

Financed by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Cooperation Office Albania
Zyra e Bashkëpunimit Zviceran në Shqipëri

The Congress

Le Congrès



Implemented by

Strengthening Local Government Structures and Cooperation of Local Elected Representatives in Albania – Phase II

Line of Action II: Building a Sustainable, Pluralistic and Unified Platform of Dialogue for Local Government in Albania

Study on the strengthening of the political role of Local and Regional Authorities and their Associations in Albania

October 2015

ACRONYMS

| | |
|-------|--|
| AAC | Albanian Association of Communes |
| AAM | Albanian Association of Municipalities |
| AAR | Albanian Association of Regions |
| ALAA | Association for Local Autonomy of Albania |
| CoE | Council of Europe |
| EU | European Union |
| LALRG | Latvian Association of Local and Regional Government |
| LGA | Local Government Association |
| LGU | Local Government Unit |
| NGO | Non-Governmental Organisation |
| SALAR | Swedish Association of Local Authorities and Regions |
| UK | United Kingdom |

This study has been prepared by Maris Pukis, Member of the Group of Independent Experts on the European Charter on Local Self-Government (Latvia), and Artur Kurti, consultant, former Member of the Council of Europe Congress of Local and Regional Authorities (Albania), in the framework of the Project “Strengthening Local Government Structures and Co-operation of Local Elected Representatives in Albania-Phase II” implemented by the Council of Europe with the support of the Government of Switzerland. The opinions expressed in this work do not necessarily reflect the official position of the Council of Europe and the Congress of Local and Regional Authorities.

Foreword

This study was drafted during August and September 2015, and does not take into account the recent developments in regard to the representation of the Local Governments in Albania. Since then, changes have occurred in the field of local government associations in Albania, which we would like to mention in these introductory remarks.

The AAM and the ALAA have agreed on the future perspective of a single association, yet without discussing practical steps towards this objective during a Consultation meeting with Albanian mayors, which was organised by the Congress of Local and Regional Authorities of the Council of Europe on 6 October 2015, in Tirana. The three remaining associations are expected to restructure their decision-making bodies in the near future. The AAM held its 6th General Assembly on 10 October 2015, in which the President, Ms Voltana Ademi, Mayor of Shkodra, was elected and where it was decided that the scope of its representation would be changed; granting the status of full membership to mayors and municipal councillors and granting observer status to the Administrators of Administrative Units. These changes, which occurred while the government of Albania was consulting local authorities on the new draft law on the Organisation and Functioning of Local Government, will be taken into account during discussions on the future representation of local and regional authorities.

Table of contents

| | |
|---|-----------|
| 1. Executive summary | 5 |
| 2. Background information | 8 |
| 3. Objective of this study | 13 |
| 4. Representation and Advocacy of Local Government Associations - Overview of European Models | 13 |
| 5. Options for an improved institutional framework and capacity of the LGAs: Local Government Associations after the territorial administrative reform (options and ideas) | 27 |
| Conclusions and recommendations | 34 |

1. Executive summary

Since the arrival of a new Government in September 2013, Albania has been involved in wide-ranging reforms in the field of local democracy, affecting both the structures and the powers of Albanian local government units. The Government is determined to set up, in the new context of political and institutional developments, territorial reform and decentralisation, new forms of institutional dialogue between central and local government. On 2 April 2015, the Parliament has approved the establishment of a formal structure (the Central Government-Local Government Consultative Council) to institutionalise the process of consultation and provide for local authorities and their representatives to be fully involved in the decision-making for all policies that directly concern them¹. The framework for further action by the Albanian Government in the field of local democracy is presented in the New Decentralisation Strategy 2015-2020², in which the Government has announced an ambitious agenda which includes legislative and institutional changes that will affect local governance during the 2015-2020 period.

The adoption of a territorial-administrative reform significantly affected the institutional framework for Local and Regional Government Units and their associations, as it changed the territorial structure from 12 regions, 65 municipalities and 308 communes, to a new system of 12 regions and 61 municipalities. This new administrative division came into effect following the elections of 21 June 2015, in which 61 mayors of municipalities (45 for SP-led coalition; 15 for DP-led coalition and 1 from the Greek Ethnic Minority for the Future party (MEGA)) and Presidents of municipal councils were elected.

In the current political-institutional situation, the representation of local representatives in different organisations, although having the same mission (protection and representation of local government interests), shall sufficiently and properly yield what each of them has in its core: the proper functioning of local government, and the representation of the interests of municipalities and local representatives.

While the new administrative and territorial organisation "terminates" the role of the Association of Communes, the existence and number of associations representing local government units (AAM, ALAA, AAR and Association of Municipal Councillors) raises essential questions that need to be addressed: how will the representation of local representatives be organised? How will the associations, in view of their mission, be organised? How will the association(s) be financed? How will the association(s) advocate the interests of local representatives with the donors and the central government?

This expert study has been conducted in order to assess the decentralisation issues at stake in the field of local democracy, to identify the needs of local government units (LGUs) and their local government associations, and to provide information about European models of representation and advocacy. This analysis should serve as a basis to identify the most appropriate model for

¹Law no. 30/2015 "On Amendments to Law no. 8652 dated 31.07.2000 "On the Organisation and Functioning of Local Government"

²The National Crosscutting Strategy for Decentralisation and Local Governance was adopted on 29 July 2015 by the Council of Ministers.

representation in Albania, with a view to strengthening LGUs in the challenging new setup, following the Territorial Administrative Reform, and in their communication at national level. In this context, the project “Building a sustainable, pluralistic and unified platform of dialogue for local government in Albania³” aims to support the establishment of a formal mechanism for institutionalised dialogue between central and local government, as well as a platform for dialogue and discussion among local government units.

According to European standards (namely, article 10 of the European Charter of Local Self-Government), local government associations exist practically in every country where local governments exist. Such associations can be created for several purposes, but one of the main items on the political agenda is the intergovernmental relations between central and local governments, and among themselves. For several Central and Eastern European countries, the division of local government associations according to political party membership used to be an obstacle against the development of local democracy. Speaking with a common voice is indeed not possible if different associations do not communicate among themselves. Both models of representation (single association and multi associations) have their own set of arguments. While a single association presents more opportunities for supporters of decentralisation, splitting into many associations is better for centralists. If there is a common opinion among leading political forces concerning local democracy as a basis for the further prosperity of their country, then a common idea regarding a strategy for the associations should preferably be supported.

At the same time, neglecting particular local government interests within a single association would also be a mistake. Consequently, internal institutional arrangements have to ensure the protection and representation of those particular interests too. By the very nature of self-governance, grouping according to interests is necessary and may not be excluded. Therefore, the main instrument used within the association to build common opinion is negotiation and the pursuit of a common interest. In the case that there are several associations representing local governments, substantial attempts to organise co-operation among those associations are necessary. The regular organisation of meetings prior to negotiations with central government and to participation in working groups and committees should better be established, thus providing the association(s) with a space for dialogue and for the building of common positions. This would enable the association(s) to speak with a single voice.

Within Albania’s local government environment, the political configuration of local government representatives should be seen in close connection with the institutional aspects and in complete synchronisation with the objectives of the new Decentralisation Strategy 2015-2020. While the new local government framework shall be oriented towards the reviewing and re-dimensioning of local government functions and powers, as well as towards the unification of governing and interacting instruments, the role of the association(s) of local representatives needs to more focused upon providing support to local units and on building common positions shared by the central government during the consultation process.

It should be clear from the start that in order to guarantee maximum impact of representation and advocacy efforts for the interests of local government units, the long term objective should be to

³This project is part of a Council of Europe project “Strengthening Local Government Structures and Cooperation of Local Elected Representatives in Albania – Phase II”

set up a single local government association which operates beyond party line positions. In this regard, experience has shown that when representation and lobbying roles were assumed by a single association, the impact and results were more powerful. By admitting that one single association is the long-term objective and the best solution for representing local government and lobbying/advocating its interests, we must at the same time acknowledge that immediately establishing such an association shall be difficult in the current context.

Bearing in mind these considerations, this study will present two different options for the future of representation in Albania: single association vs. maintenance of a multi-association model, with a co-operation platform.

There are several possible scenarios to achieve a single association. First scenario: it is presumed that the association is established as a new entity, without any reference to the existing associations. Second scenario: a single association of municipalities is gradually established, on the basis of that existing associations merge. In the context of expected developments, the scenario of merging existing associations seems difficult to be achieved quickly, and may only be done so gradually, perhaps in a medium term. Third scenario: a law on a single association, including municipalities and districts, is prepared and accepted by the Parliament. Each municipality and district can voluntarily stay as member of previous associations, but a consultation process is mainly organised through new compulsory participation in a single organisation. Rights of minorities shall be strongly protected by the internal procedures of the new association.

In relation to the above and since the option of one single association, although useful and with a medium-term impact, might be difficult to achieve in the context of Albania's current developments, another option consisting of the maintenance of the existing associations, with a co-operation platform, may be more realistic and attainable within a short time period. This option is based on the assumption that it will not be easy to reach a compromise between political parties to establish one single association, and that representation and lobbying shall continue to be done with the existing associations, according to current party lines. It is the most realistic scenario grounded on the current conditions and, on the other hand, it preserves the *status quo*, as well as a minimum level of representation and lobbying.

Recently, and with the assistance of the Council of Europe, the Albanian Associations of Local Government (LGAs) have commenced a process of technical co-operation by co-organising meetings at political and experts' level on specific topics of interest for local governance. This co-operation has resulted in the delivery of products and common recommendations, through a constructive approach. This form of co-operation is closest to the informal platform of co-operation described in the second option, and will most likely grow and develop further in the future. Nevertheless, it is still too early to say whether this type of co-operation at technical level will prepare the basis for the establishment of a more strategic and structured approach to representation and lobbying.

The main analysis of these meetings is clearly that co-operation between the associations should be encouraged by external factors (donors, international organisations), which constitute as a necessary catalyst in the establishment of co-ordinated actions of associations to lobby and

advocate for their interests. This conclusion naturally brings up the issue of the financing of LGA activities, which is a key factor for their success. Their conditions for financial sustainability directly impact the efficiency of the associations' activity. So far, the LGAs have based their activity on the grants and projects financed by donors, with very little dependence on membership quotas. Without the financial support of donors it is impossible for the LGAs to continue their activities at a level commensurate to issues at stake;

For all these reasons, the option to co-operate, according to an informal structure, seems easier to attain and may provide the ground for a gradual transition and without creating failures to in the obtainment of a unified association, developed according to the ideal option and the long-term objective. This scenario would be the most realistic to implement and is an intermediary solution until one single association is established. Moreover, it ensures that no precious time is wasted in reorganising and restructuring, but rather permits immediate co-operation for opposition and lobbying activities alongside the announced 2015-2018 agenda of the government.

2. Background information

Albania became a member of the Council of Europe on 13 July 1995 and ratified the European Charter of Local Self-Government on 4 April 2000, with entry into force on 1 August 2000, without any reservations. Traditionally a highly centralised state, Albania made its transition to democracy in 1991, without having ever having experienced any significant form of local democratic government. In 1992, following the democratic change of its governing system, Albania created for the first time the legal and administrative conditions for the decentralisation and establishment of autonomous and self-governed local governance units, as a sign of local democracy. The first steps towards decentralisation were more politically focused, rather than administrative and financial. Communities were given the right to elect representatives and executive bodies in first-level local governance units, municipalities and communes with the promulgation of Law 7572⁴ "On the Organisation and Functioning of Local Government" and Law 7573⁵ "The Elections of the Local Government". This therefore enabled communities to elect the members of municipal and communal councils, as well as the mayors.

The processes of dialogue and consultation between the central and the local authorities are formally ensured by the law, notably through article 109 of the Constitution⁶ which gives local government units the right to form associations with each other, as well as to establish links with similar local authorities in other countries. They can also be represented in international organisations of local authorities. This right was affirmed in the relevant law on Local governments (no. 8652) in 2000.

The representation of local government units in Albania

In this context, and by reference both to the article 109 of the Albanian Constitution and to the

⁴ Law No. 7572 of 10-Jun-1992, On the Organization and Functioning of Local Government

⁵ Law No. 7573 of 10-Jun-1992, On the Elections of the Local Power Organs

⁶ <http://www.osce.org/albania/41888?download=true>

article 10 of the European Charter for Local Self-Government⁷, the Association of Mayors of Municipalities (AAM) was established in 1993 on the initiative of 10 municipal mayors. The AAM has been consolidated over the years and made significant changes in 2000, namely changing its name to the Association of Municipalities, whereby its members are no longer mayors as physical persons but municipalities as legal persons. This association opened the way for the establishment of others which would represent the other local governance units. The Albanian Association of Communes (AAC) was created in 1997 with the aim to represent the interests of 308 communes. Due to the latest administrative reform which abolished the communes as local government units, the AAC shall cease to exist as such. The Albanian Association of Regions (AAR) stands for the interest of the 12 regions of Albania (qarks) and was established in 2000, following the constitutional establishment of regions as a second-level of local governance. In 2010, the majority of the municipalities' mayors (of the left political spectrum) left the AAM to establish the Association of Local Autonomy of Albania (ALAA). Moreover, the Association of Municipal and Communal Councillors was established in 2013 to represent the interests of local councillors.

According to their statute, these five associations share a similar structure. The General Assembly is the highest decision-making body; this is followed by the Steering Committee, which is the second decision-making body acting permanently between the meetings of the General Assembly. They are headed by the Presidency, an executive body comprised of the President of the Association and two Vice Presidents (except for the Association of Municipal and Communal Councillors which is headed by a single President). Only elected representatives of the relevant territorial unit may be elected in these bodies. In their everyday activity, the associations are managed by the Executive Director, who is appointed by the Steering Committee. The work of the associations is structured into thematic forums (lawyers and financiers' forums, etc.) and supported by the executive staff.

The history of representation of local government units in Albania

In a historical analysis, it is possible to distinguish three periods of the representation of Local Government Units in Albania.

Between 1993 and 1998, the main representation and advocacy for the communes was performed by the Albanian Association of Municipalities (AAM) and was conditioned by socio-political changes in the country, which mostly focused on macroeconomic, constitutional and institutional policies. The main achievement of this period was political decentralisation, that is, the direct election of local government authorities by the people, whereas the administrative and financial decentralisations remained challenges to be addressed later on. At the time, the local government had limited functions and the income from local taxes constituted only 5% of their total budget, while 95% of the budget was a conditional grant from the central government. Local autonomy was very narrow and the AAM was only granted a limited role.

The period 1999-2005, was a productive period for the representation and lobbying of local government interests. Numerous positive changes towards local governments must be noted: the first administrative and financial decentralisation reform; the introduction of a separate chapter

⁷<http://conventions.coe.int/Treaty/EN/Treaties/Html/122.htm>

on local government in the Constitution⁸; the adoption of the first Decentralisation Strategy in 1999; and the establishment of the Inter-ministerial Committee on Decentralisation and the Decentralisation Group of Experts. The local government associations were members of both structures and represented, on an institutional level, the local authorities of the country. The European Charter of Local Self-Government was signed and ratified, and the new law 8652/2000 on the organisation and functioning of local government was adopted in 2000. In 2003, the law on local taxes and fees and the first package of financial decentralisation were adopted.

The representation during these years was performed by three associations that defended the interests of their members according to their specific features. The membership in these associations was not set up according to political affiliation, therefore the members of associations advocated for the interests of local government and not according to political party lines. The participation of associations in councils/committees or steering boards of other public institutions or agencies such as the Albanian Development Fund, the Mountain Areas Development Agency, the Steering Council of State Advocacy, the Business Advisory Council, etc. was established as practice, just as the representation of the associations in the annual budget debate before the parliamentary local government sub-committee and the parliamentary economy and finances committee. Moreover, a set of "battles" were won in the process of lobbying for the interests of local governance, respectively in the case of the law on the prefect, decentralisation in the sectors of education and water supply-sewerage, and the creation of the Training Agency for Local Government.

The 2005-2013 period saw a serious crisis between central and local government due to the so called "Zoguzi" issue⁹, which resulted in a favourable decision of the Constitutional Court for the local government (the issue was brought before the court by the Association of Municipalities). The practice of frequent high-level meetings between the Prime Minister, the Ministers and representatives of local government up to 2005 ended this year. The Inter-Ministerial Committee for Decentralisation which was led by the Prime Minister until 2005, no longer convened. The Prime Minister of that time conducted only two meetings with representatives of local government while the decentralisation group of experts had only two meetings in 2006. After 2006, these two formal and institutional dialogue mechanisms did not function anymore.

Other acts that challenged local governance were the changes in the field of local taxation and small business tax. These acts occurred in the context of a tense relationship and resulted in a number of conflicts before the Constitutional Court between central and local government.

During the 2007-2010 period, left wing mayors grew critical toward the leadership of associations who, according to them, did not undertake concrete steps to protect the legitimate interests of local government units. The division of associations along political lines occurred and diminished the impact of advocacy and lobbying for the local government interests, which resulted in a clear decrease in the importance and role of the local government associations.

⁸Article 13 and Chapter about Self-Government (Art.108-113)

⁹This issue implied the municipality of Tirana and the Albanian government, accused of infringement of local autonomy regarding the construction of a flyover at *Zoguzi* on the outskirts of Tirana.

The current opportunities and challenges faced by local and regional authorities and their associations

The current period is marked by a change of Government in September 2013 and the initiation of a range of important reforms, notably in the areas of territorial organisation and decentralisation. Only three associations (notably the Association of Communes, the Association for Local Autonomy and the Association of Municipal and Communal Councillors) participated in the public debate during the drafting of the territorial administrative reform, which was approved on 31 July 2014¹⁰ and which changed the territorial structure from 12 regions, 65 municipalities and 308 communes, to a new system of 12 regions and 61 municipalities.

This new administrative division came into effect with the elections on 21 June 2015 of mayors and councillors in the 61 municipalities. The new administrative setting significantly affects the institutional representation of local and regional authorities and their associations.

The results of June local elections are as follows:

- 61 municipalities: 45 mayors, representatives of Socialist Party (SP)-led coalition;
 15 mayors, representatives of Democratic Party (DP)-led coalition;
 1 mayor president, representative from the Greek Ethnic Minority for the
 Future party (MEGA);
- 58 municipal councils with a majority of representatives from the Socialist
 Party (SP)-led coalition;
 3 municipal councils with a majority of representatives from the
 Democratic Party (DP)-led coalition.
- 12 Regions: 11 regional councils with a majority of left representatives;
 11 presidents of regions shall be elected from the left representatives.

According to the configuration of these results, the representation and membership of the associations is drastically modified, whereby the ALAA shall include and represent 45 municipalities (70% of municipalities), while the AAM will represent 15 municipalities (30% of the municipalities). Eleven out of the twelve members of the Association of Regions shall belong to the left-wing of the political spectrum.

Moreover, the Government is determined to set up, in the new context of political and institutional developments, territorial reform and decentralisation, new forms of institutional dialogue between central and local government. On 2 April 2015, the Parliament has approved the establishment of a formal structure (the Central Government-Local Government Consultative Council) to institutionalise the process of consultation and enable local authorities and their representatives to be fully involved in the decision-making for all policies that concern them directly¹¹. The changes that the Parliament of Albania introduced to the organic law 8652,

¹⁰The Albanian Parliament approved on July 31, 2014 Law 115/2014, "On the administrative and territorial division of local government units in the Republic of Albania".

¹¹Law no. 30/2015 "On Amendments to Law no. 8652 dated 31.07.2000 "On the Organisation and Functioning of Local Government"

on 2 April 2015, have for the first time stipulated the legal right for local government units to be consulted. This measure has been implemented in compliance with Recommendation 349(2013) of the Congress¹² and as provided by the European Charter of Local Self-Government.

The Consultative Council should be operational by early 2016, following the drafting and approval of the sub-legal acts that detail its functioning. The Consultation Council shall be the main instrument of dialogue and institution monitoring the implementation of the Decentralisation Strategy¹³ 2015-2020. The local and regional government associations must be organised in their approach towards the process of establishing and ensuring that this Council is functional.

The framework for the Government of Albania's further action in this field is presented in the New Decentralisation Strategy, in which the Government has announced an ambitious agenda of legislative and institutional changes affecting local governance during the 2015-2020 period. The purpose of this legislative package is to deepen decentralisation in these sectors, to strengthen local autonomy and to empower the local government units, as governing and managing agencies, to play an important role in public works. The complete approach is summarised in the 'decentralisation reform' (fifteen years after the first decentralisation stage), which will follow the territorial and administrative reform of 2015.

The challenge of representation and advocacy/lobbying naturally remains mainly in the hands of the current associations. The two associations (ALAA and AAM) shall bear the main weight in representing and lobbying for the interests of local governance and guaranteeing a process of advocacy/lobbying vis-à-vis the central government. The decentralisation reform announced with the adoption of the New Decentralisation Strategy 2015-2020 makes the role of these associations imperative. This fragmented representation constitutes a challenge in view of the reforms ahead.

In this context, the project "Strengthening Local Government Structures and Co-operation of Local Elected Representatives in Albania – Phase II", and in particular its Line of Action II: "Building a sustainable, pluralistic and unified platform of dialogue for local government in Albania", aims at supporting the establishment of a formal mechanism for institutionalised dialogue between central and local government, as well as a platform for dialogue and discussion among Local Government Units.

In connection to this, and with the assistance of the Council of Europe, several technical meetings – on local government functions (in the sectors of water and sewage; territory planning; education; waste management) and finances have been organised between the ALAA and the AAM, which have resulted in several recommendations which have been presented to the central government, State Minister for Local Government Issues, and the Parliament. This conveys the positive practice of representation and lobbying for interests beyond party lines; such co-operation at technical level may constitute the ground to establish a more strategic and a more structured approach in representation and lobbying. The main conclusion of these meetings is clearly that co-operation between the associations should be encouraged by external factors (such

¹²<https://wcd.coe.int/ViewDoc.jsp?id=2122449&Site=COE>

¹³ Adopted on 29 July 2015 by the Council of Ministers.

as donors and international organisations), which constitute as the necessary catalyst for the establishment of associations' co-ordinated actions to lobby and advocate for their interests.

This background constitutes the ground to propose possible options for reorganising and restructuring the main existing local government associations..

3. Objective of this study

This expert study has been conducted in order to identify the needs of Local Government Units and their local government associations, in particular with a view to strengthening LGUs in the challenging new setup following the Territorial Administrative Reform and in their communication at national level.

The specific objectives of this expert study are:

- a) To assess the decentralisation issues at stake and the institutional needs of local and regional authorities in the new context following the elections;
- b) To give precise information on the forms of representation and advocacy through LGAs that are in place in other Council of Europe member states;
- c) To give LGAs the tools to strengthen their structures in the context of the challenging new setup following the territorial administrative reform;
- d) To facilitate/position the discussion to be held at the National Conference for Local Governance on 30th October.

4. Representation and Advocacy of Local and Regional Government Associations - Overview of European Models

The legal basis for such associations is the Article 10 of the European Charter of Local Self-Government:

“Local authorities' right to associate

- 1 Local authorities shall be entitled, in exercising their powers, to co-operate and, within the framework of the law, to form consortia with other local authorities in order to carry out tasks of common interest.*
- 2 The entitlement of local authorities to belong to an association for the protection and promotion of their common interests and to belong to an international association of local authorities shall be recognised in each State.*
- 3 Local authorities shall be entitled, under such conditions as may be provided for by the law, to co-operate with their counterparts in other States.”*

While the first point, concerning domestic policy, is compulsory for every country which joined the Charter, the other two points have several exemptions depending on relations with

neighbouring countries. It is important that local governments have that the right to associate as legal entities. Indeed, in the case that there is dominating competition between central and local governments, the domestic legislation could solely allow associations of physical persons. Such practice is in contradiction with the right to join as legal entities, which is binding for countries that joined to the Charter. The experience of intergovernmental relations strongly depends on the kind of system -federal or unitary. In traditional federal countries, there are long traditions of political, social and economic dialogue, though even in these cases, it is evident that there have been substantial changes during the last few decades. As regards unitary states, the period following World War II is characterised by the impact of globalisation and the introduction of the new concept of self-governance through international law. Intergovernmental relations are not equated to federalism. Federalism is one form within a wider category of state organisation which includes unitary, semi-federal, decentralised and dual systems.

Apart from representing their members in local-central government relations, associations of local and regional governments have several other purposes. Such associations can facilitate co-operation, as well as support and improve the political, financial and administrative capacity of their members etc. Sometimes, those associations are in close relations with particular political parties and can be active in political competition. But, in each case, working out common policy and protecting common interests are among the main issues of the associations.

a. Best practice cases from the Council of Europe member states:

i. Single association versus multi associations

The structure of the association is a mirror of both the self-governments' interests and the political spectra of local and regional politicians. The general consideration is that one single association can always better protect the common interest, which is possible only when there is a common political will and an adequate mechanism of common position building. Success very much depends on political culture and the readiness of the association members to bargain among themselves.

- There are several reasons for gathering into groups of interest:

1) Multi-level governance divides competences among national, regional and perhaps several other levels of local government. Independently, each level has its own particular responsibilities and different financial resources. Therefore, the competition for getting higher resources to perform one's own tasks is natural.

In federal (Germany, Austria, Switzerland) and quasi-federal (Russia, Belgium, Spain) systems, there are no regional (or cantons, Länder, autonomous communities) associations, as under such regulations, local government units do not need to promote their interests through associations. If the term "region" is applied to smaller (intermediate) authorities, then associations for these territorial authorities used to be organised separately from local government associations (for example in Denmark, Germany, Poland and Sweden). However, other countries such as Norway and Latvia established single associations to represent both levels of self-government

In this context, the case of Sweden is very important. After a long time of separate co-existence and co-operation, both associations (representing counties and municipalities) merged into one association to better protect common interests.

2) Local and regional governments are a battle-space for national political parties in the competition for influence. This could sometimes lead to a prevailing of national political agendas over local agendas for local politicians, as well as a neglect of local interests.

For several Central and Eastern Europe countries, the division of local government associations according to political lines used to be an obstacle against the development of local democracy. Speaking with a common voice is not possible if different associations do not communicate among themselves. This could also be seen in the Congress of Local and Regional Authorities of the Council of Europe meetings, when representatives of different associations clashed over the question of who is the representative of local democracy and who is not. Such a situation is an argument to postpone central government decisions concerning real fiscal and administrative decentralisation.

Such a situation was characteristic of Moldova a decade ago, until the creation of CALM - opposition parties organised into small associations which cannot seriously impact national scale decisions. The merging of politicians, belonging to national-scale position and opposition, into one single organisation the only solution leading to the increasing of impact on fiscal and administrative decentralisation reforms. Moldova is only one example –but a similar history is characteristic of many countries.

In many Eastern and Central Europe countries, even democratically elected central governments are not sure about their influence on local affairs and try to preserve the heritage of the Soviet Union - “Executive Committees’ system”- as they fear losing control. In such systems, even though they are elected and meet on a regular basis, they have no real influence. Executive power is accountable to central government and the link to directly elected local councils is indeed only formal. Weak councils lead to a high level of dependence from the ruling coalition and to the politicisation of associations.

The problem of politicisation is also characteristic of old democracies. If the voice of local government associations is the voice of the political party that wins the local elections, it may also lead to a disproportional neglecting of local interests compared to the interest in the national policy of position parties. Special measures have to be performed to make local authority associations effective and to ensure that their collective voice is heard.

An example of well-balanced political representativeness in the organisation of procedures for the achievement of common opinions can be found in the Local Government Association (LGA) in the UK. There are four political groups in the Local Government Association – Conservative, Labour, Liberal Democrat and Independent – each supported by a group office. The head of each group office is a member of the LGA Corporate Leadership team.

3) Local and regional governments differ by size, fiscal and administrative capacity, which leads to different positions concerning the distribution of public resources. Weaker governments are more interested in equal distribution of centrally gathered finances; while stronger prefer a more liberal approach.

There are different ways to acquire more resources. One of them is by splitting an association into smaller organisations by level of local government. Such a situation is always suitable for centralists, who use the splitting to decrease local resources or for consolidation reforms.

An example of such a situation can be found in the history of Latvia, where a single association is preserved, but several interest groups additionally organise their own associations. During the last 12 years, 7 cities (now they are 9 and represent more than half of the population) have organised an "Association of Large Cities", which has led to the weakening of common positions and a loss in the share of main local governments' fiscal resources - individual income tax has fallen from 83% to 80%. Following this "achievement", centralists facilitated the next splitting - the division of municipalities into 21 "perspective development centres" and 89 "others". Such a central government initiative led to the creation of corresponding associations, as well as to the weakening of the municipalities' common position.

4) There are differences in the level of social and economic development of regions. Each has its own preferences, needs investments in different industries, infrastructures etc.

Self-governance means depending on one's own resources. Any equalisation system only partly improves disparities and the opportunity to negotiate better conditions for one's own region is tempting. The art of local policy is to preserve both resources for improvement - single association for presenting common interests and gathering into regional groups for effective lobbying regional interests.

An example of such organisation can be found in the case of Spain. The Federal Association of Spanish Municipalities represents common local interests. Each municipality also belongs to a regional association. In several autonomous regions there is more than one regional association (Catalan and Aragon). Therefore, as member of one and the other organisation, a municipality can fight for common national and territorial interests. Similar solutions can be found in several other countries.

An example of a different approach can be found in Poland, where there are various associations and in which municipalities are split by regional principle or by type of municipality. Such a solution can also be effective, under condition that a strong culture of decentralisation exists.

Preferences of single organisation may be clearly seen under the pressure of reform. In Denmark, central government traditionally have four partners in annual negotiations - the association of municipalities, the association of regions (counties - before the reform of 2007), the capital city Copenhagen and the city of Frederiksberg. Previous to the reform, such an expression of particular interests was effective; however, it was very favourable for central governments to provide centralisation. For supporters of centralisation, the splitting of local and regional government associations is favourable. The experience in Denmark showed that after the

association of local government took a pivotal position in central government, second-level local governments lost a substantial part of the fiscal autonomy.

5) Ethnical, cultural or religious disparities

However, whilst the main tendency in present politics is globalisation, divisions founded on ethnical, cultural or religious criteria are still on the political agenda.

Examples of such types of situation can be found in the Basque country, Northern Ireland and Belgium. These situations lead to the forming of associations on the basis of national/cultural/religious principles.

Furthermore, what is also important is the influence of the religious dimension, as the splitting of municipalities on this basis can also occur. However, it must be noted that cultural and religious disparities are too complex to be discussed in this short review.

- There are also several important **reasons for uniting**, acting together:

- 1) Gain efficiency in the protection of common rights, which is to be achieved only through a strong consolidated opinion.

If there are several opinions from local governments, then the central government may organise “support” by fulfilling the interests of one group and completely neglecting the interests of another.

An example of such a situation can be found in the above-mentioned Danish administrative reform of 2007, when the interests of counties were neglected. Another example of such a situation also occurred in the above mentioned decreasing of local government share in the income tax in Latvia for the 2010 budget. By introducing “political subsidies” only for a part of local governments, central government achieved a worsening of local finances in average.

- 2) Weigh in on reforms and balance pressure from other stakeholders in public administration reforms.

The stakeholders of reforms are usually numerous and diverse: multinational corporations acting in particular sectors (for example, international banking and the insurance sector); parliamentary parties seeking ways to prolong being in power; employers’ organisations, trade unions, church, central bureaucracy with an interest to increase and to be better financed; and other important actors.

During the process of policy bargaining, the voice of those actors can prevail, but this happens only if the voice of local government is split. The main resource of local government is impact on the next elections, as positive attention from local governments can also result in positive attention from voters during the next elections. The central government may act very carefully if the common opinion of local governments is negative.

- 3) Advocate for an increased share of local government revenues in the total public budget (general governance budget in terms used in the EU).

The main topic of any reform is fiscal centralisation or decentralisation. Central bureaucracy always needs more money. If there is a minimal chance to gain resources by reducing local governments' share in public revenues, then pressure from sectorial ministries can be very strong.

In the majority of European countries, central governments are ready to support legal norms on political or administrative decentralisation, but this is not the case when it comes to the redistribution of public money between local and central governments. This is the common experience of all local government associations - positive financial changes (for self-governments collectively) can only be achieved in moments of unity. In the situation of splitting, the share of municipalities in the total public budget always decreases.

- 4) Provide a platform for effective co-operation with other stakeholders - partners of central government in other formats of negotiations and consultations.

Contemporary governments are more and more inclined towards participatory democracy. Central - local government consultations and negotiations is only one of several formats. The voice of local governments is stronger, if it is co-ordinated with voices of social partners and NGOs.

An example can be found in the experience of the Latvian association. Over the past ten years, the Latvian Association of Local and Regional Government (LALRG) has experienced preliminary consultations with organisations such as the Latvian Employers' Confederation, Latvian Trade and Industry Camera, Latvian Association of Free Trade Unions, Latvian Academy of Science and Latvian Alliance of NGOs. Following the achievement of a common opinion on the basis of mutual interest, it is much easier to lobby with the President of State, Parliament and Cabinet of Ministers. LALRG acts together with the above mentioned organisations in different formats and usually achieves good results. It is important to stress, that a single association speaking on behalf of local and regional governments is attracting for the main social partners and umbrella organisations of NGOs.

Conclusion:

It is not possible to directly compare the arguments for uniting into one association or splitting. Both sets of arguments are equally important. Single association models give better chances for the supporters of decentralisation, while into the multiassociations' model presents more opportunities for centralists.

Believers in the first approach (liberals) understand local government as a defence of citizen rights (fundamental rights of community) from state centralism. Believers in the second approach - "communitarians" (egalitarians) consider local government as the main obstacle to the fair distribution (introduction of welfare state). If there is a common opinion of leading political forces concerning local democracy as a basis for further prosperity of their country, then

supporting the idea of a common association is preferable. At the same time, it is important to note that the neglect of particular local government interests is also a great, and at times common, mistake. Therefore, internal institutional arrangements have to also ensure the protection of particular interests.

ii. Internal institutional arrangements

There are several principal questions that have to be solved in the statutory documents of local and regional governments' associations.

1) Who are members?

There are two main possibilities- physical person or legal entity organisations. Taking into account the provisions of the European Charter of Local Self-Government, domestic legislation has to describe the procedures and the measures to ensure participation of local governments as legal entities.

In the case that membership is granted to public entities, the stability of local governments' participation is ensured. Legal persons stay as members and ensure that the common position of local governments remains stable, while physical persons may change after each local election. This stability is a necessary condition to implement middle-term and long-term strategies. In practice, organisations of public officials - mayors and executive directors- are wide spread. The direct election of mayors could be a reason, in terms of legitimacy, for creating an association composed of physical persons.

An interesting example is that of Norway. The Norwegian Association of Local and Regional Authorities (KS) is the only employers' association and interest organisation for municipalities, counties and local public enterprises in Norway. All of the 429 Norwegian municipalities and 19 counties are members, as well as approximately 500 public enterprises. KS has 260 employees in its head office in Oslo and in its eight district offices. This composition strengthens the association's financial basis and could be explained by its orientation to providing public services to citizens.

2) What is the mission of these organisations?

The main issues on the agenda of intergovernmental relations are a mixture of local government revenues and the scope of local government competences. Parliament and central government work permanently on new regulations, influencing not only private sector but also local governments. Therefore, an element of the associations' mission is always that of working out common policies and protecting common interests.

All organisations, in one or another way, include the facilitating of members' administrative and fiscal capacity in the mission statement. Many (but not all) associations include employer functions for the self-government part of the public sector. In the countries with strong trade-unions, it is reasonable for local and regional government associations to be part of the annual

collective agreement and to participate in the social dialogue expressing the common opinion of local and regional governments.

Forexample:

The Swedish Association of Local Authorities and Regions¹⁴ formulates its mission in such a way:

“SALAR is member organisation for municipalities, county councils and regions. As their employer organisation and their representative we advocate their interests and offer them support and service. We raise issues, act decisively and enlighten public opinion.

Our mission is to provide municipalities, county councils and regions with better conditions for local and regional self-government. The vision is to develop welfare system and its services.

It's a matter of democracy”.

3) Voluntary or compulsory participation

If participation is compulsory (it could be determined by national law, that each local government is a member of an association), then members are not allowed to leave, even if they are not satisfied with the organisation's policy. This makes the organisation more stable, but it can also lead to an absence in feedback, which would be dangerous for sustainable trust of the association's activities.

An example of compulsory membership is the case of Lithuania. After the administrative territorial reform of 2005 and several splitting, Lithuania has only 60 municipalities and for such a small number, compulsory participation is a factor of consolidation. Each municipality is a member of an association according to the law. Such provisions ensure participation of all to the common position-building process.

In any case, trust of local governments in their association depends on permanent communication with members and namely on the ability to express members' opinions.

An example of voluntary participation is the case of Latvia. The association started with covering 30% of local governments and after only 3 years achieved 80%, periodically it is possible to achieve 100%. In addition, retirement of several members from the association may provide a signal for rethinking policy and of a need for wider compromise; these changes may affect participation.

4) Organisation of political structure

Decision-making in European local and regional government associations is comparable to that in political parties. Typically, an annual Congress session is the highest organ and leading organisational elements (chairman, board, Council, others elected representatives) are elected or confirmed by the Congress. The same applies to main decisions concerning common self-government policy, including statutes of association.

¹⁴www.ski.se

The principles of organisational leadership are very important. The political spectra of local or regional governments used to be much wider than that in the national parliament. If several political forces win local elections, they can organise an association according to the interests of the winners. Such organisation can lose the trust of the opposition, leading to a decrease in opposition interest towards working out common local and regional governments' policy. There is a clear need to introduce special procedural and institutional measures in order to reduce the risk of a dictate by election winners. If the spectrum of election winners is very wide, then political neutrality of the association is preferable.

The United Kingdom's Local Government Association introduced the grouping of members to four main groups – Conservatives, Labour, the Liberal Democrats and others. Each member belongs to a particular group and leaders from all four groups participate in a common co-ordinating body which works out common policy. This ensures complete representation of the spectrum of opinions in the discussions carried out.

The statute of Latvian associations introduced veto rights: if half of local or regional governments of a particular type do not agree with the majority opinion, then the LALRG will avoid the formulation of that opinion as a common policy. Before the territorial reform (2009), there were five types of self-governments in Latvia, following the reform there are now formally two. In practice, the decision-making culture is based on prolonged discussions until a common opinion is achieved. Although all participants may not be completely satisfied, such decisions will form the basis for the organisation's sustainability.

In each case, the political organisation of the association reflects the political spectra following elections. If one party wins, that party plays the dominant role in an association.

The conditions setting who can be the chairman of an association are important. In a majority of associations, the chairman is a mayor of one of the self-governments. This leads to two sequences:

- 1) The chairman has limited time for the management of the association, because he/she is busy in their own self-government. In this scenario, the role of the full-time employed Executive director or Secretary General increases.

- 2) Suspicion about a conflict of interests can arise. The leader of a particular self-government can work more on behalf of their own municipality rather than for the common interest.

The case of Latvia is very interesting in this regard, whereby according to the statutes of association, mayors are excluded from pretenders to chairman of organisation, but pretenders must have previous or present experience as elected local politicians. Therefore, the risk for a conflict of interest is substantially decreased.

5) Organisation of the administrative structure

The administrative structure depends on two main factors: the resources for its running and that its functions are ensured.

The functions of administration are similar for all countries. If we take the well-financed Swedish association SALAR as an example, we can see that the administrative leadership is performed by a Director General and Executive group, consisting of 1) Director General and Heads of Divisions; 2) Health and Social Care; 3) Education and Labour Market; 4) Growth and Community Development; 5) Digitalisation; 6) Economy and Governance (financing and management issues are concentrated into one division); 7) Employer Policy; 8) Legal Affairs; 9) Communication; 10) Administrative (staff of more than 400 employees; that department also ensures support functions internally and deals with international relations).

Staffs are necessary for ensuring the representation of local interests' within main political issues, but it is also important that expertise is shown in legal and financial affairs, as well as public service organisations or public sector economics.

To ensure effective dialogue on sectorial issues, associations establish standing permanent sectorial committees. In the case of Latvia, there are five Education and Culture (corresponding to two ministries), Social (corresponding to two ministries), Finance and Budget (corresponding to two ministries), Regional Development and Self Government (corresponding to two ministries), Technical (corresponding to three ministries). Other sectors, such as Justice, Foreign Affairs and Defence, are monitored by association on case by case basis through temporary working groups.

For the organisation of regular work in those directions, the LALRG has advisers who have two main responsibilities – the lobbying of common interests (which includes participation in central government working groups, lobbying in parliamentary commissions and participation in discussions within the meetings of the Cabinet of Ministers, provision of information concerning local government opinions in mass media) and the drafting common policy documents (which includes ensuring the committee's agenda, carrying out consultations with members, preparing opinions and recommendations).

The administrative structure in the LALRG has to ensure that negotiations with political parties, President of State, Parliament, central government ministries and principal public agencies are carried out. In the case of Latvia, negotiations with every central government ministry (annual protocol with each ministry is signed) and final negotiations with the Cabinet of Ministers (annual protocol has to be signed and submitted to parliament, together with annual state budget) are formally designed by several national laws, and that procedures are established by secondary legislation - regulations of the Cabinet of Ministers. Other negotiations are informal, they occur within mutual agreements on the basis of mutual interest. Lobbying in Parliament, Government and to the President of State are elements of participatory democracy and are organised separately from negotiations.

One of the ways in which to increase local government's capacity is by training politicians and staff. For facilitating local autonomy it is better if the content of training programmes comes from local government associations rather than from central government. If trainings are organised by central authorities, then there may be a danger of pressure and ideological influence.

The main resource of local government associations is publicity. Therefore, the more that society recognises the association and the more that interest is provided towards local government, the more interest will also be shown from the side of mass media. Not only the chairman of the association, but also members of political organs (mayors, elected local politicians) and each political adviser of the association has to work hard to be recognised and to provoke the interest of the mass media.

6) Funding

The form of funding of local government associations which allows the most efficiency and autonomy, both from central government and from particular interest, is membership fees. There are different formulas to calculate these.

In the case of Latvia: at its creation, the Congress' first fee was established at 0.03% of the members' own incomes (local government share from individual income tax + real estate tax). Afterwards, that formula was modified – the proportion was increased step by step (always by the decision of the LALRG Congress) to 0.13%, with minimal and maximal input established. If membership is voluntary, then it is important that the association does not depend on one largest payer (in Latvia's case, the capital city Riga) or from payments of one group. The share of the capital city was decreased by maximal input to avoid too much dependence from one payer.

In the case of Lithuania, compulsory participation in an association and share of local government budget is established by the law. In this case, the association is more dependent upon good relations with the central government, but is internally more stable.

An additional form of funding is conditional grants from the central government budget. A majority of EU countries partially finance such activities, such as participation in the EU Committee of Regions, office expenditures in Brussels etc. Co-operation with national institutions is topical for local government associations represented in the EU consultative organs.

A widely used form of funding is participation in different projects (facilitating development of democracy or protecting environment and human rights), which indirectly increases the local government or civil society capacity. Resources from such funding go towards the achievement of particular project goals, but these activities can have an indirect positive influence on the associations' staff skills and, in many cases, can help to achieve the association's own objectives. For success of this kind, many associations establish corresponding units of administrative structure or owned consultancy, and (or) research enterprises belonging to the association.

In the period following the breakdown of USSR, associations in the Central and Eastern Europe countries were funded by external (international, EU) donors. However, such funding can only be temporary; associations must be prepared for a sustainable existence after external funding is finished. During the transition period, whereby both a market economy and democracy were established in many countries (including, Moldova, Georgia, Ukraine etc.), external funding would be unstable and would take the form of projects with a limited term. While one donor would come, another would retire. In such a situation, success depends on own initiative.

Participation of an association in different kind of indirectly-related activities is a condition for its preservation and development.

7) Property and entrepreneurship issues

One of the main conditions for the association to be effective is its independence from central government subsidies and other forms of direct influence. Parity in negotiations can be preserved, if an association has its own property and is as fiscally independent as possible. The relations between central and local governments can change in time, which can lead to either co-operation or confrontation periods. Sometimes, positions of central and local governments are very close, in other periods not.

For example: the Latvian association prepared a draft law concerning the transfer of property rights for certain buildings, which had been rented before from the state agency, into the hands of the LALRG. According to the law, in the case of the abolishment of an association, its property must be returned to the state. This action was performed at an optimal moment, just before parliamentary elections, when ruling political parties seek the local and regional governments' support. As a result, when the next serious conflict arose between central government and the association, ten years later, the central government did not have the capacity to put pressure on the association in regard to building rent.

Other spheres where rights of ownership are also substantial are those of training, research and consultancy. In these spheres, state and private agencies (or enterprises) used to be established to compete with institutions belonging to local government associations.

8) Internal communication issues

Politicians from local and regional authority associations are often occupied with other issues and thus, are generally ready to supervise the policies of local government associations', but not to participate in the everyday lobbying of central government and parliament. If lobbying is then performed not by politicians, but by the associations' chairmen, executive directors (Secretary Generals) and political advisors, the question may arise on how much of the associations' policy actually reflects its members' opinions.

Sustainability of an organisation depends on its members' trust, which is tested every year, again and again in each of the associations' General Assembly. Therefore, communication with the members and their regular participation is an issue of ultimate importance. The present development of information technology simplifies the associations' administration task substantially. For many associations, the central tool for information and communication is now a webpage, which can continually inform and update members about forthcoming and past events.

For example: the Latvian association prepares information leaflets on a weekly basis. These include an appendix, texts on the negotiations carried out and co-operation documents with ministries, public agencies and social partners, as well as draft opinions made by the association. Members are regularly invited to provide their input for each item on the political agenda. The

most important issues are organised into thematic meetings and temporary working groups. Once a month, the most significant decisions are discussed in political standing committees.

Central government ministers and highest officials from ministries are regularly invited to be present in these political standing committees, which allow local authorities to directly discuss both with central policy makers and between themselves. Political process is controlled by monthly board meetings. The most important issues (which can also occur at the request of parliamentary commissions) are normally accepted during LALRG Council meetings (which are normally held four times a year).

However, what can be done if there is not enough time for internal discussions with members? Once every four years (during the local elections period), the Latvian association modernises and accepts a political document, "Guidelines on Latvian Self-government development", which establishes detailed goals for each sector of the local governments' autonomous competence or shared competence with central government. Therefore, political advisers, who lobby local government interests, can also act operatively based on the programming document and on actual resolutions of Congress and the Council.

It is important that each stakeholder (mayor, official from local administration or elected deputy from local government) regularly receives information and is provided with the opportunity to be present during the decision-making process.

Conclusion:

The form of statutes depends on the legal status for local government associations in each country. In European countries, such an association may be a public or private entity, but in each case, the local and regional governments' association will have substantial influence on public policy.

External funding is useful for the period before and after the creation of such an organisation. Yet, the main organisational issues must be ensured through membership fees for further sustainable existence.

Within an association, the internal mechanisms must ensure that all voices are heard regarding the building of common opinions. If, following elections, political winners try to directly implement their own interests via the association, then splitting and loss of members is practically inevitable.

Staff and skills depend on funding and on scope of instruments, which an association is ready to apply.

b. Co-operation:

Gathering according to interests is necessary in any case. Uniting in the sense and character of self-governance, may not be excluded. Even if one association could be established by law, the mechanical calculation of a voting majority cannot give good results. Therefore, the main

instruments used to build common opinion are negotiation and the pursuit of a common interest. If a common interest between association members cannot be found on any issue, then responsibility is transferred to a democratically elected parliament and central government.

There are five main forms of co-operation:

- 1) internal co-operation among structural groups of a single association;
- 2) co-operation among several local and regional government associations;
- 3) co-operation with partners from an organised civil society;
- 4) co-operation with the sectorial ministry of central government;
- 5) co-operation with a political party or with a group of political parties.

In 2002, the Latvian Ministry of Transport and Communication asked the LALRG to reach an agreement among municipalities on how to divide central budget subsidies among certain roads in the countryside and streets. Cities and towns are more interested in financing streets, whereas rural municipalities are more interested in funding for rural roads. The Latvian association created a working group made up of representatives from each kind of self-government (which at that time, was comprised –of five groups) who appointed their representatives. Negotiations took place during eight consecutive meetings and, following long debates, a compromise was achieved.

Furthermore, the LALRG also participates in the co-operation of central government and self-governments with civil society in different formats. In 2007, the association, together with the Confederation of Employers and the Association of Free Trade Unions, prepared amendments to the Constitution and achieved all excluding one article. In 2012, LALRG held one place (from 32) in the National Development Plan (NDP) Management Committee, which politically supervised the drafting of plan, which formed a basis for EU funds programming and for other national development issues. LALRG organised a preliminary meeting of 13 members and negotiated a common position about mission of NDP, which was afterwards accepted by the Cabinet of Ministers and Parliament.

In Denmark, regions and municipalities separately negotiate annual budget issues. This allows the central government to have more room for manoeuvre and also allows the interests of different kinds of governments to be better expressed. These associations found an issue of common interest and together created a self-government training centre.

Co-operation with sectorial ministries is a wide-spread tool for local government associations. For example, the Netherlands association VNG co-operates to support local governments in nine African countries. The programme is executed in close consultation with the Netherlands' Ministry of Foreign Affairs and Dutch embassies, and runs in line with the objectives that underpin the Dutch development co-operation: food security, water management, citizen safety, legal order, sexual and reproductive health and rights.

The initiative to co-operate, in order to achieve reforms in the sphere of shared competence, rarely comes from ministries. Before national elections, political parties used to be interested in signing formal agreements on local policy issues, which can raise a problem of neutrality for local government associations, as local governments' political spectrum usually is much wider

than in the national parliament. In Latvia, the LALRG used to send Congress resolutions to all political parties, but did not participate in the practice of signing formal agreements; they preferred informal consultations with all parliamentary factions.

LALRG members, who are also members of the Association of Large Cities, retain the practice of regularly signing agreements of co-operation with perspective members of the ruling coalition. Pre-election agreements rarely help after the election, because the ruling parliamentary coalition creates new common policies independently from preliminary agreements.

In compliance with the nature of co-operation, the tools of the association to achieve results are very simple. As a rule, an association can organise dialogue around the main interests of each negotiating party and can propose compromising solutions. Co-operation (formal or informal) can be achieved only when each party achieves something; and vice versa, if each party loses something from its overall goals.

Conclusion:

In the case whereby there are several associations representing local governments, substantial attempts to organise co-operation among those associations, to ensure an efficient and true representation of LGU's and regional governments' interests, are necessary.

The regular practice of meetings before negotiations with central government and before participation in working groups and committees needs to be established.

5. Options for an improved institutional framework and capacity of the LGAs: Local Government Associations following the territorial administrative reform (options and ideas)

a. Implications of the new political-institutional context on the need to re-organise the Associations

In the new context, LGAs' mission should not be dominated by the political configuration of local and regional governments' representatives, but rather be seen as the option that should dominate the mission of their representative bodies (associations). Such a mission should be seen in close connection with the institutional aspects and in complete synchronisation with the objectives of the Decentralisation Strategy 2015-2020. On the other hand, the uniform fulfilment of functions by all new local government units and, moreover, the expansion of the range of services and functions that shall be transferred to the new municipalities will increase the challenges that the local representatives shall face in the short and mid-term period.

As a lesson from the last five years, the positioning of the local government associations along political lines has in many cases "assisted" the reduction of the local government units' local autonomy and financial capacities, through interventions in the local fiscal system and the distribution of the regional development funds.

While the new local government framework shall be oriented towards the reviewing and re-dimensioning of local government functions and powers, as well as towards the unification of governing and interacting instruments (municipalities/administrative units), the role of the local representatives' associations needs to be oriented towards support that should be provided to local units. This support should include an increase in the managing capacities of local staff members and authorities, as well as direct assistance towards the implementation of the new legal framework on local governance in the short, mid and long-term, by creating and supporting successful models of institutional interaction, as well as by interacting at the central level in preparing this legal framework.

In regard to interaction between various levels of governance (local/municipality; regional/district; national/government), support and orientation towards sustainable local and regional development, and the compliance of local and regional priorities with the sectorial ones (which is another priority expressed in the Government plan), further stimulates the need for a new approach to be taken by the associations of local representatives.

In the new political-institutional context, the representation of local representatives in different organisations, although having the same mission (protection and representation of local governments), shall sufficiently and properly yield what each of them has in its core: proper functioning of local governance, and representing interests of municipalities and local representatives. While the new administrative and territorial organisation "terminates" the role of the Association of Communes, the existence of the current associations (AAM, ALAA, Association of Municipal Councillors and AAR) raises essential questions that need to be addressed: How will the representation of local representatives be organised? How will the associations in view of their mission be organised? How will they be financed? How will they advocate local and regional interests with the donors and the central government?

In Recommendation 349(2013)¹⁵, the Congress of Local and Regional Authorities, noted that there were still a set of substantial problems in regard to the development of local and regional democracy in Albania, in particular:

- The partisan behaviour of Local Governments leaders, which prevented them from speaking with a unified voice, to find consensus within Local Government Associations and to consolidate their position vis-à-vis the central government.
- The confusing manner in which the law organised the structure, role and competences of both local and regional authorities.
- The lack of a clear regulation formalising the participation of Local Government Associations in the process of consultation with the central government.

Preferable model of local governments association has to be relevant to solving those problems.

b. The institutional reorganisation and restructuring of Albanian local government associations in the function of representation and advocacy/lobbying

¹⁵<https://wcd.coe.int/ViewDoc.jsp?id=2122449&Site=COE>

Option A: One single association

It should be clear from the start that, in order to guarantee the maximum impact of representation and advocacy efforts for the interests of local government units, the long term objective should be the setting up of a single local government association which operates beyond political party lines. Experience shows that when the representation and lobbying roles were assumed by a single association, the impact and results were more powerful(explained above). This association should be officially recognised by the Government as the only association that represents the common interests of local and regional governments. The encouragement and support to create such an association should be continually expressed by donors and partner organisations.

The Structure of the association

The Structure of the association shall observe the respective legal provisions of the Law on Not-for-Profit Organisations and the Civil Code. Therefore, this structure could consist of the:

- General Assembly;
- Steering Committee;
- Presidency (The President and one Vice President);
- Executive Director and technical staff;
- Thematic forums.

The highest decision-making body should be the General Assembly, in which the LGUs are represented by their heads (in the case of a municipality, the mayor makes a request to become a member of the association, after a decision of the respective municipal council, which adopts the Statute of the Association and approves the decision to become a member of the association, as well as the membership quota that is paid from the municipal budget). The General Assembly adopts the most important statutory decisions of the association. The head of the General Assembly is elected by the Assembly from the ranks of its members. The association's bodies are obliged to implement the decisions of the General Assembly.

The Steering Committee is the decision-making authority between the meetings of the Assembly. The Steering Committee is a structure with seven members that are elected from the ranks of the Assembly according to political, geographic, gender representation or other criteria. Two members of the Steering Committee are also members of the Presidency of the Association (President and Vice President of the Association), who are elected by the General Assembly. The President of the Association is also the President of the Steering Committee. The main powers are stipulated by the statute. The Steering Committee is the body that adopts the official advocacy lobbying decisions and stances of the association, despite the governmental policies and actions etc. The President of the association is held to implement the Steering Committee's decisions.

The Executive Director and the technical staff are the association's executive bodies. The Director is elected by the Steering Committee on the proposal of the President of the Association and has executive powers stipulated by the statute. The technical staff are headed by the Executive Director. The Executive Director and the technical staff are implementers of the decisions made by steering bodies (General Assembly and Steering Committee) and manage the

association's day-to-day work and budget.

Thematic forums on specific matters such as finances and taxes, territorial planning, local services, etc. are established and managed by the association. These forums develop the professional stance on which the association grounds the lobbying strategy on certain matters, which are related to local governance. Experts of municipalities, experts of local governance, etc. are included in these forums.

Advantages of this option:

- Greater impact in advocating and in the representation of local and regional government with one single voice;
- Better resources and infrastructure to support the association's activities;
- Unified and improved lobbying channels;
- More legitimate representation of common local interests;
- Greater negotiation and advocacy power.

Disadvantages:

- Difficulties and a longer time needed to reach concrete and consensual decisions for unified positions of the association;
- Difficulties in creating such an association after a long period of division between the existing associations;
- The risk that the single association may be divided along past political backgrounds.

Possible scenarios to achieve the creation of one single association:

By admitting that one single association is the long-term objective and the best solution for representing local government and lobbying/advocating its interests, we must at the same time acknowledge and accept that establishing such an association immediately shall be difficult in the current context between the existing associations. There are two possible scenarios:

First scenario: It is presumed that the association is established as a new entity, without any reference to the existing associations. In this scenario, the heads of LGUs shall have to achieve consensus at political level and quickly establish this association at the same time, by submitting the respective acts of establishment: statute, budget, etc. This scenario presumes the termination of the activity of the existing associations, which need to be liquidated based on the respective decisions of their assemblies. In the most optimistic scenario, and presuming that the political factor shall support the establishment of this association, the realistic time for creating and making it effective would be the end of 2016 or the start of 2017, which coincides with the *de facto* start of the electoral period for national elections. Therefore, this scenario is less likely to take place due to the short time period available.

Second scenario: The second scenario refers to the gradual establishment of a single association of LGUs based on the merging of the existing associations, at least the municipal associations. In this case merging can result from the absorption of one association by the other, or by their unification through statutory changes. This scenario is built upon the positive experiences achieved by the two associations during their activities. From a technical point of view, this

merging also requires a consensus between the political parties and the setup of technical groups that shall undertake the transformation and amalgamation, in terms of legal and financial aspects. If the parties (elected representatives of different political affiliations) then agree from a technical perspective, the merging process is shorter in time and could take place within 3-4 months from the moment the decision is made. In the context of expected developments, the scenario of the merging of the existing associations seems difficult to be achieved quickly, and may only be done so gradually within a medium term.

Third scenario: The law on single association, including municipalities and regions is prepared and accepted by the parliament. Each municipality and each district can voluntarily stay as a member of the previous associations, but consultation processes are mainly organised through new compulsory participation in a single organisation. Rights of the minorities shall be strongly protected by the internal procedures of the new association. This scenario could be implemented only if there is a strong support of the ruling coalition with the intent to provide wide decentralisation.

In relation to the above, the option of one single association, although useful and with a long-term impact, seems difficult to achieve in the context of current developments in Albania. Therefore, another option may be more attainable in a short time.

Option B: Two different associations with one co-operation platform

This option is grounded on the assumption that it might be difficult to reach a compromise between political parties to establish one single association and that representation and lobbying shall continue to be done with the existing associations, according to current party lines. Although this option is less useful as the associations of local governments would have weaker positions, it is more realistic taking into account the current conditions and, on the other hand, preserves the status quo and a certain minimum level of representation and lobbying.

This option would allow the existing associations to have their independence and present opposing positions on certain issues, while also achieving common stances on others. For instance, with the encouragement of the Council of Europe Congress, the associations (AAM and ALAA) came up with joint recommendations on certain important issues for the local government, following their joint participation in a number of technical meetings.

Among the possible scenarios to fulfil this option, a joint entity of both organisations could be created, which would not merge but rather formalise their co-operation into a type of "federative" structure; or, another scenario could see the establishment of an informal forum, without formalising any legal structure, but which would establish co-operation for thematic/sectorial issues, while preserving the autonomy and the independence of the two associations.

First Scenario: An umbrella organisation (a new legal entity) could be established. The new organisation could be in the form of a Federation or Congress of the Associations of LGUs. This entity would be established by the decision of the existing associations through the signing of the establishing act and registration at the court. This entity should have its own headquarter and structure. The financial resources should be covered by the associations which establish it, but

some staff or operational costs could be divided by using the existing resources of the associations.

Advantages:

- New structure with a legal body that has a strong voice;
- Allows separate positions of the associations;
- Preserves and builds on the experience of existing associations.

Disadvantages:

- The time required to establish the organisation, draft the statute, register it, etc.
- Possible issues may arise from the statutes of the associations of LGUs, which may not permit that such a decision is rendered by their Managing Boards. It may be necessary that such a decision is taken by the General Assembly of each of the founders (be them national or regional organisations);
- Minimum staff and financial resources are required, therefore, an additional bureaucracy that burdens the already weak finances of the associations is created;
- There could be problems in identifying the messages and providing clear positions.

Second Scenario: An informal partnership structure could be established at national level. This structure may be a Forum/Network/Co-ordinating Committee of the associations of LGUs.

Advantages:

- It can be established relatively easily and quickly without encountering statutory problems;
- A powerful voice for all the existing associations of the Local Government Units;
- All the existing associations of LGUs with their independence and autonomy are preserved;
- There is no need for any location or staff, administrative functions can be divided between the existing associations;
- The existing channels of communication with the central government and the parliament are preserved.

Disadvantages:

- Possible difficulties in the communication and co-ordination between the associations. Difficulties in achieving common goals and prolongation of the time needed to reach a consensus.

The second option regarding co-operation, according to an informal structure, seems easier to attain and may provide the ground for a gradual transition and without creating failure in the obtainment of a unified association, developed according to the ideal option and the long-term objective. Furthermore, this scenario ensures that no precious time is wasted in reorganising and restructuring, but rather permits immediate co-operation for opposition and lobbying activities alongside the announced 2015-2020 agenda of the government. This scenario would be the most realistic to implement and is an intermediary solution until one single association is established.

c. Financing and supporting activities of LGAs: possible short, mid and long-term financial resources

LGAs' financial sustainability is a key condition for their success, as it directly conditions the efficiency of their activity. So far, the LGAs have based their activity on the grants and projects financed by donors while very little on membership quotas. Without the financial support of donors it is impossible for the LGAs to continue their activities.

The restructuring of LGAs according to the above-mentioned options requires sustainable financial resources. In the scenario of the establishment of one single association, a government grant of a minimum of 3 years to support the activities of this association, which would cover the staff and operational costs, would be a great incentive for its establishment. Such a grant, amounting to € 500,000-1,000,000 for a time period of three and a half years, would be a great support for the establishment of one single association. In the meantime, in addition to this support, developments could be made through a focused strategy to increase the financing from quota resources paid by the municipal budgets.

In the scenario whereby an informal platform of co-operation is established, the associations' financing should be done based on specific outputs. This approach has recently been successfully applied by the Council of Europe. In this case, the donors support the agreed product/output of the associations and encourage them to co-operate for specific products. In this scenario, the associations' connection with the membership is consolidated gradually and may naturally serve as a good reference basis to receive financing from the members for specific products, not on quota grounds.

However, financing from external resources shall be limited in time. The quota payments do not seem promising in the short-term either. In this context, alternative forms of funding need to be encouraged whereby the associations may develop in-house expertise and certain services, which could then provide to their members against a certain payment (i.e. trainings, consulting services, focused procurements, etc.). However, such an alternative should be supported by the necessary legal amendments (the financial management and procurement laws do not permit such freedom and are not favourable at all).

Combining the funding of donors, in the mid-term, with the development of alternative financial capacities and resources, in the long-term, may guarantee the sustainability of the associations' activity. To this end, a more detailed analysis that goes beyond the limits of this study should be developed.

d. Co-operation: possible forms of co-operation between the local associations

Recently, with the assistance of the Council of Europe, the AAM and ALAA have commenced a process of technical co-operation by organising meetings at experts' level on specific topics of interest for local governance. This co-operation has resulted in the delivery of products, common recommendations and a constructive approach. This form of co-operation is closest to the informal platform of co-operation described in the second Scenario and is most likely to grow and develop further in the future.

From interviews with both these associations, it results that they have different opinions on the single association option. This difference of opinions can be explained by current political balance deriving from the recent local elections.

Conclusions:

The new context, following the territorial reform and in the framework of the decentralisation strategy announced by the Government, is a challenge for local and regional governments and their associations. The current local government representation needs to adapt to their new reality and improve to thus provide local governments with a stronger voice in the face of the central government.

Though the ideal for an efficient representation would be the establishment of one single association, advocating and lobbying for all local and regional government units, no matter what their political membership is, the most strategic and realistic option is to proceed with gradual steps. Indeed, it seems more realistic to achieve this long-term strategic option by initially establishing an informal platform of co-operation for a mid-term period and then to create one single association through the merging of existing associations. Technical co-operation, as initiated with the support of the Council of Europe Congress, has proved to be efficient to gather the existing associations around common problems. It is also a precondition to establish a common platform. Donor financing could be an incentive to commence this process and it would be, at least for the beginning, the only way to guarantee the activity and sustainability of the associations.

Wide and effective consultations of the existing associations, as well as political support in that direction, are necessary conditions for the achievement of a better representation of local and regional governments' interests.

Recommendations:

The recommendations, based on the context and on other countries' experience, could be:

- 1) For the structure of the association(s):
 - That a single association representing and advocating for all local government units should be the long term objective;
 - Compulsory participation for every local government unit in an association should be introduced by the law, in order to have the widest representation and participation (example of Lithuania could be applied);
 - The statutes of the association should introduce a political structure which would ensure fair representation and influence of all political groups within the association:

Chairmen composed of election winners, an influential consultative body representing other groups (example of the UK could be applied);

- Rights to veto should be defined and granted in the statute, in order to better represent and protect minority groups (example of Latvia could be applied);
- Participation in sectorial standing committees of the association should be open not only for official representatives from the local government units (mayors, chairman of councils), but also for other active stakeholders (elected deputies, heads of structural units of municipalities administration and specialists –the example of Latvia could be applied);
- Direct internal consultancy mechanism should be organised with the association's members, bypassing party groups and allowing each stakeholder to be involved in discussion (the example of Latvia could be applied).

2) For the role and functioning of the association(s)

- The relationships between associations (and their members) with the State Ministry on Local Issues, as well as with other relevant stakeholders (the Parliament and its sub-committee on Local Governance) should be intensified. A Memorandum of Understanding setting the forms and topics of consultation between the associations and the government should be signed, through mediation with donors and other partner organisations.
- Local government association(s) should support and encourage the establishment of the Consultation Council as soon as possible and aim to be part of it. Delays in establishing this structure is a "loss" for local governance and a "victory" for the Government;
- The Consultation Council will be effective, only if there is a balance between central government and local/regional government representatives, and if minority interests are taken into account as much as possible. The regularity of meetings, along with the undertaking of all important steps in decentralisation programme, and the direct participation of the Prime Minister and parliamentarians, are important elements. Besides, the opinions of Consultation Council Meetings have to be available to mass media in order to involve society in the discussions about the reform.
- The donors should act as an incentive by supporting and encouraging the dialogue and co-operation between the associations in financing for specific outputs;
- It is recommended that a group of influential persons for decentralisation and local governance is established, which should include former presidents, former prime ministers, former ministers, former municipal mayors and experts of local governance. This forum may be established on the associations' initiative and should be supported by the donors.

A consolidating effect of a single association can take place only when the goals of the association are oriented towards substantial fiscal (most importantly) and administrative decentralisation. It will then be clear for all municipalities, why it is so important speak with one voice.