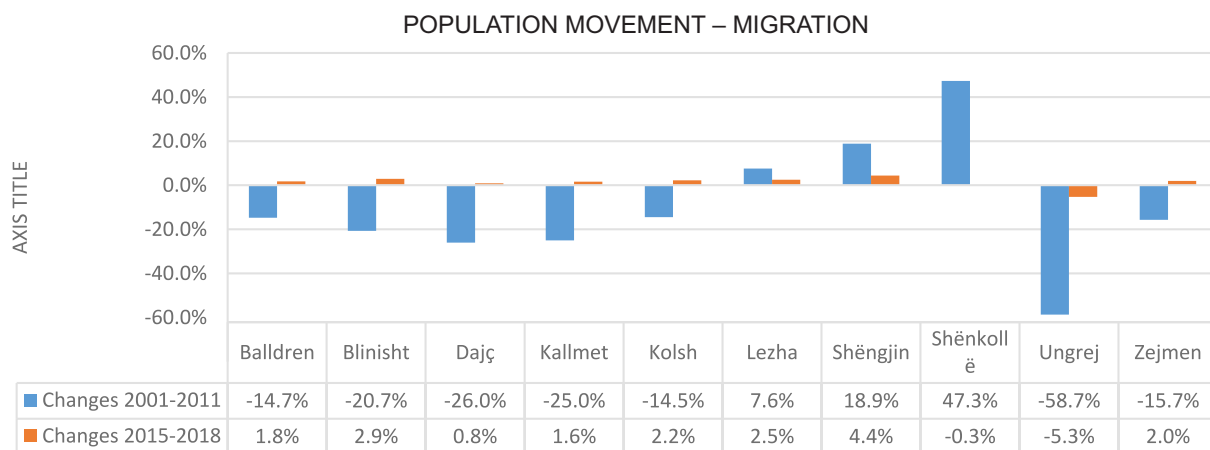
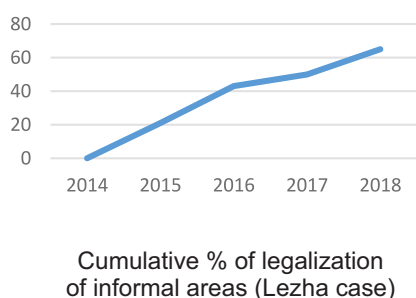


Fig 7. Waste and water service coverage area before and after TAR in Lezha municipality

(iii) An analysis of the data series 2015-2018 for Lezha municipality shows a more **stable trend of the population stabilization**.



(iv) The **legalization process** after TAR is accelerated especially in peri-urban areas (Lezha case)



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