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Monitoring of the application of the European Charter of Local Self-Government in Albania

Committee on the Honouring of Obligations and Commitments by Member States of the European Charter of Local Self-Government (*Monitoring Committee*)

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Summary

This report follows the third monitoring visit, carried out remotely, in Albania since the country ratified the European Charter of Local Self-Government in 2000.

It acknowledges that substantial progress has been made towards securing local self-government since the adoption in 2013 of the last Congress recommendation on local and regional democracy in Albania, particularly thanks to the implementation of the 2015-2020 comprehensive decentralisation and local governance strategy and the ensuing reforms of the legislation on local self-government.

However, the rapporteurs have also noted that the transfer of powers from central government to the local authorities has not yet resulted in a sufficiently clear allocation of functions between the central and local levels; delegated powers are exercised under the close supervision of the various ministries concerned and local authorities' room for initiative is fairly limited; municipalities, including the largest ones, still have insufficient financial resources to meet all their needs. Moreover, human resources continue to pose problems particularly in rural areas, and the regional tier of government has not benefited fully from territorial reforms of recent years.

Consequently, the recommendation invites national authorities to continue the decentralisation process initiated by the 2015-2020 "National cross-cutting strategy for decentralisation and local governance" and confirmed by the 2020-2022 Action plan, and to further harmonise the legislation on the division of responsibilities between central and local authorities. The rapporteurs recommend that national authorities revise the local government salary structure to allow authorities more flexibility and increase their ability to recruit and retain qualified staff. They also urge the Albanian authorities to ratify the Additional Protocol to the European Charter of Local and Self-Government on the right to participate in the affairs of a local authority.

1. L: Chamber of Local Authorities / R: Chamber of Regions.
EPP/CCE: European People's Party Group in the Congress.
SOC/G/PD: Group of Socialists, Greens and Progressive Democrats.
ILDG: Independent Liberal and Democratic Group.
ECR: European Conservatives and Reformists Group.
NR: Members not belonging to a political group of the Congress.

RECOMMENDATION 468²

1. The Congress of Local and Regional Authorities of the Council of Europe refers to:

- a. Article 2, paragraph 1.b, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1, stipulating that one of the aims of the Congress is “to submit proposals to the Committee of Ministers in order to promote local and regional democracy”;
- b. Article 1, paragraph 3, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1, stipulating that “the Congress shall prepare on a regular basis country-by-country reports on the situation of local and regional democracy in all member States and in States which have applied to join the Council of Europe, and shall ensure the effective implementation of the principles of the European Charter of Local Self-Government”;
- c. Chapter XVIII of the Rules and Procedures of the Congress on the organisation of monitoring procedures;
- d. the Congress priorities set up for 2021-2026, in particular priority 6b that concerns the quality of representative democracy and citizen participation;
- e. the Sustainable Development Goals (SDGs) of the United Nations Development Programme for 2030, particularly goals 11, for sustainable cities and communities, and 16, for peace, justice and strong institutions;
- f. the Guidelines for civil participation in political decision making, adopted by the Committee of Ministers on 27 September 2017;
- g. Recommendation CM/Rec(2018)4 of the Committee of Ministers to member States on the participation of citizens in local public life, adopted on 21 March 2018;
- h. Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities’ activities, adopted on 4 April 2019;
- i. the previous Congress recommendation on the application of local and regional democracy in Albania (Recommendation 349(2013));
- j. the explanatory memorandum on the application of the European Charter of Local Self-Government in Albania;
- k. the contemporary commentary on the explanatory report to the European Charter of Local Self-Government adopted by the Congress Statutory Forum on 7 December 2020.

2. The Congress notes that:

- a. Albania joined the Council of Europe on 13 July 1995, signed the European Charter of Local Self-Government (ETS No. 122, hereafter “the Charter”) on 27 May 1998 and ratified it in full on 4 April 2000. The Charter came into force in Albania on 12 March 2002;
- b. The Committee on the Honouring of Obligations and Commitments by member States of the European Charter of Local Self-Government (hereafter referred to as Monitoring Committee) decided to examine the situation of local and regional democracy in Albania in the light of the Charter. Xavier CADORET, France (L, SOC/G/PD), and Carla DEJONGHE, Belgium (R, ILDG), have been assigned the task of preparing and presenting to the Congress a report on monitoring the application of the European Charter of Local Self-Government in Albania;
- c. At the monitoring meetings, which took place remotely from 17 to 18 March 2021, the Congress delegation held discussions with representatives of various institutions at all tiers of authority. The programme of remote meetings appears as an appendix to the explanatory memorandum;

² Debated and adopted by the Congress on 28 October 2021, 3rd sitting (see Document [CG\(2021\)41-14](#), explanatory memorandum), co-rapporteurs: Xavier CADORET, France (L, SOC/G/PD) and Carla DEJONGHE, Belgium (R, ILDG).

3. The co-rapporteurs wish to thank the Permanent Representation of Albania to the Council of Europe and all those whom they spoke to during the remote meetings for their assistance.

4. The Congress notes with satisfaction that:

a. Substantial progress has been made towards securing local self-government since the adoption in 2013 of the last Congress recommendation on local and regional democracy in Albania, particularly thanks to implementation of the country's 2015-2020 "National crosscutting strategy for decentralisation and local governance", which has been extended to 2022, and the ensuing reforms to the legislation on local self-government.

b. Since the 2015 local self-government reforms and the 2017 local finances legislation came into force, local budgets have increased substantially, local authorities' own resources have practically doubled and their self-funded investment has risen fourfold.

c. The consultative council established in 2016 has become the main forum for dialogue and consultation between central government and local authorities on all matters relating to local self-government.

d. The European Charter of Local Self-Government is taken into account by central and local government authorities.

e. Albania signed the Additional Protocol to the European Charter of Local Self-Government on 30 May 2016 (CETS No. 207).

5. The Congress expresses concern, however, over the following points:

a. The transfer of powers from central government to the local authorities under Law 139/2015 has not yet resulted in a sufficiently clear allocation of functions between the central and local levels due to certain overlaps of responsibilities. The transfer of new powers to local authorities does not prevent central government from intervening in matters reserved for municipalities.

b. Delegated powers are exercised under the close supervision of the various ministries concerned and local authorities' room for initiative is fairly limited.

c. Municipalities, including the largest ones, still have insufficient financial resources to meet all their needs and allow them to perform all their devolved responsibilities in a fully satisfactory manner. There are major variations in local authorities' financial situation, resulting from differences in their tax-raising capacities and their ability to generate their own resources. Major investments are often concentrated in urban centres, to the detriment of rural areas, which also suffer from significant population loss.

d. Human resources also continue to pose problems, particularly in rural authorities. These find it difficult to recruit the right staff, thus impeding still further local government operations.

e. The regional tier of government has not benefited fully from the local and regional reforms of recent years. In practice, the regions appear to be mainly one element of administrative decentralisation, with very limited scope for initiative. Moreover, the regional councils are not elected by universal suffrage but are composed of representatives of their constituent municipalities' elected bodies, which inevitably acts as an impediment to their full democratic legitimacy.

6. In the light of the above, the Congress recommends that the Committee of Ministers invite the Albanian authorities to:

a. continue the decentralisation process initiated by the 2015-2020 "National crosscutting strategy for decentralisation and local governance" and confirmed in the 2020-2022 Action plan, in close collaboration with the local authorities, to secure a paradigm shift in which local self-government takes precedence over the centralising tendencies and behaviour that persist to this day;

b. continue to harmonise the legislation on the division of responsibilities between central and local authorities, particularly regarding water supply and sewage treatment, and extend municipalities' scope for initiative when exercising their delegated powers;

c. pursue the local finance objectives laid down in the “National crosscutting strategy for decentralisation and local governance”, namely by strengthening municipalities’ powers to raise their own income and increasing the proportion of tax receipts allocated to local authorities and of unconditional transfers of funding, to increase authorities’ financial independence;

d. revise the local government salary structure, particularly for small and medium-sized municipalities, and allow authorities more flexibility in managing their payroll so that salaries can be adjusted according to merit, thus increasing their ability to recruit and retain qualified staff;

e. develop the regional tier as an element of local self-government by enacting regional legislation specifying and strengthening regions’ co-ordinating role in the economic development of their areas and clarifying their relationship with the four administrative regions provided for in Law 102/2020 on regional development and cohesion. Regional self-government and the legitimacy of this tier of authority should also be strengthened by establishing regional councils directly elected by universal suffrage;

f. ratify, in the nearest future, the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS 207), which Albania signed on 30 May 2016.

7. The Congress calls on the Committee of Ministers and the Parliamentary Assembly of the Council of Europe to take account of this recommendation on the monitoring of the application of the European Charter of Local Self-Government in Albania and its explanatory memorandum in their activities relating to this member State.

EXPLANATORY MEMORANDUM

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1. INTRODUCTION: AIM AND SCOPE OF THE VISIT, TERMS OF REFERENCE

1. Pursuant to Article 1, paragraph 3, of the Charter of the Congress of Local and Regional Authorities appended to Statutory Resolution CM/Res(2020)1, the Congress of Local and Regional Authorities of the Council of Europe (hereafter "the Congress") regularly prepares reports on the state of local and regional democracy in the member states and candidate countries.
2. Albania joined the Council of Europe on 13 July 1995, signed the European Charter for Local Self-Government (CETS No. 122, hereafter "the Charter") on 27 May 1998 and ratified it, without any declarations or reservations, on 4 April 2000, with entry into force on 1 August 2000.
3. Albania ratified the European Outline Convention on Trans-frontier Co-operation between Territorial Communities or Authorities (CETS No.106) on 7 November 2001, with entry into force on 8 February 2002. It ratified the Additional Protocol to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities (CETS No. 159) on 11 December 2001 with entry into force on 12 March 2002. It signed the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207) on 30 May 2016.
4. Albania has already been the subject of three Congress reports, following visits in 1995-1996, 2006 and 2012, leading to recommendations 28 (1997), 201 (2006) and 349 (2013) on local and regional democracy in Albania.
5. This report relates to a Congress delegation's virtual visit to Albania on 17 and 18 March 2021 to monitor the application of the Charter in this country. The Monitoring Committee appointed Xavier CADORET, France (L, SOC/G/PD) and Carla DEJONGHE, Belgium (R, ILDG) to submit to the Congress a report and a recommendation on local and regional democracy in Albania. They were assisted by Professor André ROUX, member of the Group of Independent Experts on the European Charter of Local Self-Government, and by the Congress Secretariat.
6. The Congress delegation held remote meetings with the ministers of the interior and of finance, the parliamentary speaker, the president of the constitutional court, the chair of the state supreme audit office, the mayors of Tirana, Lezhë and Finiq, the ombudsperson, and representatives of local and regional authority associations. The detailed programme is appended to this report.
7. The co-rapporteurs wish to thank the Permanent Representation of Albania to the Council of Europe and all those whom it met on this virtual visit for their readiness to assist the delegation and for the information they so willingly supplied. They also thank the local and regional authority associations for contributing to the organisation and smooth running of the virtual visit.

2. RELEVANT DOMESTIC AND INTERNATIONAL LAW

2.1 Local administrative system (Constitution and ordinary legislation, reforms)

Constitutional provisions

8. Article 13 of the 1998 Constitution states that "Local government in the Republic of Albania is founded upon the basic principle of decentralisation of power and is exercised according to the principle of local autonomy". Under Part VI of the Constitution communes/municipalities are the basic units of local government and regions are the upper tier of local self-government. Under the Constitution, local authorities are legal persons and are empowered to regulate and administer, independently, local matters falling within their area of responsibility and to exercise property rights, administer, independently, any income created, which includes the right to undertake economic activities. They can also raise and spend the necessary revenue to carry out their responsibilities as well as establish and set the level of local taxes in accordance with the law.

Legal reforms

9. Article 13 of the Constitution was initially expanded on in the Organisation and Functioning of Local Authorities Law 2000, Article 3 of which laid down certain major objectives, in particular the recognition of different local identities and values in Albania and the respect for and enforcement of the fundamental rights of citizens of every community, as laid down in the Constitution and legislation.

10. In 2015, the Albanian government merged 373 local authorities (municipalities and communes) into 61 municipalities under Law 115/2015. According to the government, the creation of these large authorities was the first stage of a more comprehensive plan to give democratically elected local authorities a more substantial role in the country's public administrative system. Under the reform, the local government structure was reconfigured by creating a series of constituent administrative units (the former communes) as the functional part of the new local authorities (municipalities).

11. This reform was accompanied by Law 139/2015 on local self-government in Albania, which forms the current basis of local government organisation and functioning. The new legislation had very wide-ranging political support.

12. Article 3 of the above mentioned Law specifies that local self-governing authorities must provide "efficient and effective governance at the closest level to the citizen". They must therefore, among other things, recognise the existence of different community identities and values, respect citizens' fundamental rights enshrined in the Constitution and other legislation, encourage full community participation in local governance or provide services that meet the standards laid down in law and regulations.

13. Article 4 lays down the fundamental principles of local self-government and recalls that local authority entities function according to the principles of local self-government. In carrying out their activities, they shall comply with the Constitution, legislation and regulations and act in accordance therewith. Local self-governing authorities are public legal persons.

14. The new act also transferred important responsibilities to the municipalities for providing services in their own right, as specified in articles 21 to 33 of the legislation. It did away with the concept of shared responsibilities and devolved several new functions to the local level, in particular social services; pre-school education staff and support staff at pre-university level; forest and pasture management; management of the secondary and tertiary water treatment system for irrigation and drainage; fire rescue centres. Under this legislation, the new responsibilities will be financed by specifically earmarked transfers to each local authority concerned.

15. Article 10 states that relations between central government and the local self-governing entities shall be based on the principles of subsidiarity, consultation and collaboration for resolving mutual problems. Local authority bodies shall inform the relevant central government bodies, in writing, of any matters within their competence for which information is required. When such information is requested, the government bodies concerned shall provide the information within the time frames laid down in the relevant legislation.

16. Central government must also consult the local self-governing entities on any policies, legislation or standards directly governing and affecting local authorities' rights and responsibilities.

17. Chapter V of the legislation deals with co-operation between two or more local self-governing entities. Thus, to carry out their duties and provide specific services for the common good, two or more local authorities in a region or in different regions may jointly perform any duty and/or provide any service for which they have a legal responsibility by concluding or implementing contracts or agreements, delegating among themselves specific powers and responsibilities or entering into contracts with third parties.

18. Article 15 of Chapter VI, entitled transparency, consultation and civic participation, enshrines the principle of the transparency of local authority activities through publication of their decisions and actions. Each local self-governing entity is also required to appoint a transparency co-ordinator and adopt a transparency programme to ensure complete openness, particularly towards its poorest communities, pursuant to the relevant legislation on access to information.

19. Local authorities are also required to guarantee public participation in the decision-making process and must appoint a consultation co-ordinator for that purpose. Article 18 stipulates that, before examining and approving local laws, municipal and regional councils must hold consultation meetings with the community. Article 19 grants citizens the rights of application, appeal and objection. Thus, any citizen or group representing the community is authorised to submit requests, complaints or objections to local authority bodies on any matters within the competence of the local self-governing entity concerned. The local authority bodies are then required to examine these requests, complaints or objections and respond within the time limit set by law. Finally, Article 20 provides for a right of citizen initiative, whereby each community, either through its representatives or with the support of at least one percent of the municipal population, is entitled to present citizen initiatives to the municipal council on matters within the local self-governing entity's competence. The arrangements and procedures governing the presentation, discussion and approval of these initiatives are laid down in the local council's rules of organisation and procedure.

20. Local and regional authorities' financial autonomy is safeguarded under the Constitution and other legal provisions, in particular Law 9632/2006 on local taxes, Law 9896/2008 on local authority borrowing, and the new Law 68/2017 on local financial autonomy. The latter, passed in April 2017, shows that fiscal decentralisation remains a key element of the reform programme.

21. Article 2 sets out the law's objectives, in particular, to provide for the financing of local authorities in accordance with the principles of local self-government in the Albanian Constitution, the European Charter of Local Self-Government and the legislation on local self-government, to ensure that regions and municipalities have sufficient resources to pay for their activities and responsibilities, to safeguard authorities' fiscal autonomy by regulating their powers to levy local taxes and charge fees, to contribute to sustainable economic, social and territorial development by means of an effective financial equalisation mechanism, and also to facilitate ongoing consultations between the central authorities and local self-governing authorities.

22. The overall aim of the new legislation is to offer territorial authorities greater financial autonomy when performing their various functions. Article 4 enshrines in law the principles of local authorities' financial autonomy.

23. The apportionment of local income is also the subject of a further series of laws, starting with the new legislation on the local taxation system, laws concerned with taxation procedures, national taxes, management of the budgetary system, local borrowing and the annual budget, and associated instruments, and numerous other pieces of legislation and regulations on different aspects of local governance.

24. Various amendments to the legislation and regulations concerned with local self-government have served to reinforce the legal framework for decentralised activities and for new delegated functions. Examples include the regulations on levying immovable property taxes, the guidelines for local authorities' budgetary procedures, including budget monitoring standards, and the legal framework and guidelines laid down in Law 107/2014 on regional planning and development, coupled with Council of Ministers decision 686 of 2017 laying down the regulations and detailed procedure relating to the preparation of land-use plans at the municipal level.

25. Law 102/2020 on regional development and cohesion, passed after long debates, deals with the instruments required for regional development and cohesion to achieve a balance between the economic, social and cultural aspects of development. The aim is to ensure that the authorities concerned co-ordinate their planning activities to secure an integrated and harmonised regional planning process, with relevant sectoral strategies and a joint regional development policy supported by a corresponding budget. To apply this legislation, Albania has been divided into four regions, to be specified by a Council of Ministers decision.

26. The comprehensive decentralisation and local governance strategy 2015-2020, the subject of Council of Ministers decision 691 of 29 July 2015, reflects the government's policy on strengthening local democracy and advancing decentralisation, based on the highest European standards. The strategy has been extended to 2022. The document, which was approved after wide-ranging consultations with the bodies representing local authorities, offers a comprehensive approach to decentralisation and the strengthening of local governance, in accordance with the principles of the European Charter of Local Self-Government and those embodied in documents relating to the European administrative space, with a view to securing administrative and fiscal decentralisation. It reflects the government's and local authorities' commitment to ensuring that decentralisation becomes an ongoing process that will help to advance local self-government.

27. To summarise, the four objectives of the aforementioned action plan are to strengthen local self-governing entities' strategic and operational capacities; to strengthen local finances and fiscal autonomy; to promote sustainable development at local level and to strengthen good governance at local level.

28. The first strategic objective has three specific goals: strengthening administrative systems and capacity; establishing integrated administrative departments with access to information technology for the 61 municipalities and administrative entities as well as ensuring closer dialogue between central and local authorities, coupled with shared responsibility.

29. The second objective has five sub-objectives, in particular strengthening local authorities' own local income raising and taxation systems; increasing municipalities' share of tax receipts; improving the predictability, stability and fairness of the intergovernmental transfer system; increasing local authorities' scope for borrowing to finance capital projects, in the context of national policies on public debt and strengthening the system for managing public finances at local level.

30. The third objective has three sub-objectives, including establishing a clear and harmonised legal basis for an effective apportionment of responsibilities; ensuring sustainable economic development at local level and establishing and maintaining national minimum standards for local services.

31. Finally, the fourth objective has three sub-objectives: open government, increasing transparency, and ensuring accountability and electronic governance at local level; European integration; strengthening community institutions at local level (citizens committees, village representatives, citizen liaison) and introducing local anti-corruption policies.

32. The draft strategy was drawn up by a joint working party composed of 70 representatives drawn from central and local government, local government associations, development partners and civil society, and personal consultations with stakeholders from the aforementioned groups. International donors and partners recruited eight technical experts for the analytical stage and drafting of the strategy.

33. From the management standpoint, the initial launch stage until 2017 was piloted by the ministry for local affairs. Thereafter, responsibility was transferred to the interior ministry. One of the deputy interior ministers is responsible for local administration, with a subordinate support structure provided by the directorate of local affairs and prefectures. Following completion of the local and regional reorganisation, the agency responsible for overseeing the reform, established in 2014, was transformed into a local self-government support agency, under the ministry of the interior.

34. Key features of the 2015-2020 comprehensive decentralisation and local governance strategy were, firstly, Law 115/2015 on the administrative division of Albania, which merged the 373 communes into 61 municipalities. This reorganisation helped to strengthen the resources available to municipalities, particularly ones in rural areas, thus improving the level of services to their citizens. Secondly, Law 139/2015 on local self-government transferred numerous responsibilities concerning local public services to municipalities. Exclusive responsibility for no fewer than 41 activities is thereby vested, by law, in the new municipalities. The division of powers and responsibilities between central and local authorities, as laid down in statute, is therefore clearly established. This reform was followed by Law 107/2016, which clarified the role of regional prefects as representatives of the government. Thirdly, Law 68/2017 laid down the principles governing the financial autonomy of local authorities and specified the sources of their income, how expenditure should be managed and what form the related dialogue and consultation between the different levels of government should take. There have also been a certain number of amendments to the legislation and regulations on local self-government to clarify the framework in which decentralised functions operate and that of the new delegated functions.

35. To conclude, most of the objectives set as part of the strategy have been implemented by Acts 139/2015 on local self-government and 68/2017 on local financial autonomy.

The local and regional tiers of government

36. Law 115 of 2014 on the administrative division of Albania established a further division of the country. It now has two tiers of sub-national authorities, namely 12 regions and 61 municipalities.

Regional tier: 12 regions (*qarks*)

37. Under Part VI of the Albanian Constitution, regions are entities in which regional policies are developed, implemented and harmonised with the policies of the state. Under Law 139/2015 on local self-government, regions are the second tier of local self-government. They are administrative and territorial entities composed of several municipalities with geographical, traditional, economic or social ties and common interests. Their boundaries coincide with those of their constituent municipalities. The regions themselves, and their names, geographical boundaries and administrative centres are laid down in law.

38. The 12 regions were created in 2000, when the former districts were abolished. They have an average of 240 000 inhabitants but with wide variations, ranging from 66 000 (*Gjirokastër*) to the Tirana region, with more than 860 000 inhabitants, or 30% of the total national population in 2017. Despite this major gap between Tirana and the others, regional disparities are considered to be moderate.

Organisation

39. Regions' representative bodies are the regional councils. Their executive functions are performed by their regional council's president and office.

40. Regional councils are composed of representatives of their constituent municipalities' elected bodies, in accordance with the Constitution and chapter XIII of Law 139/2015.

Composition

41. The mayors of the municipalities that form each region are de facto members of its regional council. Municipal council members who sit on the regional council are elected by a multiple non-transferable vote system. Candidates who secure the largest numbers of votes are elected. The number of municipal representatives on regional councils is proportional to size of population, for example, 2 representatives for the municipalities up to 20 000 inhabitants or 5 representatives for the municipalities with more than 100 000 inhabitants, plus 1 additional representative for every 50 000 inhabitants above 100 000 inhabitants.

42. The prefect determines the number of representatives of each municipality within the region, according to demographic data taken from the population registers as at 1 January of the year in which local elections are held.

Functioning

43. Ordinary meetings of regional councils take place at least once every three months, with agendas drawn up by the council. Special meetings can be convened by the president at the request of a) the president of the council, b) the office of the council, c) one third of the council members, d) the prefect, with regard to matters falling within his or her area of responsibility. Normally, at least ten days' notice must be given. The notice of meeting will include the date, time, place and agenda. To be quorate, regional council meetings require a majority of members to be present.

Powers

44. Regional councils elect from their membership their committees and approving their rules of procedure, elect from among their members, their president, vice-president and members of the council, in accordance with gender equality legislation, and terminating their appointments, appoint and terminate the appointment of the secretary to the council, approve the budget and its amendments, approve taxes and other charges coming within the regional jurisdiction and their rates, check and terminate councillors' credentials under Article 75 of Law 139 /2015, as well as rules, procedures and arrangements for carrying out delegated functions, in accordance with the legislation on which the delegation is based.

45. The president and office of each regional council are elected by the regional council in accordance with chapter XIII of Law 139/2015. Offices are composed of a president, vice-president and 3 to 5 members. The president and vice-president are elected, and may be removed, by a majority of the members present at the meeting. If the required majority is not attained, the vote is repeated between the two candidates receiving the most votes in the first round. The other office members are elected from a list of candidates. The candidates receiving the most votes are declared elected.

46. The posts of president, vice-president and secretary are incompatible with that of mayor.

47. Regional council presidents represent their councils in dealings with the state, local authorities and national and foreign individuals and legal persons.

48. Regional council offices, in particular, exercise all the powers not expressly granted to the regional council, approve draft decisions and other material for regional council meetings, in accordance with the Council's agenda and with subjects that the latter has raised, protect the region's rights and ensure compliance with all the obligations incumbent on it as a legal person.

49. In exercising their powers, regional council offices prepare decisions to be approved by a majority of members present and voting. The decisions are binding, and must be implemented by all the bodies and individuals concerned after publication or communication to the interested parties. Office decisions must be approved at the first regional council meeting; otherwise they are null and void from the outset.

50. Regions have their own functions, consisting of developing and implementing regional policies and ensuring that they are in harmony with national policies, and any other function specified in law. Regional councils draw up and approve their own budgets, based on the principle of local autonomy and subject to national accounting standards, with no budget deficit. Regions may exercise any function assigned to them by one or more of their municipalities, under agreements between the parties. They must also exercise functions delegated to them by central government, which determines, as appropriate, the procedures for monitoring their performance. Regions may also be delegated non-mandatory functions and powers on the

basis of agreements between themselves and the central department or body legally responsible for that function. Central government must provide authorities concerned with the necessary financial support to exercise their delegated functions and powers.

51. The regions are financed from regional sources of income and national funding. The regional and national sources of income include non-earmarked funding from the central government budget, earmarked funding for the exercise of specific functions and responsibilities delegated by the municipalities, regional taxes specified in law and fees and charges for public services provided by the region. Regions are also funded by groupings of member municipalities, as specified in the annual municipal budget. Regional income from national sources is established and managed as per the arrangements described in Law 139/2015.

52. In parallel to the local authorities, the prefectures, which are geographically decentralised central government bodies, operate at local and regional levels. The highest representative of the state at regional level is the prefect, a post created by the Prefectural Act, No. 7608, of 22 September 1992. For the first time since the collapse of communism, this established the prefects as the Council of Ministers' representatives at regional level. There are twelve prefectures to match the boundaries of the twelve regions. New legislation on prefects, Law 107/2016, was passed in 2016. Under the Constitution, prefects exercise their functions at regional level, and are the Council of Ministers' representatives in their region. They are appointed and removed by the Council of Ministers and report to the Prime Minister. From an administrative standpoint, prefects are accountable to the interior minister. Their responsibilities include safeguarding sovereignty and the constitutional order, protecting public health; managing, supervising, monitoring and co-ordinating the activities of public bodies at local level; co-ordinating central government activities at local level with the relevant municipal and regional administrative bodies; and reviewing the lawfulness of decisions taken by the relevant municipal and regional decision-making bodies.

53. Under Article 5 of Law 139/2015 on local self-government, municipalities are the basic units of local self-governance. Municipalities represent both administrative and geographical entities and groups of inhabitants. Municipalities, their names, their geographical boundaries and their administrative centres are laid down in the legislation. Turning to their subdivisions, Article 6 of the Law states that municipalities are composed of several administrative units with traditional, historical, economic and social ties. The Law specifies each administrative unit situated within a municipality, its geographical extent and its name. Administrative units are composed of towns and/or villages, and the geographical extent and names of these towns and villages are laid down in the Act. Towns may be divided into smaller neighbourhoods. Normally, neighbourhoods may only be established in towns of more than 20 000 inhabitants. The division of towns into neighbourhoods and their geographical extent are approved by a decision of the relevant municipal council.

54. Municipal councils (*Këshilli Bashkiak*) are local authorities' deliberative bodies.

55. *Election:* Their members are elected by direct universal suffrage for a four-year term. The number of members is determined by population size, from 15 members in municipalities up to 20 000 inhabitants to 61 members in municipalities of more than 400 000 inhabitants. Candidate lists for municipal elections must be based on gender parity, with women constituting 50% of council membership. Municipal councils are responsible for approving local budgets, can grant beneficial rights to their property and organise and supervise the municipal administration and local taxes.

56. *Functioning:* Ordinary meetings of municipal councils take place according to timetables decided by the councils themselves, but at least once a month. In each case, councils are convened at the request of the mayor, at the written request of at least one third of the members, or at the request of the prefect, accompanied by reasons, for matters related to the exercise of the council's functions. Municipal council meetings are convened by council presidents and normally at least five days' notice must be given. The notice of meeting must include the date, time, place and agenda. The council must approve the agenda. In the period between elections and the installation of new councils, outgoing councils exercise limited powers and only take decisions on urgent matters. Council votes may be public or in closed session. At the request of at least one third of the members, councils can decide to take a vote in closed session. Votes on budgets and any related financial decisions must always be taken in public. Council decisions require a majority of votes cast with at least half the members present, unless otherwise provided for in law. Municipal council deliberations are minuted. The method of recording and the certification procedure shall be in accordance with the legislation in force.

57. Presidents and vice-presidents of municipal councils are elected by the members of the council. Motions to remove them from office must be in writing and signed by at least a third of the council membership. Presidents convene council meetings, chair council sessions, sign decisions taken by the council and perform

other tasks enumerated in the relevant council's statute. In their absence, these duties are performed by the vice-president, in accordance with the council statute.

58. Secretaries of municipal councils are appointed and dismissed by a majority of votes of all the council membership, on the proposal of the president. Their dismissal may also be proposed by one third of the council members. They are responsible for maintaining the council's official documents, assisting the preparation of material for council meetings, in accordance with the agenda, announcing meetings of the council, recording council decisions and publishing relevant press releases, preparing consultation sessions with members of the public, and ensuring the correct application of the council's internal rules of procedure. They may also perform any other duties laid down by the council itself.

59. Mayors (*Kryetari*) are municipalities' executive bodies, elected by direct universal suffrage for four-year terms. In carrying out their duties and exercising their powers, mayors are assisted by one or more deputy mayors. Mayors determine the number of deputy mayors, in accordance with the legislation on gender equality. Mayors are responsible for appointing and dismissing deputy mayors, who may not be members of the relevant municipal council.

60. Mayors' tenure has to be confirmed by the civil division of the relevant district court within 20 days of the announcement of the results of the mayoral election. Their appointment will be declared null and void if the conditions in Article 45 of the Constitution and the relevant provisions of the country's electoral code are not fulfilled. Mayors' term of office starts when they take their oath and ends when their successor is sworn in. If a municipal council fails to meet within 30 days of the announcement of the result by the central electoral commission the prefect will organise a swearing-in ceremony in the municipal premises, attended by local inhabitants. Mayors' term of office ends if they (i) refuse to take the oath, (ii) resign, (iii) are no longer permanently resident in the municipality concerned, (iv) are dismissed by the Council of Ministers under Article 62 of Law 139/2015 (serious violation of the Constitution or legislation, found guilty of a criminal offence in a final judgment, or municipal council proposal of dismissal for absence from duties for a continuous period of three months), (v) stand for election to parliament, (vi) have been declared ineligible by a final court decision, or (vii) are deceased. When a mayor's term of office ends prematurely a by-election is held for a replacement, as provided for in the electoral code, and the mayor's duties are performed in the meantime by the deputy mayor.

61. Mayors exercise all powers during their tenure of office except those that are the exclusive domain of the municipal council. They implement decisions of the municipal council, take measures to prepare material for municipal council meetings, in accordance with the meeting agenda and any subjects added by the council, report to the municipal council on the economic and financial situation of the municipality concerned and of its constitutive administrative entities at least once every six months or at the council's request, act as a member of the regional council, appoint the deputy mayor or mayors, in accordance with the legislation on gender equality, and dismiss them, as well as protect the rights of the municipality and ensure that it meets all its obligations as a legal person and represent it in its dealings with third parties. They may also ask the municipal council to reconsider decisions they consider to be against the municipality's interests, approve the organisational structure, categories or classes of employees for each public post and basic statutes of the municipal administration, the municipal budgetary entities and municipally-controlled institutions, in accordance with the relevant legislation.

62. Local authorities operate with an administrative section (*njësia administrative*) headed by an administrator. Administrators are appointed and dismissed by mayors and are accountable to them for their authority's operations and activities.

63. Administrative sections, among others, act as service desk for all the administrative tasks within the competence of the municipality, ensure that the law is applied in all the areas within the competence of the municipality and inform the relevant municipal bodies of any breaches of the law identified.

64. Municipalities may be divided into several administrative entities with traditional, historical, economic and social ties. The boundaries of municipal administrative entities, their name and their establishment must be laid down in legislation. These entities are composed of towns (*qytete*) and/or villages (*fshatra*).

65. Towns may be divided into smaller neighbourhoods (*lagje*). As a rule, neighbourhoods can be established in towns of more than 20 000 inhabitants. Such divisions into neighbourhoods, and their boundaries, must be approved by municipal council decision. In such cases, a neighbourhood office is established, headed by a neighbourhood administrator. The latter are appointed and dismissed by the mayor, to whom they are accountable. Neighbourhood administrators perform all the administrative duties assigned to them by the mayor and are responsible for local economic development, and the use of municipal

resources and social harmony in their areas. Their precise duties are specified in instructions issued by the mayor.

66. If local citizens so wish, towns can establish neighbourhood community councils, composed of local residents and organised on a voluntary basis. Municipal councils are responsible for determining community councils' organisational and procedural arrangements and the manner in which these councils relate to the municipality and municipal bodies. Each community council elects from its membership a liaison officer to organise and manage its work. In principle, each neighbourhood establishes a community council. Municipal councils can decide that there will be more than two community councils in a neighbourhood or that two or more of them will be merged. Community councils and their liaison officers can support local government activities in their area and carry out projects that benefit the local community. If the municipal council so decides, community councils are empowered to undertake certain activities that the former delegates to them. In such cases, the municipal council decides on the amount of funding or joint funding to be made available for that purpose, but such funds must not, in any circumstances, be used to pay fees or bonuses to council members.

67. Villages are directed by village heads and councils. Village councils are consultative bodies reporting to the village head. Their members are elected at village meetings that must be attended by at least half of the eligible voters. The elections must comply with the legislation on gender equality. The voting rules and arrangements are determined by the municipal council concerned. Municipal councils also decide on the size of membership of village councils, according to the number of inhabitants of the village concerned. Village heads are elected by village councils from among their members. Village council elections are held every four years, after, but not more than three months after, the municipal council elections. If this deadline is not met, the mayor will appoint an interim village head until the election can take place. If the post of village head becomes vacant, the same election procedure will apply. The newly elected head will then remain in office for the remainder of the original four-year term. Village heads and councils carry out and support municipal government functions and activities in their villages and are responsible for local economic development, and the use of municipal resources and social harmony in their areas. Should the mayor decide so, they may also prevent unlawful interference with drinking water and drainage systems and protect water supplies in residential areas and the tertiary irrigation and drainage network, prevent unlawful interference in their village's roads, pavements and other public spaces and any damage, manage the village cemetery, as well as ensure the conservation of forests, pastures and natural resources. Their powers and responsibilities are set out in more detail in the relevant municipal council's statutes and orders. Village heads are paid for their activities, according to criteria laid down by the municipal council in question and in accordance with the relevant legislation. Village heads may be invited to municipal council meetings or attend them on their own initiative, but with no right of vote. They are entitled to speak at such meetings on matters relating to their village.

68. Under Article 8 of Law 139/2015, local self-governing authorities can take local public policy initiatives in areas under their jurisdiction on any matter, unless it is unlawful or has been made the exclusive responsibility of another body. In the exercise of their powers, all decisions, regulations and so on are published. Municipalities exercise both exclusive powers and ones that have been delegated by the institutions of central government (Articles 23 to 30 of Law 139/2015).

69. The exclusive powers concern, among other things, public facilities and services (water supply and sanitation, refuse disposal, local roads, lighting, cemeteries, transport, crèches and health centres...); social services for the poor, persons with disabilities, children, women heads of family, battered women, large families, elderly persons, construction and management of social housing, local social services centres; culture, sport and leisure (protection of the cultural heritage, libraries, sports facilities...); environmental protection; agriculture, rural development, forests and public grazing land, nature and biodiversity; local economic development including regulation and functioning of public markets and trade networks and support services for local economic development; public safety (civil protection, firefighting and prevention of administrative offences).

70. There are both mandatory and optional delegated functions and powers. The mandatory ones are those that are required by law. When the law permits, the central institutions can authorise municipalities and regions to perform specific functions and activities, where appropriate accompanied by monitoring procedures to ensure that these tasks are being carried out satisfactorily. Municipalities and/or regions may be given a special prerogative to exercise a particular function. Other non-mandatory powers and functions may be delegated to municipalities on the basis of an agreement between a specific local authority and the central body responsible in law for that activity. At all events, central government must provide local authorities with the necessary financial resources to perform delegated functions and powers.

71. Article 10 of Law 68/2017 on local financial autonomy provides for local authorities to be financed by local taxes and charges and other local receipts, funding from the central state budget, income from shared national taxes and charges, local borrowing, gifts and donations and any other local source specified in law.

72. Article 11 of Law 68/2017 lists the different categories of local taxes that fall under the jurisdiction of communities, in particular property taxes, including taxes on buildings, agricultural land and urban sites, and on transactions concerning the latter; new construction infrastructure impact tax; hotel tax; local taxes on small businesses; personal income tax.

73. Under Article 14 of Law 68/2017, local authorities can charge for services provided or rights granted to individuals and legal persons. They can notably charge for the use of public spaces; refuse collection and disposal; water supply and treatment; irrigation and drainage; administrative services, including licences, authorisations.

74. Article 19 of Law 68/2017 authorises local authorities to raise income from the rental of municipal properties or the sale of local properties.

75. Local authorities receive both unconditional and conditional, or earmarked, transfers and shared taxes from central government. They have total freedom in their use of unconditional transfers and income from shared taxes. However, earmarked transfers must be used for the purposes specified by the entity making the transfer.

76. Unconditional transfers from central government, under Article 23 of Law 68/2017, are granted to local authorities to finance their statutory activities and responsibilities. They are completely free to use them as they wish. The annual unconditional grant to local authorities must not be less than 1% of gross domestic product and must never be below the amount received in the previous financial year.

77. Earmarked transfers under Article 27 of Law 68/2017 are mainly granted to finance delegated functions or specific projects deemed to be of local, regional or national importance where it is necessary for government to co-operate with the relevant local authorities.

78. Under Article 28 of Law 68/2017, such grants can be used to finance new functions transferred to local authorities for a transitional period pending introduction of an equivalent and stable funding arrangement, and to finance activities of an urgent nature or in similar situations with national implications where co-operation with local authorities is necessary.

79. Certain national taxes are shared with local authorities under Article 25 of Law 68/2017:

- a) 97% of revenue from the immovable property right transfer tax on individuals and legal persons;
- b) 25 % of revenue from the sale of second-hand vehicles tax;
- c) 5 % of revenue from the tax on surplus mining profits introduced under the “national taxation” Act;
- d) 2% of revenue from personal income tax.

If taxation policies affecting the proportions and types of shared taxes are modified, local authorities are entitled to financial compensation in line with their lost income.

80. Local authorities may receive or grant financial transfers to or from other authorities for the provision of goods and services, under the terms of contractual agreements (Article 29 of Law 68/2017).

81. Local authorities may undertake short or long-term borrowing, in accordance with the legislation on local self-government, local borrowing and budgetary management. The finance ministry may require an external audit before approving long-term loans, under Article 31 of Law 68/2017.

2.2 Status of the capital

82. The city of Tirana does not have a special status but a statute is being drawn up to take account of the capital's distinctive nature. Tirana is divided into 27 administrative units: 11 urban and 13 rural, plus three newly created neighbourhoods. Most services are based in these units, which are deemed to be best fitted to serve a rapidly growing population. These geographical sub-divisions of Tirana municipality are part of the city administrative structure and have rights similar to those of the municipal council. Each administrative unit offers services under the overall control of an administrator appointed, and subject to dismissal, by the mayor. The mayor of Tirana has executive authority in the city and is directly elected, with the municipal council, for a four-year term. Since 2018, the municipal council has had 61 members. The most recent elections were won by the Socialist Party. The members of the council elect their council president. Tirana municipality forms part of the Tirana regional council, on which it is represented by twelve members, including the mayor. Similarly, the president of the regional council is a member of Tirana municipal council.

83. Despite its size and economic importance, Tirana does not have any additional financial, fiscal or budgetary powers to distinguish it from other municipalities. It has the same status as an ordinary municipality. However, since the local self-government reforms came into force, the city's own resources have increased considerably while the budget itself has risen from 25 million to 180 million euros.

2.3 Legal status of the European Charter of Local Self-Government

84. The Albanian legal system being monistic, the Charter is recognised as an integral part of its legislation in accordance with Articles 116 and 122 of the Constitution and there is also a specific law (No. 8548) that sets up the legal mechanisms for the realisation of the principles of the Charter. The principles of the Charter set forth in Article 2 are fully covered and taken into account by Albania's legislation. The Charter therefore serves as a reference, not only for the 2015-2020 comprehensive decentralisation and local governance strategy but also for recently enacted legislation, particularly Laws 139/2015 on local self-government and 68/2017 on local financial autonomy, which expressly reflect its objectives and some of its definitions. Meanwhile, the Albanian Constitutional Court has ruled on several occasions on cases concerned with local self-government and has referred directly to the European Charter in several of its decisions. In decision 37 of 12.06.2015, it stated that the Charter had established clear concepts applicable to both local self-government and the subsidiarity principle and that local government meant the right of the inhabitants of a geographical community to manage their affairs independently, either directly or via organs of their choice. It added that decentralisation of power was a key principle on which local government and its operations were based. In decision 19 of 15.04.2015, the court referred expressly to Article 5 of the Charter. In decisions 4 of 02.02.2015 and 3 of 02.02.2009 it considered the subsidiarity principle from the standpoint of Article 4 of the Charter.

2.4 Previous Congress reports and recommendations

85. The 2013 report on local and regional democracy in Albania concluded that the constitutional and legislative bases of Albanian local government formally met the norms established by the Council of Europe; however, the actual practice of local democracy was beset with difficulties. Moreover, a number of provisions of the existing laws were not in harmony with the principles of the Charter, such as the legislation on urban planning (no. 8991 as amended in 2003), on local taxation of small business (no. 8978) and on prefects (no. 8927). It also found that the regional authorities still seemed to be very weak, the local authority associations were fragmented and lacked a unified voice and there were no clear rules on the consultation process between local authorities and the government. It highlighted the partisan behaviour of local government leaders which continued to prevent them from speaking with one unified voice; the co-existence of regional councils and the prefects as parallel structures in each region; the excessive scope of the supervision of local authorities' own functions; the lack of financial resources or local revenues commensurate with local authorities' own and shared responsibilities; and authorities' dependence on financial assistance from the state.

86. In Recommendation 349 (2013) adopted on 31 October 2013, the Congress noted with satisfaction that:

"a. the Albanian authorities have adopted a strategy for decentralisation that is a roadmap for more local and regional development in Albania, which constitutes an important step forward, in the establishment of multi-level governance and electoral democracy in the country;
b. the Albanian system of local and regional self-government can, in general, be considered to correspond to the spirit and principles of the Charter;
c. the establishment of the "Regional Development Fund" has been instrumental in reducing the disparities between various local authorities which should be recognised as a successful example of the decentralisation policy in Albania."

87. It nevertheless expressed concern that:

"a. the partisan behaviour of local government leaders continues to prevent them from speaking with one unified voice, resulting in a situation where local elected representatives cannot find consensus inside local government associations and consolidate their position vis-à-vis the central government;
b. the co-existence of regional councils and the prefects as parallel structures in each region (qark) makes it unclear what competences are under the exclusive mandate of the council and is not in conformity with the provisions of Article 3 of the Charter, also giving rise to the risk of duplication and constituting the main obstacle for regional autonomy in Albania;
c. the organic law regulates, in a confusing manner, the structure, roles and competences of both the local and the regional authorities;

- d. there are no clear regulations formalising the participation of the local government associations in the process of consultation with the central government ;
- e. the system of administrative supervision allows for a wide interpretation as regards the scope of supervision of local authorities' own functions;
- f. local authorities do not have concomitant financial resources or local revenues commensurate with their own and shared competences, which is not in compliance with Article 9, para. 2 of the Charter;
- g. local authorities are heavily dependent on financial assistance from the State, which resorts to the practice of cutting unconditional grants in certain cases. This is in contradiction with the provisions of Article 9, para. 5 of the Charter;
- h. the city of Tirana does not have financial, fiscal and budgetary instruments adapted to its status as capital city."

88. In light of the above the Congress requested the Committee of Ministers to invite the Albanian authorities to take account of the following recommendations:

- "a. intensify the decentralisation process in the light of the Charter and the recommendations provided by the Congress, and begin a reform of the territorial system that will allow communes and municipalities to carry out their responsibilities, particularly in the area of the spatial development of their territories and urban planning;
- b. revise legislation to clarify the competences of local and regional authorities, revising in particular Articles 2, 7, 8, 9 and 10 of Law No. 8652 in the light of Article 4 of the Charter;
- c. clarify the respective areas of competence of the prefect and the regional (*qark*) council, and consider setting up a unified administrative structure accountable to the regional council, as well as introducing direct and universal elections for the regional council;
- d. consolidate the institutions of the regional level and reform the system of regional finances;
- e. introduce a specific provision in Law No. 8652 aiming to formalise the process of consultation of local authorities by the central authorities, to ensure consultation "in due time and in an appropriate way, on matters which concern them directly", as required by Article 4, paragraph 6, of the Charter;
- f. provide support to the Council of Europe and the Congress in the implementation of their project entitled "Strengthening the local government structures and co-operation between local officials in Albania" funded by the Swiss Confederation and, in particular, support the efforts of local officials to build a platform of pluralist dialogue involving all representative bodies of local communities to protect their interests;
- g. ensure, through legislation, that the supervision exercised by the central authorities on the decisions taken by the communes and municipalities within the remit of their delegated and shared competences, does not allow for a disproportionate control over local government affairs;
- h. improve the legal status of Tirana in order to provide the capital city with the relevant financial, fiscal and budgetary instruments to allow it to function adequately as a capital city;
- i. sign and ratify, in the near future, the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207)."

3. HONOURING OF OBLIGATIONS AND COMMITMENTS: ANALYSIS OF THE SITUATION OF LOCAL DEMOCRACY ON THE BASIS OF THE CHARTER (ARTICLE BY ARTICLE)

3.1 Article 2 – Constitutional and legal foundation for local self-government

The principle of local self-government shall be recognised in domestic legislation, and where practicable in the constitution.

Constitutional provisions

89. Article 13 of the Constitution states that local government in the Republic of Albania is founded upon the basic principle of decentralisation of power and is exercised according to the principle of local autonomy

90. Articles 108-115 define the principles of local government and authorities. Thus, Article 108(1) establishes that the units of local government are communes, municipalities and regions, while Article 108(2) establishes that the local boundaries cannot be changed without prior consultation of the inhabitants.

91. Article 109 (1) stipulates that, the representative organs of the basic units of local government are councils that are elected every four years in general direct elections by secret ballot. In addition, the mayor of the municipality and the head of the commune as the executive organ of the LGU, are elected directly in the same manner.

92. Article 110 stipulates that regions, composed of several basic units of local government, are the entities in which regional policies are developed, implemented and harmonised with state policy.

93. Basic powers and the principle of the right to local fiscal autonomy are set out in Article 113, establishing that the councils of the communes, municipalities and regions regulate and administer local issues, in an independent manner, within their jurisdiction by exercising the rights of ownership, administering all income created locally, and enjoying the right to exercise economic activity and to collect and spend the income necessary for the exercise of their functions. According to this article, local authorities should be entitled to adequate fiscal resources, which they were free to dispose of within the limits of their powers.

Legislative provisions

94. Law 8652 of July 2000 on the organisation and functioning of local government (the Organic Law) is the main piece of legislation relating to the decentralisation reform. It affirms the rights and powers of local authorities in conformity with the Constitution and the Charter, and establishes the framework for relations between central and local government. It is clear that, under this legislation, local authorities enjoy considerable autonomy regarding a broad range of public service activities, economic development, social and cultural activities, and public order and protection.

95. Law 115/2014 of 31 July 2014 on the administrative and geographical division of local authorities in Albania, whose main objective was to improve the effectiveness and standard of local services and promote a more balanced form of regional development, provided for the administrative division of the country into 12 regions (*qarks*) and 61 municipalities.

96. Under Article 4 (1) of Framework Law 139/2015 on local self-government in Albania, the local authority bodies operate according to the principle of local self-government. The law transferred significant public service functions to municipalities as their exclusive responsibility, including the following:

- i. social services;
- ii. pre-school education staff and support staff at pre-university level;
- iii. forest and pasture management;
- iv. management of the secondary and tertiary water treatment system for irrigation and drainage;
- v. fire rescue centres;
- vi. management of rural roads.

97. Law 107/216 on regional prefects lays down their role and powers as representatives of the Council of Ministers at regional level.

98. Law 68/2017 on local financial autonomy is the very first piece of comprehensive legislation on local government finances. It sets out all the principles and procedures concerning local authorities' sources of income, the management of expenditure and the related intergovernmental dialogue and consultation.

99. There have also been several amendments to existing legislation and regulations relating to local self-government to clarify the situation regarding decentralised and newly delegated functions. Examples include:

- Regulations on the collection of property and local taxes, and guidelines on local authorities' financial management
- The legal framework and guidelines laid down in Law 107/2014 on regional planning and development, coupled with Council of Ministers decision 686 of 2017 laying down the regulations and detailed procedure relating to the preparation of land-use plans at the municipal level.

100. Consequently, the rapporteurs consider that the provisions of Article 2 of the Charter are fully complied with in Albania.

3.2 Article 3 – Concept of local self-government

1. Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.
2. This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.

Article 3.1

101. According to the Charter, local authorities should regulate and manage “a substantial share of public affairs”. It leaves states a certain margin of discretion in determining “the limits of the law” and the scope of local authorities’ activities. However, the share of public affairs managed by local authorities must be “substantial” and not simply residual. In other words, they must exercise a range of responsibilities sufficient to enable them to implement local policies that benefit the local population.

102. The local authorities cannot really regulate and manage a substantial share of local public affairs if these authorities are too small and/or are deprived of the necessary resources to carry out their tasks. The merger of municipalities may therefore be desirable in certain cases. Another option is recourse to municipal co-operation with a view to the joint provision of services.

103. Local self-government in Albania is defined by Law 139/2015 as local authorities’ right and capacity, as specified in the Constitution and within the bounds of this law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the community. This provision is compatible with the intention of the Charter, which is that local authorities must have a wide range of responsibilities that ought to be exercised at local level. In this context, Law 139/2015 transferred significant public service responsibilities to municipalities as part of their own sphere of competence, as set out in Articles 21 to 33 of the legislation. It did away with the concept of shared functions and decentralised several new activities to the local level.

104. Article 8 of Law 139/2015 on local self-government also provides that local self-governing authorities may initiate measures of local public interest within their areas of jurisdiction on any subject unless it is legally prohibited or the exclusive responsibility of another body.

105. Local authorities’ effective capacity to regulate and manage a substantial share of public affairs has been strengthened by the 2015 reform in which 373 municipalities and communes were merged into 61 municipalities. The creation of these large municipalities has enabled local authorities to expand their role in the overall system of public administration and provide better managed local public services. However, this capacity is limited by the inadequate resources available to finance these new municipal responsibilities (see articles 9.1 and 9.2).

106. The rapporteurs also found that the regional tier has not benefited fully from the local and regional reforms of recent years. Although, according to Law 139/2015, regions constitute the second tier of local self-government, they still seem to have a limited role. Their main function is to help to develop and implement regional economic development policies and ensure that they are harmonised with national policies. In practice, they appear to be more like one further level of administrative decentralisation, with a limited margin of discretion while the main investment decisions remain in the hands of the central state, via the regional development funds. Regional councils are still not elected by universal suffrage but are composed of representatives of their constituent municipalities, which is hardly consistent with full democratic legitimacy.

107. Moreover, Law 102/2020 on regional development and cohesion, provides for the government to establish four administrative regions to serve as the focus for regional development and cohesion policies. The creation of these new administrative bodies inevitably raise questions about the future role of the current regions and possible overlaps between these two tiers of administration. It reflects a centralised approach to the framing and implementation of regional development policies which is difficult to reconcile with the requirements of local self-government.

108. The rapporteurs therefore conclude that Albania is in partial compliance with Article 3, paragraph 1, of the Charter.

Article 3.2

109. The right to self-government must be exercised by democratically constituted authorities. The Charter gives precedence to local representative democratic systems in which decision-making powers are exercised by councils or assemblies elected by universal suffrage.

110. In Albania, the local councils are the municipalities’ representative bodies. In accordance with Article 109 of the Constitution their members are directly elected by citizens. Local elections are held every four years across the country by proportional representation with closed lists. Mayors and heads of communes are elected by direct vote using a majority system and secret ballot. The July 2012 changes to the Albanian electoral code under Law 74/2012 entitled groups of electors to put forward candidates for local councils. Candidates may not stand for more than one council. Nor may candidates proposed by a group of electors

be supported, directly or indirectly, by other candidates of another electoral body, such as a political party, standing for the same election. Eligibility to stand for election to a local council or as mayor is restricted to persons with a permanent residence in the authority area concerned.

111. It should be noted that women represent 50% of the membership of municipal councils, since candidate lists for municipal elections have to comply with gender parity.

112. The June 2019 local elections were not conducive to the strengthening of local democracy in Albania. They were boycotted by the opposition, which does not therefore control any municipality. As a high-level Congress delegation reported, following its visit to Tirana from 4 to 6 February 2020³, this setback to municipal pluralism had led to a further erosion of the trust of citizens in the institutions of the country. Neither the government nor the opposition could afford to remain indifferent in the face of such a situation and had to act in a responsible manner, according to their specific roles in the democratic process, in order to ensure elections offering a pluralistic choice to the voters, at both the national and the local levels.

113. The appeal lodged by the association of Albanian municipalities concerning the constitutionality of the election of 30 June 2019 is currently pending before the Albanian Constitutional Court, which resumed its activities in December 2020⁴.

114. The rapporteurs consider that progress on the Albanian reforms designed to strengthen local democracy and public confidence in the institutions of state is still dependent on the ability of the government and the opposition to co-operate on the basis of democratic political dialogue.

115. Meanwhile, regional authorities are not elected by universal suffrage but composed of representatives of their constituent municipalities' elected bodies. As already noted in the last report, the rules governing the composition of regional councils remain problematic, as the Charter expressly requires (Article 3, para. 2) that the deliberative bodies of local authorities, of whatever level, should be composed of members freely elected by secret ballot on the basis of free, secret, equal, direct and universal suffrage.

116. Finally, regarding the right to participate in local authority affairs, the rapporteurs consider that chapter VI of the local self-government legislation, entitled "transparency, consultation and civic participation" should be fully applied. Steps should be taken to foster democratic participation, to ensure public involvement in the local decision-making process. Admittedly, progress has been made regarding access to information: a growing number of municipalities have published relevant information and appointed local freedom of information co-ordinators. Nevertheless, there is a need to strengthen the machinery for public participation in local decision making, particularly regarding the budgeting process, in all municipalities.

117. In the light of the above, the rapporteurs conclude that the situation in Albania is only partly in compliance with Article 3, paragraph 2, of the Charter.

3.3 Article 4 – Scope of local self-government

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|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The basic powers and responsibilities of local authorities shall be prescribed by the constitution or by statute. However, this provision shall not prevent the attribution to local authorities of powers and responsibilities for specific purposes in accordance with the law. |
| 2. | Local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority. |
| 3. | Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy. |
| 4. | Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law. |
| 5. | Where powers are delegated to them by a central or regional authority, local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions. |
| 6. | Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly. |

³ [Congress concludes high-level mission in Albania](#) - News 2020 (coe.int)

⁴ Until 23 December 2020, the Constitutional Court had not sat for several years, owing to the lack of a quorum following the verification process of judges' integrity. On 23 December 2020, the president appointed the sixth judge to the Court, which enabled it to become quorate and resume its activities.

Article 4.1

118. Local authorities' powers and responsibilities are set out in Articles 23 to 30 of Law 139/2015 on local self-government. They exercise exclusive powers and ones that have been delegated by the institutions of central government.

119. The exclusive powers concern infrastructure and public services, social services, culture, sport and leisure, environmental protection, agriculture, rural development, forests and public grazing land, nature and biodiversity, local economic development and public safety.

120. In 2016, at the end of the first year of the local and regional administrative reform process, municipalities had spent an average of 26% of their budgets on administration, 21% on public infrastructure, 21% on public services (cleaning, refuse disposal, public lighting, green spaces and so on), 20% on children's day-care and primary and secondary education, and 8% on sports, cultural and social centres.

121. For these reasons, the rapporteurs conclude that the situation in Albania is in compliance with Article 4, paragraph 1, of the Charter.

Article 4.2

122. Local authorities must be empowered to take initiatives on matters that are not explicitly excluded, by law, from their powers and responsibilities⁵. Article 8 of Law 139/2015 on local self-government authorises local self-governing authorities to take local public policy initiatives in areas under their jurisdiction on any matter, unless it is unlawful or has been made the exclusive responsibility of another body. It therefore appears that, quite apart from the 41 areas of responsibility expressly assigned to them by Law 139/2015, Albanian municipalities are empowered to intervene in any matters of local concern. This residual general power of competence is clearly fully consistent with the principle of local self-government but it remains little used in practice, given the number and extent of the powers and responsibilities expressly devolved to local authorities.

123. The rapporteurs conclude that Albania is in compliance with Article 4, paragraph 2, of the Charter.

Article 4.3

124. This paragraph of the Charter introduces the subsidiarity principle, whereby public responsibilities shall generally be exercised "in preference" by those authorities which are closest to the citizen. Under Article 10 of Law 139/2015, relations between local self-governing bodies and the institutions of central government are based primarily on the subsidiarity principle. Article 2, sub-paragraph 12, defines this as the exercise of functions and powers at a level of governance that is closest to citizens, bearing in mind the importance and nature of the requirements of effectiveness and economy. This definition is directly inspired by Article 4, paragraph 3, of the Charter. Article 22 of the legislation states that local authorities regulate and administer their activities with full effect and with no external supervision, in accordance with the Constitution, the European Charter of Local Self-Government and the legislation in force. The 41 exclusive areas of responsibility assigned to municipalities by this legislation cover a very wide range of fields which relate to all the responsibilities that must be exercised closest to the citizen.

125. The rapporteurs consider, therefore, that the situation in Albania is in compliance with Article 4, paragraph 3, of the Charter.

Article 4.4

126. The Albanian local authorities association has told the rapporteurs that a clear distinction is not always drawn between municipal powers and responsibilities and state interventions. The transfer of new functions to local authorities does not prevent the state from intervening. Law 139/2015 provides for the establishment of a social fund for the financing of services in co-operation with the ministry responsible for social protection. Moreover, in practice, reference might be made to state interference since 2019 in coastline management, which is a local authority responsibility. Similarly, certain investment decisions are made by the state, such as the construction of health centres, even though the construction, refurbishment and maintenance of primary health care buildings has been a municipal responsibility since Law 139/2015. In many areas of activity, the exercise of local competences still requires co-ordinated action with central government.

⁵ A contemporary commentary by the Congress on the explanatory report to the European Charter of Local Self-Government, adopted by the Statutory Forum on 7 December 2020, <https://rm.coe.int/contemporary-commentary-by-the-congress-on-the-explanatory-report-to-t/1680a06149>

For example, forests are managed by municipalities but the relevant inspectorates are under the authority of the environment ministry. The purpose of Law 57/2020 on forests is precisely to clarify the roles and responsibilities of each institution responsible for forests at central and local levels, to coincide with the creation of the national forestry agency.

127. In the case of the provision and supply of drinking water and wastewater treatment, the central government not only lays down the main regulations but also decides how these functions should be exercised. Moreover, all the regulations and a major part of the administration relating to crèches are still a central government responsibility. In the case of the administration and protection of agricultural land, the municipalities are still dependent on the regional councils, which have the main responsibility for carrying out this activity.

128. In the health field, decision 405 of 20 May 2020 approving the strategy for the development of primary health care services in Albania 2020-2025 was drawn up by the health and social services ministry and approved by the Council of Ministers. The strategy is fairly vague about the activities devolved to local authorities and fails to offer a precise definition of municipalities' obligations or financial resources.

129. Decision 418 of 27 May 2020 approving the document setting out the strategic policies and national plan on integrated waste management 2020-2035 provides for the construction of energy-producing waste incineration plants on a decision of the Council of Ministers, which hardly seems to be consistent with the local self-government principle, or with the powers and responsibilities of municipalities specified in Law 139/2015 and in Albania's environment legislation. Further clarification is therefore needed regarding certain specific areas of activity and legislation granting specific powers to local authorities should be harmonised with Law 139/2015.

130. The interior ministry has already taken steps to produce a functional legal framework that is clear and easy to apply at local level. By December 2020, some 80% of local government legislation (Law 139/2015 and legislation on specific sectors) had already been harmonised. The rapporteurs consider that these efforts must be pursued.

131. Municipalities' public security functions, as specified in Law 139 of 2015, include their responsibility for civil protection against natural and other disasters. Recent such major events in Albania, including an earthquake and the pandemic, have revealed certain ambiguities in the division of roles and responsibilities between different institutions, mainly local and central. The new Law 45/2019 on civil protection and efforts to mitigate the effects of the earthquake and Covid-19 have highlighted municipalities' critical role in reducing the risks posed by such disasters and in providing civil protection.

132. It would also be helpful to draw up and maintain national minimum standards in certain priority areas such as pre-university education, sanitation services, housing, public security (municipal police) and civil protection, agriculture and rural development. Steps should also be taken to harmonise the legislation and regulations governing water supply and wastewater treatment and set minimum quality and security standards for water supply services, including the calculation of its cost.

133. Briefly, it appears that many new functions of local self-government are not yet backed up by the necessary legal changes, making it difficult for local authorities to exercise these functions.

134. In the light of the above, the rapporteurs conclude that the provisions of Article 4, paragraph 4 of the Charter are only partially respected in Albania.

Article 4.5

135. Delegation of powers and responsibilities, and of different governmental activities, can take various forms, ranging from legislation to ad hoc decisions or regulations of central government. Normally, the central state or regional authorities retain overall responsibility for a function or activity while transferring the task of applying or exercising it to local entities. At the same time, the delegating bodies are still empowered to issue instructions to the local bodies on how the delegated tasks should be carried out and to supervise their execution.

136. According to Committee of Ministers Recommendation (2007) 4 to member States on local and regional public services, the proximity to the population of local and regional public services is a fundamental necessity, and local and regional authorities have a vital role to play in the provision of these services. In order to ensure that services are adapted to citizens' needs and expectations, local and regional authorities should benefit from a high degree of decentralisation and a capacity for independent action in the provision

of these services. The delegated authorities should adopt minimum standards for the protection of the users of the essential services, and create the necessary machinery for monitoring compliance with them. Article 4.5 of the Charter is aimed at protecting local authorities as decision-makers and provides them with a power of discretion in an effort to prevent them from becoming mere “executive” agents of higher-level authorities⁶.

137. In Albania, under Law 139/2015, delegated functions and powers may be mandatory or non-mandatory. The mandatory ones are those that are prescribed in law. When the law permits, central institutions authorise municipalities or regions to carry out specific functions, where appropriate specifying the procedures for monitoring their performance. The central institutions may authorise municipalities and/or regions to exercise a unique prerogative for a specific function.

138. Other, non-mandatory, functions and powers may be delegated to municipalities on the basis of an agreement between a particular local government body and the central institution with legal responsibility for the activity in question. In every case, central government must provide local authorities with the necessary financial support to exercise the delegated functions and powers.

139. To ensure that the national norms and standards laid down in the relevant legislation are applied, ministries, according to their area of responsibility, oversee the activities of the organs of local self-governing authorities and, in the case of delegated functions, are empowered to exercise supervision over them.

140. In practice, delegated functions and responsibilities are exercised under the close supervision of the various ministries concerned and municipalities’ margin of discretion is relatively limited.

141. Consequently, the rapporteurs consider that Albania is in partial compliance with Article 4, paragraph 5, of the Charter.

Article 4.6

142. Article 10 of Law 139/2015 on local self-government states that relations between the organs of local government and the institutions of central government are based on the principles of subsidiarity, consultation and collaboration, to resolve their joint problems. Under Article 11, the local government bodies concerned will inform their central government counterparts in writing of any issues relating to their responsibilities on which they require information. Central government bodies must provide requested information within the time limits specified in the applicable legislation.

143. Article 12, which is concerned with consultation between central and local government bodies, states that:

- “1. Central government shall consult the relevant local government bodies on all policies, legislation, norms and standards governing and directly affecting the exercise of local authority rights and duties.
2. The local government bodies shall consult local authority associations and other interested groups to seek their opinions, comments and proposals concerning policies and legislation that directly affect the exercise of their rights and activities.
3. The structure, procedure and form of the consultation process, and how it is organised and functions, together with the types of questions for consultation, shall be laid down in a decision of the Council of Ministers.”

144. In practice, it appears that central government consultation of local authority associations does in fact take place, but that it sometimes takes on a somewhat routine character. A consultative council composed of representatives of central government and of local and regional authorities was established in December 2016, by Council of Ministers decision. The local and regional authorities have equal representation on the council. It is the main forum of consultation and discussion and meets several times a year. It enables local authorities to put forward their proposals and defend their interests and the parties concerned seem to find that it works satisfactorily. However, in its 2019 report, the association of Albanian municipalities noted that the consultative council functioned more as a conference than as a genuinely participative body.

145. More recently, a thematic group on decentralisation has been set up, including representatives of local and regional authorities and civil society. There has also been close co-ordination and co-operation with the government on logistical, administrative and financial aspects of managing the Covid-19 pandemic. Consultation between local and central authorities via daily on-line meetings to exchange information and co-ordinate decision making has become pivotal. More specifically, joint working groups have been

⁶ *Ibidem*.

established to exchange information and co-ordinate activities in particular areas, and these meet on a regular basis.

146. The creation of the consultative council as the main forum for consultation on new strategies likely to have an impact on local governance is an important development, which appears to be generally appreciated by those involved, particularly the local and regional authority associations which are jointly represented on this body.

147. According to the rapporteurs the provisions of Article 4 paragraph 6 of the Charter are respected in Albania.

3.4 Article 5 – Protection of local authority boundaries

Changes in local authority boundaries shall not be made without prior consultation of the local communities concerned, possibly by means of a referendum where this is permitted by statute.

148. Under Article 86 of Law 139/2015 administrative and geographical divisions in force may be subject to reorganisation, with or without boundary changes, in accordance with economic and social interests, tradition, culture, long-established relationships and other local values, to secure an improved level of service of benefit to the local community and to implement development policies at local, regional and supra-regional levels. Article 87 of Law 139/2015 states that a change of boundaries must take place when:

- a. an authority divides into two or more distinct self-governing entities,
- b. two or more self-governing entities merge to form one single authority within their boundaries, or
- c. part of the geographical area of one self-governing entity is transferred to the area administered by another authority.

149. Administrative and geographical reorganisations of authorities, with or without boundary changes, require special legislation. Proposals to reorganise one or more local self-governing entities are submitted to parliament with the supporting facts and arguments concerning the economic, social, cultural, demographic and administrative reasons for the reorganisation in question and its associated benefits. Such proposals will also consider the opinion of those living in the areas concerned, the relevant administrative and territorial maps and the effects of the reorganisation and the resulting changes on them, and how to deal with the problems of the constituent authorities from the standpoint of their financial obligations to third parties and to each other.

150. Municipal and regional councils affected by proposed reorganisations and their presidents must give their official opinions and, in event of disagreement among council members, even the opposed views of the members concerned. The Council of Ministers, when it has not itself initiated the reorganisation, and other central institutions of state not subordinate to it but concerned by the reorganisation, shall give an opinion, with reasons, for or against the proposal. These opinions must be submitted within 60 days of receipt of the originator's request.

151. Article 93 of Law 139/2015 provides for the updating of administrative and geographical boundaries. In the case of the 2014 mergers of communes, the government-directed consultation process involved public meetings, consultation sessions, a public hearing and a national survey. Albanian legislation does not provide for local referendums. Civil society was involved in the consultation process: in total, 13 meetings were attended by 1 218 participants. All the meetings were broadcast live on the administrative and geographical reform on-line portal. In addition, the parliamentary special committee on the reform held eight public hearings with representatives of local government and associations of elected officials, civil society, international organisations and independent constitutional institutions. A total of 75 participants took part in these hearings. All the meetings were broadcast live on television. At the second series of consultations on the merger options approved by the committee, 42 meetings were attended by 1 785 persons. Community opinion was sought by means of a national survey of a sample of 16 000 respondents. This ranks as the largest national survey ever conducted in Albania. It appears that every local authority was consulted on the new boundary reform and was able to give its opinions on the merger proposals.

152. The rapporteurs therefore consider that Albania complies with Article 5 of the Charter.

3.5 Article 6 – Appropriate administrative structures and resources for the tasks of local authorities

1. Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.
2. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

Article 6.1

153. This paragraph states that local authorities have discretion to determine their own internal administrative structures or organisation. The power to organise their own affairs is accordingly a part of the autonomy enjoyed by local entities. This discretion, like the other elements of local autonomy, is not absolute but has to comply with the general statutory framework of government organisation. The ultimate goal of the paragraph is to safeguard local autonomy by allowing local authorities to establish internal administrative structures and arrangements that enable them to meet the various needs of local residents and provide a full range of public services⁷.

154. Under Article 113 of the Constitution, communal, municipal and regional councils are empowered to establish rules on their organisation and functioning, in accordance with the law. Article 9 of Law 139/2015 on local self-government authorises municipalities to establish administrative arrangements for exercising their devolved functions and responsibilities. They can thereby set up committees, councils and commissions to perform specific functions when necessary, in accordance with the legislation on gender equality.

155. Having regard to the relevant legal provisions, the rapporteurs consider that Albania is in compliance with Article 6, paragraph 1, of the Charter.

Article 6.2

156. The new Law 152/2013 on the public service extended its scope to include municipal administration. Over the years, there has been an expansion of local government human resources but the situation remains problematic. According to the government's on-line financial system, in 2020 there were 34 047 employees for the 61 municipalities, 901 more than in 2019. Forty of the 61 have increased their staffing, in particular Tirana (+488 employees), Pogradec (+130) and Durrës (+81). However, other municipalities have seen a decline in their staffing levels, in particular those of Dibër (-63 employees) and Lezhë (-52).

157. The most highly qualified administrative personnel are mainly concentrated at central level and in the principal towns and cities, whereas municipalities in rural areas have difficulty in recruiting people. The comprehensive decentralisation and local governance strategy notes that limited ability and/or capacity to design and implement local development strategies and local development plans, to draw up local medium-term financial programmes, and to deal with complex regulations and ensure that there are well-established training facilities are some of the main challenges to the proper functioning of local government administration.

158. There is a specific body of law governing the salary system applicable to local authority staff, based on the classification of councils into four population-related groups. Further progress is still required, particularly regarding remuneration of the employees of small and medium-sized municipalities, whose salaries are below those paid by the large councils. According to the mid-term appraisal and the annual monitoring reports of the decentralisation strategy, reform of the local authority salary structure, particularly for small and medium-sized authorities, is still a priority for the Albanian government in the years to come, to make it easier for councils to retain qualified staff. Finally, staff recruitment should be quite independent of any political considerations or influence.

159. Consequently, the rapporteurs consider that the provisions of Article 6 paragraph 2 of the Charter are only partially respected in Albania.

⁷ *Ibidem*.

3.6 Article 7 – Conditions under which responsibilities at local level are exercised

1. The conditions of office of local elected representatives shall provide for free exercise of their functions.
2. They shall allow for appropriate financial compensation for expenses incurred in the exercise of the office in question as well as, where appropriate, compensation for loss of earnings or remuneration for work done and corresponding social welfare protection.
3. Any functions and activities which are deemed incompatible with the holding of local elective office shall be determined by statute or fundamental legal principles.

Article 7.1

160. Mayors' appointment must be confirmed by the civil bench of the district court of the municipality concerned within twenty days of the announcement of the results of the mayoral election. Their removal from office is declared if the conditions laid down in Article 45 of the Constitution and the relevant provisions of the Albanian electoral code are breached (conviction with prison sentence). Mayors' term of office ceases if they refuse to take their oath, resign, are no longer permanently resident in the municipality in which they were elected, are dismissed by the Council of Ministers under Article 62 of Law 139/2015 (if they have committed serious violations of the Constitution or legislation, if they have been found guilty of a criminal offence in a final judgment, or if a municipal council calls for them to be dismissed for absence from duties for a continuous period of three months), stand for election to parliament, have been declared ineligible by a final court decision, or are deceased. When a mayor's term of office ends prematurely a by-election is held for a replacement, as provided for in the electoral code, and the mayor's duties are performed in the meantime by the deputy mayor.

161. There is also a system for checking municipal councillors' mandates. Under Article 49 of Law 139/2015, councillors' mandates are confirmed and may be withdrawn by a majority of votes of all the members of the municipal council. The conditions under which their term of office may be prematurely ended are also provided for in law.

162. Municipal councils may be dissolved before the end of their term of office. If a council fails to meet for a continuous period of three months from the date of its last meeting, the prefect may convene a meeting no more than twenty days later. If, after being convened by the prefect, the council still fails to meet, it is dissolved before expiry of its normal term of office following a decision of the Council of Ministers. Municipal councils may also be dissolved following reorganisations resulting from changes to municipal boundaries.

163. There is a margin of discretion concerning "serious" violations of the Constitution or the law. These can be the grounds for a mayor's dismissal or the dissolution of a municipal council, but are very rare in practice. The courts to which such decisions are referred can rule on their lawfulness.

164. In the light of the above, the rapporteurs conclude that Article 7, paragraph 1 of the Charter is respected in Albania.

Article 7.2

165. This paragraph again refers to the conditions of office of local elected representatives and focuses on the financial aspect of their work. The aim of the paragraph is to ensure that local elected representatives receive "appropriate financial compensation" and to avoid the conditions of office preventing, limiting or even excluding potential local candidates from standing for office because of financial considerations⁸.

166. Article 51 of Law 139/2015 provides for councillors to receive monthly compensation for their official activities of up to 10% of the monthly salary of the mayor of the municipality concerned. The minimum and maximum monthly salaries of mayors and deputy mayors are laid down in a Council of Ministers decision and vary according to three different groups of municipalities. Employers are required to permit councillors to take absence from work to attend municipal council meetings or meetings of its committees and other activities organised by the council. Mayors must supply councillors with any information or documentation relating to the municipality requested by them. Councillors are also entitled to take part in training, in programmes approved by the municipal council concerned.

167. The rapporteurs therefore consider that Albania is in compliance with Article 7, paragraph 2, of the Charter.

⁸ *Ibid.*

Article 7.3

168. Restrictions on holding elected office should be as limited as possible and set out in national laws, which means that they apply to all levels of government. They should mainly be related to potential conflicts of interest or involve a commitment that prevents the local representative from discharging his or her duties for the local authority in a professional way⁹.

169. In Albania, Article 47 of Law 139/2015 specifies the circumstances in which the role of local councillor may be declared incompatible with certain offices.

170. The rapporteurs therefore conclude that Albania is in compliance with Article 7, paragraph 3, of the Charter.

3.7 Article 8 – Administrative supervision of local authorities' activities

1. Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as are provided for by the constitution or by statute.
2. Any administrative supervision of the activities of the local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.
3. Administrative supervision of local authorities shall be exercised in such a way as to ensure that the intervention of the controlling authority is kept in proportion to the importance of the interests which it is intended to protect.

Article 8.1

171. Administrative and financial supervision of local authorities is clearly defined in Article 13 of Law 139/2015 on local self-government.

172. Depending on their particular areas of responsibility, ministers oversee the activities of the organs of local government to ensure that the norms and standards laid down in the relevant legislation are properly enforced, and in the case of delegated functions they are empowered to exercise supervision.

173. Rule-making decisions and orders issued by local authority bodies are subject to review of their legality by the prefect within ten days of their publication. As the designated local representatives of central government, prefects have extensive supervisory authority over local authority actions and decisions. They are required to rule on the legality of decisions and orders within ten days of their registration.

174. Reviews of legality by prefects may lead to the rejection of an authority's decision or order, in which case the latter may refer the prefect's decision to the administrative court.

175. Local authorities are subject to external audit by the relevant central government bodies regarding their use of conditional and/or delegated funding from the national budget and/or foreign aid which they receive on the basis of agreements signed by the central government.

176. Local self-governing authorities are subject to supervision by the state supreme audit office under the legislation in force. Under Article 163 of the Constitution, the national audit office supervises the use of state funds by the organs of central and local government. Law 154/2014 details the role of the audit office. It carries out some twenty audits each year focussing on both the lawfulness of the use of public funds and the effectiveness and efficiency of local management. It can make recommendations on a case by case basis, most of which are put into practice (362 recommendations issued in 2018, 357 accepted). Each year, the audit office reports to parliament on local authorities' public spending performance.

177. The rapporteurs therefore conclude that Albania is in compliance with Article 8, paragraph 1, of the Charter.

Article 8.2

178. The general rule established by the Charter is that supervision shall "normally" aim only at ensuring compliance with the law and with constitutional principles. It thus proclaims a general preference for checks on legality over checks on expediency, the former being the only checks that in general comply with the Charter. Checks on expediency are not prohibited by the Charter, but they are severely restricted, since they

⁹ *Ibid.*

are deemed to be incompatible with the very notion of local self-government. Administrative checks on the expediency of activities must therefore be confined to functions that the superior authorities, the supervisory bodies, have delegated to the local authorities¹⁰.

179. In Albania, central government supervision of local authorities is designed to ensure compliance with the legislation and excludes all checks on the expediency of activities that fall within authorities' own sphere of competence. According to the October 2016 legislation on regional prefects, their relationship with local authorities is based on the principle of consultation and co-operation for resolving mutual problems.

180. In practice, prefects' task is to ensure that central government's policy lines are adhered to at local level. This has led to controversy, because of the partisan practices that can result from such a system at local level, and because it enables central government to exercise direct supervision over local and regional authorities. The 2016 Law strengthened prefects' role in overseeing local authorities' application of legislation and delegated functions. For example, they are expressly charged with monitoring local authorities' use of the powers and responsibilities delegated by central government and of the money they receive for these functions, according to rules laid down by the Council of Ministers. Where such checks reveal infringements of the law, prefects must inform the minister responsible for the delegated functions and the prime minister.

181. At regional level, prefects monitor social, economic and political developments. They receive all policy and budgetary documents and are empowered to retain these documents for a period of ten days to review their lawfulness.

182. In the light of the legal provisions and their discussions with the parties concerned, the rapporteurs conclude that Albania is in compliance with Article 8, paragraph 2, of the Charter.

Article 8.3

183. The intervention of the controlling authority must be in proportion to the importance of the interests which it is intended to protect. In this regard, in 2019 the Council of Europe's Committee of Ministers recommended the governments of member states to adopt appropriate measures to "put in place an appropriate legal, institutional and regulatory framework for supervision of local authorities' activities which is proportionate, in law and in practice, to the interests which it is intended to protect" (Recommendation CM/Rec(2019)3¹¹ on supervision of local authorities' activities). In accordance with the proportionality principle, therefore, the supervisory authority should only intervene insofar as it is necessary, having regard to the pertinence of the public interest concerned or of the seriousness of the violation that the local authority has allegedly committed.

184. In Albania, the administrative supervision of local authorities, as practised, appears to maintain proportionality between the extent of the supervisory authority's intervention and the importance of the interests which it sets out to protect. Local authority orders and regulations are not immediately enforceable, but are subject to the prefect's prior approval. The review of lawfulness conducted by the prefect may lead to rejection of the authority's decision, but the prefect can also negotiate possible changes to it with the authority, which in practice is what normally happens. Thus, in cases where prefects identify a breach of the law, they can refer the measure back to the local authority body concerned, with a note of the violations found. In such cases, the relevant authority can re-examine its original decision. If revised decisions are still found to be unlawful, prefects can request the administrative court to declare them null and void. Where prefects find a breach of the law and consider that returning the measure to the authority concerned is unlikely to serve any purpose, they may request the administrative court directly to declare it null and void and will then inform the authority accordingly. In practice, there may well be cases where it is difficult to secure co-operation between municipalities and the prefect, leading to a considerable number of referrals of proposed measures for re-examination by the prefect.

185. Municipalities may in turn refer prefects' rejection decisions to the administrative courts for a ruling on whether a rejection is justified. In practice, the interior ministry may intervene in cases of difficulty and re-examine the lawfulness of proposed measures, after consulting the ministry of justice.

186. In their meetings with various interlocutors, the rapporteurs received no complaints about insufficient compliance with Article 8 paragraph 3 of the Charter. The Albanian municipalities association considers that prefects do not interfere with their members' decision-making rights and authority and do not exercise any hierarchical powers over local authorities.

¹⁰ *Ibid.*

¹¹ Recommendation CM/Rec(2019)3 of the Committee of Ministers to member States on supervision of local authorities' activities (Adopted by the Committee of Ministers on 4 April 2019 at the 1343rd meeting of the Ministers' Deputies).

187. In the light of the above, the rapporteurs conclude that Albania is in compliance with Article 8, paragraph 3, of the Charter.

3.8 Article 9 – Financial resources of local authorities

1. Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers.
2. Local authorities' financial resources shall be commensurate with the responsibilities provided for by the constitution and the law.
3. Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate.
4. The financial systems on which resources available to local authorities are based shall be of a sufficiently diversified and buoyant nature to enable them to keep pace as far as practically possible with the real evolution of the cost of carrying out their tasks.
5. The protection of financially weaker local authorities calls for the institution of financial equalisation procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility.
6. Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.
7. As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.
8. For the purpose of borrowing for capital investment, local authorities shall have access to the national capital market within the limits of the law.

Article 9.1

188. Albanian local authorities' financial autonomy is guaranteed in the Constitution and the new Law 68/2017 on the financing of local self-government. According to the Act, fiscal decentralisation is still a main plank of the reform programme. The aim is to offer local and regional authorities more financial autonomy to carry out the functions devolved to them. It is based on the principle that national budgetary policies should ensure that local authorities are adequately funded and that they should have a wide range of income sources. Article 10 provides that local authorities are financed from local taxes and charges and other local income sources, state funding, income from shared national taxes and charges, local borrowing, gifts and donations and any other local sources specified in law.

189. Generally speaking, the reforms carried out have served to increase municipalities' fiscal and financial autonomy, but their situation varies considerably. Municipalities control 75% of the sources of funding while central government controls 25% of total local spending via conditional or earmarked transfers. In addition to conditional transfers, there are also unconditional transfers which represent a major part of the state's financial transfers. In addition to conditional transfers, there are also unconditional transfers which represent a major part of the financial transfers of the state.

190. There has not been any significant change in the average financial autonomy ratio (municipalities' own as a percentage of total resources) in recent years: 25.6% in 2010, 25.2% in 2015 and 27% in 2017, even though numerous authorities increased local taxes and charges significantly over this period. A more detailed individual analysis of the 61 municipalities shows that the financial autonomy ratio varies from 3% to 68%, thus revealing significant differences in their level of dependence on government.

191. In certain small municipalities own resources still constitute a very small proportion of the total: for example in Finiq, with 3500 inhabitants, they only make up 15% of total income. In contrast, in certain medium-sized towns, own resources can form a significant proportion of the total. Thus in Lezhe, with 70 000 inhabitants, they represent about 60% of total income.

192. Unconditional, or non-earmarked, transfers from the state budget, which municipalities are free to use as they chose, are still the main source of funding: over 50% of their income in the case of 70% of the new municipalities. At the end of 2016, municipalities' income from local taxes, fees and charges was 28% higher than in 2015. In the period January-June 2017, this source of income was again 28% higher than over the same period in 2016. The total financial resources of the local government recorded an amount of ALL 52 billion until the end of 2020, i.e. a slight increase of 0.2% compared to the same period of the previous year. The revenues from own local sources (local taxes and tariffs, activities with assets and others) recorded an

amount of about ALL 24.2 billion, with a decrease of about 5.3% in annual terms, which is about 1.4 billion less than the level recorded in the previous year. According to the authorities under consideration, revenues from their own sources showed negative results due to a decrease in the collection of local tax revenues (-5%) and local tariffs (-6.6%) during this period. 30 out of 61 municipalities managed to have a positive revenue performance for this period, while the remaining 31 local governments were not able to neutralise the decline in revenue from their own sources. Some of the municipalities affected by the earthquake on 26 November 2019 recorded a significant decrease in revenues, such as the municipality of Durrës, Krujë, Kurbin and Shijak.

193. Since 2015, therefore, when the local self-government reforms started to take effect, local authorities' own resources have practically doubled while the financing of investments from the same source has risen fourfold, though still not to a satisfactory level.

194. The rapporteurs therefore conclude that Albania is in partial compliance with Article 9, paragraph 1, of the Charter.

Article 9.2

195. Law 139/2015 on local self-government sets out a number of basic principles of municipal financing, including, in particular, one which states that the functions and powers delegated to local self-governing authorities shall be accompanied on each occasion by the financial resources necessary for their accomplishment.

196. Local government reform and the legislation on local financial autonomy have given rise to a significant increase in local budgets. For example, the city of Tirana's budget has risen from 35 to 180 million euros (EUR) since the start of the reform process. The reforms in question have also led to greater decentralisation of tax-raising powers to municipalities, thus enabling them to draw up budgets where expenditure on local investments and public services is more closely tailored to meeting the needs of the local population. Since the first year of application of the local government reform, income from local taxes and other charges has risen by about 3.7 billion Albanian Lek (ALL), or 28%. The main contributors to this increase in revenues have been the immovable property tax (+19%), refuse disposal services, public lighting and green spaces (+58%), administrative charges (+27%) and the tax on infrastructure impact (+94%). The changes in the law relating to the tax on the use of public space and the hotel occupancy tax resulted in an increase in local income in 2016 of approximately ALL 500 million.

197. Public investments self-financed by municipalities have increased by 26%, or ALL 2 billion, since 2015. However, there are major differences in investment performance between individual authorities: in 18 of the 61 new municipalities annual investment expenditure has fallen by between 2 and 60%, while in 18 others it has risen by more than 100% compared with 2015.

198. In any case, given the large number of powers and responsibilities transferred to municipalities in 2015 and the role they are expected to play in economic and social development, it would appear that the financial resources at their disposal, including those of the largest authorities, are still insufficient to meet all their needs and enable them to carry out their devolved functions in a fully satisfactory manner. This is also the conclusion of the most recent report (2019/2020) of the state supreme audit office. The assessment of municipalities' financial situation undertaken in 2019 by the "Local Public Finances" project, supported by the Swiss government, revealed that one municipality could be categorised as facing severe financial difficulties (with an arrears stock equal to 85.2% of approved expenditure), nine had financial difficulties, 12 had financial problems and 37 did not come into any of these categories.

199. According to the Albanian legislation on local self-government, the principle that local authorities' own and delegated functions must be adequately financed is fulfilled by the criterion that financial resources should be in proportion to the cost of carrying out these functions. Under Law 139/2015, financial resources are deemed to be adequate if they are sufficient to meet the legally defined standards laid down for the functions of local self-government. This definition is not fully reflected in Law 68/2017 on financial autonomy, under which the adequacy of financial resources is a function of the historical cost of the exercise of local government functions by the different ministries concerned, in accordance with the legal standards historically applicable, thereby reducing the amount to be financed by central government to ensure adequacy. Law 68/2017 does not, therefore, provide that the unconditional transfer of funds for municipalities' own spheres of competence must be in proportion to the cost of exercising the relevant functions, or be dependent on current legal standards for such activities.

200. As a result, costs of activities are determined not by the legal standards applicable to them but by the average of central government expenditure on them over the previous three years. The level of central

funding for municipalities' own sphere of competence is not therefore based on the real cost of the activities concerned since their historic costs are the sole basis used by the ministry of finance and the economy to estimate the cost of local authorities' own areas of activity. The same basis is used to calculate the level of government funding for delegated functions, such as the administration and protection of agricultural land. A reform was introduced in the 2019 budget to finance the system of preschool education and crèches, based on a new standard in the form of the number of children benefiting from these services. It would be helpful if national rules and standards could be established for other areas of local responsibility.

201. Another matter of concern is the symmetrical decentralisation of functions compared with the unequal geographical distribution of the resources formerly used by the relevant ministries to carry out these functions.

202. Between 2016 and 2018, the government provided additional financial and material support for, in particular, nursery schools, fire protection and irrigation and drainage, although there are still significant differences in material resources. Thanks to the mid-term budgeting system for local government functions and activities, the main information on the cost of carrying out these functions comes from assessments undertaken by the local authorities themselves. It is still necessary, in this regard, to ensure that municipal powers and responsibilities and the equivalent financial resources are fully aligned, so that the unconditional transfer of funding for activities that fall within local authorities' own sphere of competence properly reflects the cost, to those authorities, of exercising these functions.

203. Steps should also be taken to improve the predictability, stability and fairness of the intergovernmental transfer system. More specifically, central government should be prohibited from imposing legal modifications, in the course of the financial year, that affect municipalities' level of financing. In practice, there appear to be no such cases to date.

204. Finally, attention should be drawn to the 2019 earthquake and the public health crisis associated with Covid-19, which have placed a large additional and unexpected financial burden on local authorities, coupled with a reduction in their tax base for which the state has provided only very partial compensation (see below).

205. In the light of the above, the rapporteurs conclude that Albania is not in compliance with Article 9, paragraph 2, of the Charter. Indeed, even if progress has been made in recent years, it appears that most municipalities do not have sufficient financial resources to enable them to fully exercise the competences assigned to them under satisfactory conditions.

Article 9.3

206. This paragraph deals with local taxes and charges, which are usually considered public-law resources of the public administration. This tax-levying power is a key part of the financial autonomy of local authorities¹².

207. Local taxation creates a basis for local revenues to finance local services, so it is a crucial indicator for measuring local autonomy, together with the proportion of an authority's own income and the proportion of central government transfers in the total local budget. Accordingly, local authorities with a large share of local revenues in their budget and the consequent ability to finance their mandatory tasks have greater financial autonomy. In the light of Article 9.3, a tax can only be qualified as purely local if the authority concerned has the power to set the rate "within the limits of the law". Therefore, the applicable tax legislation may determine a "band" of tax rates, within which the local authority is free to determine the actual tax rate. In addition, local governments must also have the power to approve internal regulations regulating the technical and operational details of tax collection (types of rates, deductions, tax relief programmes, etc.), so that the general provisions of the law can be adapted to local circumstances and needs.

208. The Charter does not state that a local authority's own resources must contain a uniform proportion of local taxes, but it does establish a requirement for "at least" part to derive from local taxes and charges. This part should be large enough to ensure the greatest possible financial independence of local authorities.

209. Article 11 of Law 68/2017 on the financing of local authorities is concerned with their own sources of income. It lists the different local taxes:

- a. Property taxes, including taxes on buildings, agricultural land and urban sites, and on transactions concerning the latter;
- b. New construction infrastructure impact tax;

¹² A contemporary commentary by the Congress on the explanatory report to the European Charter of Local Self-Government, adopted by the Statutory Forum on 7 December 2020, <https://rm.coe.int/contemporary-commentary-by-the-congress-on-the-explanatory-report-to-t/1680a06149>

- c. Hotel tax;
- d. Advertising hoarding tax;
- e. Temporary taxes established by law;
- f. Local taxes on small businesses;
- g. Personal income tax; gifts, inheritance and local lotteries taxes;
- h. Other taxes specified in law.

210. The main sources of own income are the recurrent immovable property tax, the tax on the infrastructure impact of new buildings, and fees and charges for local services. Until recently, the small businesses tax was also an important income source for local authorities. Since 2006, the assessment basis for this tax has been reduced on a number of occasions and in the period 2013-2015 it was transformed, in practice, into a shared tax which is now levied by the national government and from which the majority of small businesses are exempted. In 2017, income from the small businesses tax was only 10% of what the local authorities themselves raised in 2008.

211. Article 14 of the 2017 Law also authorises local authorities to levy charges for services provided or rights granted to individuals and legal persons. They can receive income from such charges as those concerned with the use of public spaces or refuse collection and disposal.

212. Local authorities can also draw income from letting municipal properties, the sale of local property in accordance with the applicable legislation, and economic activities. Local tax rates are still governed by national legislation, which sets minimum and maximum levels for each of them, though within these limits municipal councils are free to vary the rate. Municipal councils can also set the level of local charges, unless otherwise provided in specific legislation. These are intended to cover the costs and are directly proportional to consumption or take-up by individuals.

213. According to the World Observatory on Subnational Government Finance and Investment (SNG WOFI)¹³, in 2016, Albanian local authorities remained heavily dependent upon top-down fiscal grants, which represented 76% of their total revenues in 2016 while tax revenues – including shared and own-source taxes – only stood for approximately 16%. These ratios contrast with the EU averages (44% for grants and subsidies, and 41% for tax revenues) and are an indication of strong fiscal vertical imbalances.

214. Following the entry into force of the new Finance Law in 2017, and according to data supplied by NALAS¹⁴, in 2019 own sources revenues accounted for 42% of total local budgets (the average for the western Balkans was 39%) while shared taxes only constituted 3%, compared with a western Balkan average of 14%. Transfers from central government to local government budgets represented 56% of the total. In 2020, the impact of the health crisis resulted in a 4.9% drop in local tax revenues and a 5.3% drop in own resources, while at the same time State transfers increased by 3.6%.

215. Although part of authorities' own resources comes from local charges and taxes, the rapporteurs believe that this proportion is still not sufficient to safeguard local authorities' financial independence. They consider that the contribution of taxes shared with the state could be increased significantly.

216. In practice, the levying of certain taxes can also pose problems. This applies particularly to the immovable property tax, which must become a central element of the local taxation system. Municipalities lack recent cadastral data from the state in connection with this tax and therefore have no reliable information on which to base the rates set, resulting in a loss of income. To rectify this detrimental situation for local finances, the government is digitising immovable property records so that tax rates can be set on the basis of market values of the properties concerned. The state must provide municipalities with reliable cadastral information to establish a firm basis for the immovable property tax, which is the keystone of the local taxation system.

217. In the light of the above, the rapporteurs consider that Albania is only partially compliant with Article 9, paragraph 3.

Article 9.4

218. The diversification of resources requirement means that local authority financing must not depend solely on taxes and transfers. It should be based on all potential local income sources: transfers, local taxes, duties, fees, royalties, profits under private law, interest on bank accounts and deposits, fines, sale of property or other assets, services to the private sector and so on.

¹³ <https://www.sng-wofi.org/country-profiles/Fiche%20ALBANIA.pdf>

¹⁴ Local Government Finance Indicators in South East Europe, Statistical Brief, 2020 [Livres \(nalas.eu\)](https://www.nalas.eu)

219. Under Article 34 of Law 139/2015, local self-governing authorities are financed from income from taxes and other local receipts, funds transferred by central government and ones obtained directly from shared national taxes and other levies, local borrowing, donations and other sources, in accordance with the law. It also states that local self-governing authorities' right to create income independently is guaranteed by law.

220. Municipal councils are also empowered, under Article 13 of Law 68/2017, to establish temporary taxes for a limited period for the provision of specific services and financing public investments.

221. The open-ended nature of local resources is also protected. If changes in fiscal policy lead to a reduction in local tax rates or their basis of assessment, or in the level of income local authorities receive from shared taxes, the finance ministry is legally obliged to take measures to offset this decline by increasing local financial transfers. Moreover, functions and responsibilities transferred or delegated to local authorities, as well as the introduction of new national standards for the provision of particular services, must always be accompanied by the necessary financial resources to carry them out (Article 4 of Law 68/2017 on local financial autonomy).

222. For example, Law 122/2020, amending Law 9632/2006, on the local tax system, has exempted small businesses suffering from the Covid-19 pandemic from the profits tax. Since this tax has been assigned to municipalities, their representative association has asked for strict compensation for the losses arising from this reform. Municipalities' financial resources thus appear to be sufficiently diversified and buoyant.

223. The rapporteurs therefore consider that Article 9, paragraph 4, of the Charter is respected in Albania.

Article 9.5

224. Article 24 of the 2017 Law provides that unconditional transfers to municipalities are to be based on the formula published and detailed in the appendices to the annual finance act. The formula takes the following criteria into account: a) resident population, as measured at the most recent census and corrected by data from the civil population register, using a coefficient published in these appendices – up to 80% of the total will be allocated on the basis of this criterion; b) population density, reflecting differences in the costs of providing services according to local government area – up to 15% of the total will be allocated on the basis of this criterion; c) number of pupils in the pre-university education system – at least 5% will be allocated on the basis of this criterion.

225. Financial equalisation is effected via the unconditional grants system and is based on the sharing of tax receipts. Once the overall unconditional transfer has been calculated, a series of individual calculations are made for municipalities whose total income per inhabitant from shared taxes is either less than 75% or more than 110% of the national average.

226. Fiscal equalisation is based on:

- a. each municipality's fiscal capacity, measured as its total real revenue from shared taxes collected/received the previous year;
- b. the equalisation threshold, defined as the relationship between income per inhabitant from the municipality's shared taxes and the national average for these same taxes: municipalities above or below this average respectively contribute to or benefit from the financial equalisation element of the unconditional grant;
- c. the fiscal equalisation coefficient, which is the amount, based on income per inhabitant from shared taxes, that municipalities above or below the equalisation threshold must respectively pay into or receive from the equalisation fund;
- d. the resulting equalisation, or compensation, fund, which is required to ensure fiscal equalisation between municipalities and consists of the amount necessary to ensure that every municipality achieves the selected equalisation threshold.

Local self-governing authorities whose fiscal capacity is below the equalisation threshold receive compensation according to the predetermined fiscal equalisation coefficient. The compensation comes from the equalisation fund, made up of contributions from municipalities whose fiscal capacity is above the threshold.

227. The regions benefit from a form of vertical fiscal equalisation, the regional fund (*Fondi i Rajoneve*), which has replaced the centralised grant system. The system comes under the authority of the Prime Minister.

228. The rapporteurs therefore conclude that Albania is in compliance with the requirements of Article 9, paragraph 5, of the Charter. They nevertheless consider that the financial equalisation machinery should be reassessed to correct the wealth imbalances between municipalities.

Article 9.6

229. A consultative council of central and local authorities was established in January 2017 to put consultations between central government and local authorities on an institutional footing. The council is the main forum for consultations on draft legislation, draft Council of Ministers decisions, and policies and strategies governing or having a direct impact on the exercise of local authority rights and obligations. The local and regional authority associations have equal representation of their members on this new body. The legislation on local finances was the main focus of discussion at the consultative council's early meetings. Most of the associations' proposals were taken into account in the final wording of the Act, which came into force in May 2017. The council's recent activities have enabled local authorities and their associations to discuss government fiscal policy, implementation of the national decentralisation strategy and planned measures to protect the environment.

230. However, the municipalities association has expressed regret that the consultative council's activities have concentrated mainly on the presentation of numerous non-legal decisions and technical matters rather than discussing strategic issues relating to powers and responsibilities, and finance.

231. The rapporteurs consider that the situation in Albania is in compliance with Article 9, paragraph 6, of the Charter.

Article 9.7

232. Albanian legislation identifies four types of transfers: shared taxes, unconditional transfers, specific transfers earmarked for newly-delegated functions and conditional and competitive investment grants from the regional development fund. Transfers are allocated to local authorities on the basis of historic costs previously declared by the respective ministries. Under Article 23 of Law 68/2017, unconditional transfers from the central budget are granted to self-governing municipalities to finance their functions and competences as specified in law. They are totally free to use them as they choose. Article 22 of the 2017 legislation on financial autonomy establishes the principle that local authorities have total freedom in how they use unconditional transfers and income from shared taxes. The annual amount of the unconditional grant to local authorities must not be less than 1% of the gross domestic product (GDP), and in any event not less than the sum allocated in the previous financial year.

233. According to the finance ministry, in 2019, unconditional transfers represented 1% of GDP, or ALL 17.5 billion, an increase of 6% or approximately ALL 1 billion over 2018, and 42% or ALL 5.2 billion more than in 2015. Conditional transfers are used for the purposes and in the manner determined by the body making the transfer.

234. Since municipalities' own functions must be financed from general income and not conditional grants whose conditions are fixed by the national government, the legislation introduced a three-year transitional period in which municipalities received conditional grants – specific transfers – to pay for them. The transition period ended in 2019, though the objectives set for it had certainly not been fully achieved. It was anticipated that after 2019, municipalities would not only be better equipped to manage these newly decentralised functions but would also start to finance them through a combination of local taxes and charges, together with the unconditional government grant.

235. The rapporteurs consider that an increase from 1 to 2% of the GDP threshold fixed for unconditional transfers, which is what the associations representing municipalities seek, should be a short-term objective. It would be a desirable means of improving the predictability, stability and fairness of the intergovernmental transfer system.

236. Eventually, conditional transfers will only be granted to finance specific projects deemed to be of local, regional or national interest, where co-operation with local authorities is required, and delegated functions. Any central government body proposing the delegation of a function with its accompanying conditional transfer must first consult the consultative council for central and local government (Article 27 of Law 68/27).

237. The rapporteurs consider that the situation in Albania is in compliance with Article 9, paragraph 7, of the Charter.

Article 9.8

238. The legislation on local self-government, local borrowing and budgetary management authorises local authorities to take out short- and long-term loans. Under Article 31 of Law 68/2017, the finance ministry may

require an independent external audit of a local authority's accounts before approving a long-term loan. A certain percentage of the annual borrowing limit approved by the annual finance act is reserved for local authorities, in accordance with central government's policies and rules on financial discipline. Access to the private capital market is regulated in collaboration with the finance ministry.

239. Any regulations or restrictions concerning local government borrowing imposed by central government and limiting their borrowing capacity must be temporary and cannot be extended beyond the financial year in which they are introduced, unless such measures are approved by parliament (Article 39 of Law 139/2015). According to data published by the ministry of finance and the economy, at the end of 2020 local authorities' total debt was ALL 6.930 billion, a significant reduction of ALL 1.239 billion compared with the previous year. The highest level of debt was accumulated by three municipalities, namely Tirana (761.8 million), Kavajë (727.8 million) and Vorë (702.6 million).

240. The rapporteurs conclude that the situation in Albania is, in this regard, in compliance with Article 9, paragraph 8, of the Charter. However, they consider that increasing local authorities' capacity to use borrowing to finance investment would be desirable.

3.9 Article 10 – 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.

Article 10.1

241. Chapter 5 of the 2015 legislation on local self-government is concerned with co-operation between two or more local self-governing entities. It provides, firstly, that to carry out their duties and provide specific services for the common good, two or more local authorities in a region or in different regions may jointly perform any duty and/or provide any service for which they have a legal responsibility by concluding or implementing contracts or agreements, delegating among themselves specific powers and responsibilities or entering into contracts with third parties. Such inter-municipal co-operation agreements must specify the functions to be carried out by each municipality or jointly, the resources required to achieve the objectives set, the duration and extent of the delegation of powers and responsibilities concerned, the authorities' respective financial contributions and the method of sharing income and any other benefits.

242. Inter-municipal co-operation agreements must be approved by the councils of each of the local self-governing entities that are party to the agreement. The financial obligations of each of the parties must be approved each year as a separate item in the local budget. In practice, most of the intermunicipal co-operation contracts entered into concern the management of waste, water or nature reserves.

243. In addition, two or more local self-governing entities within a region or in different regions may conclude agreements among themselves or with institutions of central government to establish distinct legal persons, or "joint powers authorities", to which they assign specific powers and responsibilities. Each party's contribution must be clearly specified, be it funding, services, equipment, qualified staff or any other asset necessary to secure the objectives sought. Agreements come into force once the relevant prefect has issued a declaration of legality within the statutory time limit.

244. In conclusion, the rapporteurs consider that Article 10 paragraph 1 of the Charter is respected in Albania.

Article 10.2

245. Under the Constitution, local authorities are empowered to form unions and other joint institutions to defend their interests. The Albanian municipalities association was established in 1993. Its main objectives are to protect the joint interests of Albanian municipalities, establish direct relations with parliament and the government for protecting the interests of Albanian local self-governing entities, represent Albanian municipalities in dealings with other bodies, provide a forum for discussing joint problems and finding practical solutions within the confines of the association, and facilitate the establishment of contacts between municipalities and their foreign partners.

246. The Albanian association for local self-government, the association of the regions and the Albanian municipalities association are the representative bodies of local self-government. Local authorities are consulted through their representative associations, which enables them to present opinions, comments and proposals on policies and legislation directly impacting their rights and functions.

247. In the light of the above, the rapporteurs conclude that the situation in Albania is in compliance with Article 10, paragraph 2, of the Charter.

Article 10.3

248. Article 14 of the 2015 Law on local self-government authorises local self-governing entities to conclude inter-municipal co-operation agreements with local authorities in other countries. Before reaching such agreements, the local authorities concerned must consult the foreign ministry. In practice, Albanian local authorities engage in transfrontier co-operation with Greece, North Macedonia, Kosovo¹⁵, Montenegro and Italy in various fields, such as tourism, the environment and the cultural heritage.

249. In conclusion, Albania is thus in compliance with Article 10, paragraph 3, of the Charter.

3.10 Article 11 – Legal protection of local self-government

Local authorities shall have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation.

250. Article 113/3 of the Constitution authorises local authorities to lodge an appeal with the administrative courts if they consider that their right to self-government has been infringed. On the other hand, any person has the right to appeal to the courts if a local authority's activities are in breach of the Constitution and the law and infringe his or her legitimate rights and interests.

251. Under Article 134 of the Constitution, local authorities can ask the Constitutional Court to rule on matters relating to local self-government. Numerous such applications have been lodged, particularly from the local authority associations, on such matters as the distribution of powers and responsibilities, local taxes and building permits.

252. The Constitutional Court has a well-established body of case law on local autonomy and it should be noted that, in its decisions, it has referred directly to certain principles laid down in the European Charter of Local Self-Government.

253. Article 115 of the Constitution stipulates that appeals can be lodged with the Constitutional Court within 15 days against the dissolution of a municipal council or dismissal of a mayor for serious breach of the Constitution or the law, in which case the relevant Council of Ministers decision is suspended.

254. The rapporteurs conclude that the situation in Albania is in compliance with Article 11 of the Charter.

4. OTHER ISSUES RELATING TO LOCAL AND REGIONAL SELF-GOVERNMENT

255. The Albanian municipalities have had to deal with two major issues in recent years, namely an earthquake on 26 November 2019 and the Covid-19 pandemic. The earthquake, which caused 51 deaths, destroyed hundreds of buildings, most of which had failed to comply with planning regulations and safety standards. Three regions and 15 municipalities were particularly affected. The total effect of the disaster in 11 municipalities amounted to a billion euros' worth of damage, including 843.9 million euros of property physically destroyed and a further 141.2 million euros of indirect losses. Most of the damage (78.5%) was in the housing sector, followed by manufacturing (8.4%) and the education sector (7.5%). In co-operation with central government, the municipalities affected by the earthquakes, including Tirana, launched an ambitious rebuilding programme. The programme, which is currently under way, has three major objectives, namely to provide direct assistance to families that have suffered reparable damage to their homes, to build new houses and flats for families whose homes were beyond repair, and to rebuild numerous schools, day nurseries and dormitories that failed to escape earthquake damage. The reconstruction process should be completed by the end of 2024 and will cost about one billion euros, 300 million of which is to be financed from domestic resources and the rest by donors and NGOs. More than 800 million euros are needed purely to provide shelter for those who lost their homes.

¹⁵ All references to Kosovo, whether to its territory, institutions or population in this text shall be understood in full compliance with United Nations Security Council Resolution 1244 and without prejudice to the status of Kosovo.

256. Municipalities have had an important role in the reconstruction, using their own resources and without government financial support to identify and assess the damage caused and assist those affected. From an administrative standpoint, the rebuilding process is highly centralised, since Tirana is the only municipality of the eleven affected by the earthquake to be selected to implement the work involved.

257. Meanwhile, the Covid-19 pandemic has had a serious financial, economic and social impact on numerous municipalities. The pandemic campaign has been managed by central government (advised by a committee of experts in the health ministry), which has sole authority to impose restrictive measures on the general public. Direct assistance has been provided at local level to those on the spot. During the pandemic, it has been acknowledged that small municipalities in particular lacked the financial capacity to meet all their citizens' requests for food and other forms of assistance in kind.

258. Municipalities have taken action, in close consultation and co-ordination with central government, in a number of areas, including cleaning and disinfecting public areas and schools, and providing emergency food assistance and social support for families in need. For example, following the suspension of public transport, Tirana municipality extended its network of dedicated cycle lanes to 45 km and at the same time widened pavements to make it safer for pedestrians to move around. It has also arranged special transport for doctors, nurses and others working on the pandemic front line. The city of Tirana has also introduced fiscal measures to assist the local economy: charges for the use of public spaces were suspended while local businesses remained closed in April and May 2020; the final date for payment of taxes and other charges for all entities was extended from March to the end of July 2020; the hotel tax was suspended until September 2020; and all the local transport taxes and charges were suspended.

259. The central government has provided extra resources to municipalities to finance certain activities. Most municipalities have used the relevant funds – the 4% of their total budgets allocated to emergency situations – to cover the necessary expenditure to prevent the virus from spreading. Similarly, nearly one third of the municipalities have approved the relaxing of fiscal measures by reducing fees and charges or extending the final date for paying local taxes for both businesses and the general public. The resulting increases in expenditure and reductions in income will have a long-term impact on local budgets, especially as the municipalities have not yet received the promised government funding relating to the pandemic. Regarding government financial assistance, in its January 2021 report, the IMF ranked Albania in last place in the region in terms of direct fiscal support in response to the Covid-19 pandemic. The level of budgetary support was approximately 4.5 times less than the average for all the countries in western Balkan region.

260. Overall, in 2020 local authorities' own resources fell by about 5.3% on average because of the decline in income from local taxes (-5%) and charges (-6.6%).

5. CONCLUSIONS AND RECOMMENDATIONS

261. Since 2013, date of the previous Congress recommendation on local and regional democracy in Albania, significant progress has been made towards strengthening local self-government and applying the principles and requirements arising from the European Charter of Local Self-Government.

262. There have been several major reforms on this subject, as recommended by the 2015-2020 National crosscutting strategy for decentralisation and local governance, which was approved by the government after very wide-ranging consultations and will be extended to 2022, with the same objectives. It has been noted in this report that while progress has been made since 2000 with continuing the decentralisation reform, several obstacles have been encountered, particularly the lack of a clear body of legislation and regulations and the extremely fragmented nature of local government, which tends to weaken local authorities. The lack of consensus among local elected officials, their partisan behaviour and differences of opinion within the local authority associations have also served to weaken local authorities' position vis-à-vis central government and delay several important reforms which have finally come into effect after securing a fairly broad measure of agreement.

263. First, Law 115/2015 on the administrative division of authorities in Albania changed the geographical breakdown of the country by merging the 373 existing communes into 61 municipalities. This broad-ranging geographical reform has helped to strengthen the resources at municipalities' disposal. The former communes in rural areas often faced major difficulties, since their lack of financial resources made it impossible for them to provide their inhabitants with such basic local services as water supply, lighting, roads and green spaces. The situation of these areas has therefore improved, even though imbalances remain between town and country. Generally speaking, local administration and public services are now more effective.

264. Secondly, Law 139/2015 on local self-government has transferred responsibility for numerous local public services to municipalities as part of their own sphere of competence. These include fire protection, social services, forest and pasture management, irrigation and drainage systems and pre-school education. The legislation has assigned no fewer than 41 exclusive spheres of competence to the new municipalities. The division of powers and responsibilities between central and local government is thereby clearly laid down in law, although certain overlaps and gaps can still be observed in practice. The ministry of the interior has therefore initiated a comprehensive review of the relevant legislation aimed at identifying potential gaps and overlaps as between the Institutional Law of 2015 and the laws governing specific sectors. Regarding the division of powers and responsibilities between central and local government, every ministry is required to draw up proposals for harmonising the legal framework governing the responsibilities of municipalities and the state. It would also be helpful to draw up and maintain national minimum standards in certain priority areas such as pre-university education, sanitation services, housing, public security (municipal police) and civil protection, agriculture and rural development.

265. It is equally clear that the situation of the 61 municipalities varies widely and that in some cases the lack of financial and human resources makes it difficult for them to exercise their own competences fully. For example, small municipalities have a particularly acute problem recruiting qualified staff. Given these major disparities of resources, consideration could be given to an asymmetric approach to decentralisation.

266. Since the 2015 reform, municipal councils have had an increasing role in decision making, thus strengthening their ties with community-based organisations and civil society. Citizen participation in municipal councils' decision-making process has also increased.

267. Mayors' sphere of competence has also been extended to include approving their municipality's organisation structure and chart, appointing the managers of administrative units and becoming involved in the management of public utilities such as water supply and sanitation companies. Mayors have also become increasingly involved in co-ordination with education, health, environmental and security bodies and agencies.

268. Thirdly, Law 68/2017 on local authorities' financial autonomy, which is the very first general statute on local government finance, establishes the principles underlying financial autonomy and lays down the procedures governing the sources of local authority income, the management of expenditure and the associated arrangements for dialogue and consultation between the different tiers of government concerned. Local authorities, particularly the smallest ones, were heavily dependent on state financial assistance. Data on local budgets in 2012 reveal that central government financed more than 80% of the budgets of 60% of local authorities. The 2017 reform has enabled municipalities to make significant increases to their local budgets and develop their own resources, even though state financial transfers are still of critical importance. Thus, in the early 2000s nearly 45% of local authorities' income came from conditional grants. The level of these earmarked transfers has since been reduced and the volume and share of unconditional transfers has greatly increased, though the objective set for 2019 has not been achieved.

269. Given the scale of the powers and responsibilities transferred to municipalities in 2015 and their role in economic and social development, local authorities' financial resources would still appear to be insufficient to cover all their needs and enable them to carry out in a fully satisfactory manner all the functions assigned to them. This is what emerges from the most recent report (2019/2020) of the state supreme audit office. The associations representing municipalities would like to see the threshold for unconditional transfers raised from 1 to 2% of GDP.

270. Real progress was achieved in 2016 with the establishment of a consultative council composed of representatives of the state and of local and regional authorities, as the main forum for dialogue and consultation between central government and local authorities on all matters relating to local self-government. However, in its 2019 report, the Albanian local authority association noted that the consultative council functioned more as a conference than as a genuinely participative body.

271. According to the mid-term appraisal of the 2015-2020 National crosscutting strategy for decentralisation and local governance, there appears to be broad-ranging agreement among the different stakeholders about the level of decentralisation which, despite the progress made in recent years, is still an ongoing process. Centralising tendencies persist in certain ministries, where the legislation on local self-government has still not been fully assimilated or properly applied.

272. There are still a number of recent challenges to be faced before the decentralisation process can be fully completed in Albania. These include the need for further increases in local authorities' financial resources, more predictability and stability of municipal investment funds, a strengthening of human

resources at local level and greater local democracy. In this context, participative governance, which is one of the main objectives of the decentralisation and local governance strategy, has still not been fully achieved.

273. The regional level of government, although defined in Article 5 of the Constitution as the second tier of local self-government, still lacks any real autonomy and the 2015 geographical reform has not made any real contribution in that regard. In the last Congress report on local and regional democracy in Albania, the rapporteurs had reservations about using the term “region” as the equivalent of an Albanian qark. “Although the Albanian term qark represents the second level of local self-government, the Rapporteurs think that for clarification purposes, the term “region” used in the official English version of Law no. 8652 should be replaced with the more appropriate “county” designation, avoiding any misinterpretation and analogies with regionalisation. Moreover, being a second level of local self-government, the administrative structure and elected bodies of the qark should be in compliance with the principles of the Charter. The rapporteurs would therefore suggest that it might be timely to consider the introduction of direct and universal election for the regional council and clarification of the rules for the election/nomination of the heads of executive power and their direct accountability to the directly elected deliberative bodies of a qark”.

274. Regions’ role of co-ordination with municipalities as the second level of local governance had to be revised following implementation of the administrative and geographical reform and in line with the new regional development policies. The greater independence of the first tier of local government reduced the pre-reform co-ordination role of regions, when they had each co-ordinated the activities of some 30 units of local government. After the reform, their co-ordination responsibilities were reduced to about five municipalities each. The regions are now called on to play an important part in harmonising policies between the different tiers of central and local government. For this purpose, they must draw up regional plans covering such areas as land use, the environment, social services and so on.

275. National regional development policies must establish new relationships between central and decentralised agencies operating at regional level and the regions themselves. The latter must be actively involved in proposing and co-ordinating strategic investment projects at both regional and local levels.

276. The regions must also play a central role in implementing EU-financed projects and the use of EU funds. In carrying out these various functions, regions have limited staffing levels and financial resources. Their degree of autonomy and scope for initiative are also limited, on account of the decisive role that the state still plays at regional level. The direct election of regional councils by universal suffrage would serve to strengthen regions’ roles, as well as conferring greater democratic legitimacy.

277. Law 102/2020 on regional development and cohesion provides for the government to establish four administrative regions to serve as the focus for development and cohesion policies at regional level. The Albanian municipalities association thinks it would have been preferable to use local elected institutions as the vehicle for regional development, via a reform of the second level of local administration, namely the twelve existing regions. Creating these new administrative entities raises the issue of whether in the future the existing regions will have a real role to play, and of possible overlaps between these two tiers of administration. It reflects a centralised approach to the framing and implementation of regional development policies which is difficult to reconcile with the requirements of local self-government.

278. Lastly, Albania is urged to ratify, in the near future, the Additional Protocol to the European Charter of Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207), which it signed on 30 May 2016.

APPENDIX – Programme of the Congress monitoring remote meetings in Albania

MONITORING OF THE APPLICATION OF THE EUROPEAN CHARTER OF LOCAL SELF- GOVERNMENT: ALBANIA

17-18 March 2021

FINAL PROGRAMME OF REMOTE MEETINGS

Congress delegation:

Rapporteurs:

Mr Xavier CADORET	Rapporteur on local democracy President of the Chamber of Local Authorities, SOC/G/PD ¹⁶ Member of the Congress Monitoring Committee Mayor of Saint-Gérard-le-Puy (France)
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Ms Carla DEJONGHE	Rapporteur on regional democracy Chamber of Regions, ILDG ¹ Member of the Congress Monitoring Committee Member of the Brussel-Capital Region (Belgium)
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Congress secretariat:

Ms Svitlana PEREVERTEN	Joint secretary of the Congress Monitoring Committee
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Expert:

Mr André ROUX	Member of the Group of Independent Experts on the European Charter of local Self-Government (France)
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Interpreters:

Mr Arben LESKAJ
Ms Lorena DEDJA

The working language of the meetings will be Albanian. There will be interpretation into and from French.

¹⁶ EPP/CCE: European People's Party Group in the Congress
SOC/G/PD: Group of Socialists, Greens and Progressive Democrats
ILDG: Independent Liberal and Democratic Group
ECR: European Conservatives and Reformists Group
NR: Members not belonging to a political group of the Congress

Wednesday 17 March 2021

COUNCIL OF EUROPE OFFICE IN TIRANA

Ms Jutta GÜTZKOW, Head of the Council of Europe Office

JOINT MEETING WITH THE ALBANIAN NATIONAL DELEGATION TO THE CONGRESS AND MEMBERS OF LOCAL AND REGIONAL AUTHORITY ASSOCIATIONS

ALBANIAN NATIONAL DELEGATION TO THE CONGRESS

Ms Majlinda BUFI, Mayor of the municipality of Roskovec

Mr Sotirag FILO, Member of Korçë regional council

Ms Valentina HALITI, President of Diber regional council

Ms Juliana MEMAJ, Mayor of the municipality of Ura Vajgurore

Ms Lindita ROVA, Member of the municipality of Gjirokastra

ALBANIAN MUNICIPALITIES ASSOCIATION

Ms Voltana ADEMI, President and Mayor of the municipality of Shkodra

Ms Aida CACAJ, Lawyer

Mr Agron HAXHIMALI, Executive Director

ASSOCIATION OF THE REGIONS

Ms Ana VERUSHI, Member

Mr Bekim MURATI, Advisor

ALBANIAN LOCAL SELF-GOVERNMENT ASSOCIATION

Ms Adelina FARRICI, Executive Director

TIRANA CAPITAL-CITY

Ms Anuela RISTANI, Deputy Mayor

PARLIAMENT (Kuvendi)

Ms Vasilika HYSI, Vice-President

MEDIATOR (Ombudsperson)

Ms Erinda BALLANCA, Mediator

Thursday 18 March 2021

MINISTRY OF THE INTERIOR

Ms Romina KUKO, Deputy Minister

MINISTRY OF FINANCE AND THE ECONOMY

Ms Adela XHEMALI, Deputy Minister

Mr Fran BRAHIMI, Director of Local Finances

CONSTITUTIONAL COURT

Dr. Vitore TUSHA, President

Ms Fiona PAPAJORGJI, Judge

Ms Marsida XHA FERLLARI, Judge

STATE SUPREME AUDIT OFFICE

Dr. Arben SHEHU, President

Ms Borjana SHAKA, Head of Private Office

Mr Gjovalin PREÇI, Secretary General

CITY OF LEZHË

Mr Ermal PACAJ, Deputy Mayor

MUNICIPALITY OF FINIQ

Mr Kristo KIÇO, Mayor

Mr Harallamb PANDEQI, Vice-President of the municipal council