STAR Project

ANCICOM experts field visit report

31 July 2015
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1. INTRODUCTION

1.1. Engagement contract

On 22 June 2015 UNDP Albania concluded a Contract with ANCICOM S.r.l. a Socio Unico, for provision of technical assistance in support to TAR and organization of study visit to Emilia-Romagna region (Contract n. 12/2015- COA: 00088056/STAR Project).

The project commencement date is 23 June 2015.

1.2. The project STAR

The territorial and administrative structure of Albania, until 2013, was characterized by the presence of 373 units of Local Government (UGL) and 12 regions (Qarks). Since the ’90s, the economic development of the country had led to a concentration of population in major urban centers, with a consequent depopulation of small towns. In 2011, as many as 70% of the towns, and 26% of towns had a population of less than 5 thousand inhabitants, and 12% of the municipalities a population of less than 1,000 inhabitants. The smaller Units of Local Government quickly became centers of inefficiency, with few public services for citizens and high staff costs which burdened the national budget.

Several development projects at local and regional, lead by some international actors, have highlighted the need for a reorganization of the administrative structure of Albania, both in the form of a territorial reform, and in the measures of fiscal decentralization.

The Albanian government, which took office in 2013, made of this reform a priority, but had at the same time to recognize the need for external resources for its implementation. Thus it was born the STAR project.

The STAR project is a multi-donor fund managed by UNDP Albania, aimed at supporting the Albanian Ministry for Local Affairs through a support not only economical but also technical and operational at all stages of implementation of the Administrative Reform and Territorial (TAR).

| PHASE I: Adoption of a bill to redefine the boundaries of the Local Government Unit | By July 2014 |
| PHASE II: Support to local governments in the process of joining and preparation of new administrators | By July 2015 |
| PHASE III: Strengthening of practices of good governance, institutional capacity building, participatory processes and empowerment of local government towards its citizens | Within the first half of 2015 |
1.2 The parties involved and the role of the International Community

The following table shows the operating structure for the TAR:

<table>
<thead>
<tr>
<th>Those involved</th>
<th>Formulation / assessment</th>
<th>Approval</th>
<th>Realization</th>
<th>Support / coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision making stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Parliament</td>
<td></td>
<td></td>
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<tr>
<td>Albanian government</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>political parties</td>
<td></td>
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</tr>
<tr>
<td>Ministry for Local Affairs</td>
<td></td>
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</tr>
<tr>
<td><strong>Consultative stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad hoc parliamentary committee</td>
<td></td>
<td></td>
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<tr>
<td>National Working Group on the Reform Territorial (NWGTR)</td>
<td></td>
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<tr>
<td>International donors gathered in a Working Group Sector (SWG)</td>
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<td></td>
<td></td>
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<tr>
<td>Regional Committees (RC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical stakeholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Adviser to the Minister for Local Business</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Technical Secretariat</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groups of experts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Regional Coordinators</td>
<td></td>
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</tr>
</tbody>
</table>

The role of the international community in the project mainly concerns the activities of support to the elaboration and evaluation of the reform, and sharing of best practices for its implementation.

The international partners are involved in the project through the Sectorial Working Group and participation in the National Working Group on Territorial Reform.
1.3 Objectives

The main objective of the STAR project is to work towards the adoption by Albania of an administrative and territorial reform inclusive, shared, and efficient in terms of the use of national resources and effective in delivering services to its citizens.

The project is mainly designed to support the government in the implementation of the reform, in its transition and its consolidation, mainly through scientific analysis of the possible benefits that would allow to obtain the consent of the population and to overcome any critical effects of what it is a change with impact on economic, social and cultural level.

The STAR project, from its start in November 2013 until today, has supported the first and second phase of the reform process, achieving the following specific objectives:

1. Facilitate the reform process through the operational support of the Albanian institutions involved, aimed at mobilizing human resources, to make available goods and services necessary to organize and manage the logistics and costs;

2. Draw up a bill for the new administrative division, on the basis of analysis, simulation and related technical assessments;

3. Assist the merge process in its transition, supporting local governments in the procedures to be followed and paving the way for the new administrators who will take charge after the local elections of 2015.

In July 2015, it started the third and final phase of the project, targeted to the implementation of operations of the new Local Government Units, through activities targeting in particular the administrators and senior levels of the staff of new LGUs.

1.4 The work of KPMG

The pilot phase of the project, which intends to define and test an approach to the process of territorial and administrative unification of the LGU, was entrusted by UNDP Albania to KPMG.

This stage of the project, which was initiated in November 2014, was attended by two groups of LGU, that following the merger process will become municipalities of Pogradec and Ura Vajgurore. KPMG has collected and developed a set of data that allowed, among other things, to prepare some materials useful for the implementation of the reform at the national level, such as questionnaires, .... and referral guidelines (Guidelines on Due Diligence LGUS).
1.5 ANCICOM representatives mission in Tirana

The mission in the Albanian capital was attended by the following experts, indicated by ANCICOM in cooperation with the European Territorial Cooperation sector of the Emilia-Romagna:

<table>
<thead>
<tr>
<th>Participants</th>
<th>Field of work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loretta Bertozzi</td>
<td>ANCICOM expert on the subject of public administration with specific emphasis on territorial social planning. An expert on the design of services and agreements between municipalities</td>
</tr>
<tr>
<td>Giuseppe Rovatti</td>
<td>ANCICOM expert in terms of feasibility studies and planning for establishment of unions of municipalities and process for the merger of municipalities And the expert in the design and start-up services and functions and supra wide area.</td>
</tr>
<tr>
<td>Alessandro Montebognoli</td>
<td>ANCICOM expert in terms of economics of local public services. Expert guidance and control of the management of public services in large areas.</td>
</tr>
</tbody>
</table>

The mission has been operational since June 29, 2015, the day of departure from Bologna, to July 3, 2015 based on the following schedule.
<table>
<thead>
<tr>
<th>Time &amp; Venue</th>
<th>Meeting / Background</th>
<th>Purpose</th>
<th>Participants and contact details</th>
</tr>
</thead>
</table>
| 9:30-10:30        | Briefing at UNDP Albania             | Presentation of the approach for carrying out the mission and agreement on and finalization of the agenda.                                                                                              | Vladimir Malkaj, Programme officer  
Anila Shehu, STAR NPC  
Fabjola Zeqiri |
| 11.00-13.00       | Meeting with STAR project staff in the MSLI | Get acquainted with the Albanian context and review the entire reform process implementation with a special focus on the amalgamation phase Provide advice and recommendations on fine – tuning and complementing the process based on experience of implementation in Emilia Romagna Describe the way and practices of ensuring LGUs presence in the territory and the facilitation of citizens’ access to services /public institutions before and after the mergers | STAR staff including the experts Altjon Paloka team leader Amalgamation team |
| 14:30-16.00       | Minister of State for Local Issues MSLI is in charge of policy development related to local governance and decentralization as well as the implementation of the administrative and territorial reform. The Minister is the main UNDP counterpart in the area of local governance. | Understand the main government priorities for advancement in the areas of administrative and fiscal decentralization, and the consolidation of the LGUs. | Enea Hoti, Advisor to the Minister, |
### Wednesday, July 1, 2015

<table>
<thead>
<tr>
<th>Time &amp; Venue</th>
<th>Activity</th>
<th>Purpose</th>
<th>Participants and contact details</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.30-12.00</td>
<td>Meeting with Agency of Territorial Reform Implementation</td>
<td>Get acquainted with the Agency mission in relation to amalgamation and consolidation of new municipalities Share with the agency Italian experiences on established institutions for timely and properly implementation of TAR</td>
<td>Artan Shkembi Executive Director</td>
</tr>
<tr>
<td></td>
<td>Free afternoon, visit Tirana</td>
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</tbody>
</table>

### Thursday, July 2, 2015

<table>
<thead>
<tr>
<th>Time &amp; Venue</th>
<th>Activity</th>
<th>Purpose</th>
<th>Participants and contact details</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 -9.30</td>
<td>Travel to Durres Municipality</td>
<td></td>
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</tr>
<tr>
<td>10.00-11:00</td>
<td>Visit to One Stop Shop established in Durres municipality Visit to Ishem to test the connection with one Stop Shop in Durres</td>
<td>Provide information on ONE STOP Shop as the best approach selected to ensure quality service provision to citizens Share with STAR staff similar experiences implemented in Emilia Romagna Region</td>
<td>Marenglen Biba It expert AT</td>
</tr>
<tr>
<td>11.30 – 12.30</td>
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<tr>
<td>13.00</td>
<td>Lunch in Durres</td>
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<tr>
<td>14:30-15:00</td>
<td>Travel to Rrashbull Meeting with staff of achieve department</td>
<td>Provide information to ER team on digitalisation of archive and get acquainted about similar experiences and practices implemented in ER region</td>
<td>Lorena Lici</td>
</tr>
<tr>
<td>15.00-16.00</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel back to Tirana</td>
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<td></td>
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</tbody>
</table>
### Friday, July 3, 2015

<table>
<thead>
<tr>
<th>Time &amp; Venue</th>
<th>Activity</th>
<th>Purpose</th>
<th>Participants and contact details</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.00–11.00</td>
<td>Debriefing with Minister of State for Local Issues, STAR and UNDP</td>
<td>Presentation by the team of the main findings from the mission + discussion.</td>
<td>Enea Hoti, Altjon Paloka, Vladimir Malkaj</td>
</tr>
<tr>
<td>11.30–13:00</td>
<td>Meeting with Italian Cooperation Italian Cooperation is an important contributor to the STAR project as well as UNDP’s other project on public service delivery modernization. IC is active in discussions about the advancement and consolidation of the territorial and decentralization reforms and linkages between public service delivery reforms at both levels and therefore a potential interlocutor for further cooperation</td>
<td>Discuss with the Italian Cooperation on how they position themselves in the areas of local governance and public administration reform in present and in the future</td>
<td>Andrea Senatori, Head of Office, Italian Cooperation in Tirana, Endri Xhaferraj, National Programme Manager, Italian Cooperation in Tirana</td>
</tr>
<tr>
<td></td>
<td>Travel back to Bologna</td>
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</tbody>
</table>
Planned activities were carried out profitably in a noteworthy environment of courtesy, availability and collaboration.

During the meetings, the expert team was able to investigate appropriately and clearly the most important aspects related to the legislative process and the current context of organizational and logistical deployed by the Ministry of Territorial Reform (MSLI), with particular regard to the staff of the Agency for the Implementation of the Territorial Reform.

At the end of the working days was given to the Italian delegation materials of the study prepared by KPMG with, in particular, the files related to the final report, the Guidelines on LGUS Due Diligence and training activities provided for in the third stage of labor.

1.6 The needs that emerge (detected) in start-up phase and amalgamation

The local elections of June 2015 were, in fact, the first test for the reform project, at least for the impact it has had on the public opinion and, more widely, on the national political system that has seen succeed the current government team led by Premier Edi Rama.

*It is safe to affirm the path of territorial reform started with a general appreciation and broad statement of confidence by voters.*

Now the need it is to make operational and effective the new LGUs.

During the many worthwhile insights with all staff involved in the project, there were some initial difficulties that the path of the start up of the new municipalities are presenting; in particular we found:

<table>
<thead>
<tr>
<th>Context</th>
<th>Critical issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>A need to fine-tune the implementation of the model of organization chart shown in the Manual of Amalgamation</td>
</tr>
<tr>
<td>Human Resources</td>
<td>A necessity of activating training courses for new directors and senior management of the LGUs in order to guarantee the necessary standards of professionalism required by the management of an institution for the&quot;wide area&quot;</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Ensuring a training course aimed at administrative figures operating in the field of tools and computer, electronic storage etc.</td>
</tr>
<tr>
<td>Public opinion</td>
<td>Ensure a flow of information to reassure on the efficiency of the new structure of the LGUs and the criteria for access to services and public functions</td>
</tr>
<tr>
<td>Environment - Waste</td>
<td>Cycle management of wastes (waste collection transport) and the management and enforcement of charges represent one of the absolute priorities for the Government</td>
</tr>
<tr>
<td>Environment - Water</td>
<td>The management of the water cycle (supply and sewage collection) and the management and enforcement of charges represent one of the absolute priority for Government</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Welfare</td>
<td>It emerged the need for support and guidance in relation to the &quot;innovation&quot; of personal services and &quot;integrated social planning&quot; in the municipalities.</td>
</tr>
<tr>
<td>City planning</td>
<td>There is a widespread lack of modern and effective urban tools: the amalgamation of new LGUs may represent the key moment for the activation process aimed to the analysis of the territory and the preparation of new plans and planning instruments</td>
</tr>
<tr>
<td>Informatics</td>
<td>In the majority of new LGUs becomes necessary to adjust the IT equipment (hw and sw) and network connections in order to allow a proper and effective use of applications being prepared (ie. Digital storage) and more generally allow the branch offices of the LGUs (One Stop Shop) a proper and efficient operations flow</td>
</tr>
<tr>
<td>Tributes and taxes</td>
<td>There is no tax law conferring clearly to the municipalities tasks of their responsibility in this context and, consequently, that sets room for maneuver in economic and what workloads will compete to the new LGUs</td>
</tr>
<tr>
<td>Agency for the Implementation of the Territorial Reform</td>
<td>Highlights the deficiencies of the structure and the wish to avail of additional resources and support to ensure effective support to new municipalities with regard to matters of specific competence of the Agency (i.e.: financial-economic, legal, information technology, etc.)</td>
</tr>
</tbody>
</table>

Finally, it should be stressed that the activities underway at the government level on the definition and adoption of a law on the decentralization of many functions and services to now direct prerogative of the central government, is a factor to be taken into serious consideration for the future organization and management of the new 61 municipalities; since the process that will assign them new tasks and functions that will make the municipalities not only structurally more complex, but also increasingly the direct interface to the Albanian citizens.

This model will identify the municipalities as the entities of "proximity" par excellence, improving the protection of the territory and the action of harmonization and standardization of services throughout the national territory.
2. MERGERS OF MUNICIPALITIES. THE STATE OF THE ART IN ITALY AND IN EMILIA-ROMAGNA

ANCICOM and ANCI Emilia-Romagna have a long experience in administrative and territorial reorganization of municipalities, and in particular have made several feasibility studies preparatory to merging processes.

In the pages that follow, as a prerequisite to the illustration of the work process proposed in this project, we draw a picture of the state of the art of mergers in Italy and in Emilia-Romagna.

2.1 Mergers of municipalities: a growing phenomenon

In 2014, in Italy, as many as 24 municipalities were born as a result of a merger: more than twice as many mergers - nine in all - made in almost twenty years ranging from 1995 to 2011.

### Mergers of municipalities in the Emilia-Romagna region at 15 July 2015

<table>
<thead>
<tr>
<th>Region</th>
<th>New City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emilia-Romagna</td>
<td>Valsamoggia (29.427 ab.)</td>
</tr>
<tr>
<td></td>
<td>Fiscaglia (9.517 ab.)</td>
</tr>
<tr>
<td></td>
<td>Sissa Trecasali (7.991 ab.)</td>
</tr>
<tr>
<td></td>
<td>Poggio Torriana (4.960 ab.)</td>
</tr>
<tr>
<td></td>
<td>Polesine Parmense e Zibello (3.302 ab)</td>
</tr>
<tr>
<td></td>
<td>Ventasso (4.348 ab.)</td>
</tr>
<tr>
<td></td>
<td>Granaglione Porretta (7.023 ab.)</td>
</tr>
<tr>
<td></td>
<td>Montescudo Montecolombo (6.838 ab.)</td>
</tr>
</tbody>
</table>

A specific dynamic, the reasons of which may be sought in the fact that just in 2011, as part of a general administrative reform which aims at the rationalization of the territorial organization of the state, but also a reduction in public spending, becomes relevant the Italian problem of small and very small municipalities. In 2011, the "small" municipalities with a population of less than 5 thousand inhabitants, were 5,683, just under 70% of the total; the very small municipalities, the "dust" municipalities, with a population of less than 1,000 inhabitants, are 1,936, almost 24% of the total.

The problem of fragmenting the municipal administrative level starts to be the center of the Italian legislature actions in the nineties. The solution is sought by means of reorganization and institutional cooperation between local authorities: associations of municipalities, unions of municipalities and merging. It is not an authoritative intervention, but the process of aggregation on a voluntary basis is certainly encouraged.
The L. 142 of 1990 introduces (again) into the Italian ordainment the merge: in particular, by assigning to the Regions the task of developing a program of mergers of small municipalities, and deciding for the first time that for the municipalities resulting from the merger are intended contributions both from the State and the region.

In the same context of reform, mergers are aimed unions of municipalities: also based on the L.142 / 1990, the Unions are forms of voluntary association of municipalities "preparatory" to the merger, which must take place no later than 10 years from the constitution of the Union itself, which otherwise is dissolved.

After nearly a decade, the results are not the expected ones: very few municipalities choose the merger (these are mainly small municipalities in northern Italy), few municipalities choose the Union (perhaps also because of its "mandatory" outcome). The regulation was revised, eliminating the requirement of the merger by the Unions, regional 5 years programs and size limits set for the allocation of funds.

Key factor was the intervention of the spending review (DL 95/2012), which is based on mergers, associated management and unions to achieve its objectives. This law is crucial because it provides additional financial incentives for mergers of municipalities carried out in the years 2012 and later, but you can not overlook two other important factors: on one hand, the obligation of joint management of all key functions by small cities, expected by DL 78/2010 and recalled by DL 95/2012; on the other hand, the constraints imposed by the Stability Pact.

Two factors may have contributed to significantly increase, between 2012 and 2014, the number of those municipalities that have chosen - as an "alternative" to the requirements of the law and as a solution to the weight of the Stability Pact - the merger.

2.2 The reference legislation at national level

What is the meaning of "merger of municipalities" in the Italian law system? An initial brief definition would be this: the merger of municipalities is the amalgamation of two or more contiguous municipalities, which become a new municipality. Below an overview on the regulatory framework at national and regional level.

Article 15 of TUEL

The main reference, at a national level, on mergers of municipalities, is Article 15 of the TUEL, which also became part of the framework originally outlined by the aforementioned Law 142/1990.

Article. 15 provides that "in accordance with Articles 117 and 133 of the Constitution, the Region may change the territorial districts of municipalities, after hearing the populations concerned, in the manner required by the regional law": it is duty of the regional legislator, as stated in the Constitution, to have the task of establishing new municipalities, as well as to change the boundaries or name. It is the regional law then, after hearing the populations concerned, to provide for the establishment of a new municipality by merger. The merger is then the result of a procedural process pertaining to the Region, and governed by regional law, which may vary with the
regulatory context. In any case, the regional law establishing the new municipality is a legal measure, with the procedural obligation to consult the affected populations, which results, according to the orientation of the Constitutional Court, the use of referendum, as verification of voluntariness and autonomy of the population affected by the merger.

The autonomy of the populations concerned is also guaranteed by the possibility, provided by the second paragraph of Article 15, to define, before the establishment of the new municipality, its status, with approval of the text in compliance by all municipal councils. The statute of the new municipality must also ensure, by law, "adequate forms of participation and decentralization of services" to the citizens of the municipalities affected by the merger.

The Article 15, finally, provides that the municipalities established by fusion are disbursed, for ten years from the merger itself, extraordinary state contributions in relation to a share transfer which individuals municipalities that merge.

The provisions contained in the law Delrio (Law 56/2014)

Another key reference is the L. 56/2014, called Law Delrio, who recently spoke on the subject by outlining a new discipline in favor of the merger, and in particular in relation to small municipalities.

The law, first of all, revises certain aspects of the merger process, and the establishment of the new municipality, previously entrusted to the regional legislation.

From the point of view of the organization of the new single Municipality:

- It gives to municipalities that start the process of merging the opportunity to approve the new statute before the establishment of the new body; ¹
- Entrusts to the Statute (and no longer to the regional law of merger) the provision of adequate forms of participation and decentralization of services within the City only; ²
- It introduces a Consultative Committee of Mayors that without higher costs for public finances assists until the election of new organs of the Municipality single commissioner appointed to manage the entity resulting from the merger.

In the transition to the new single Municipality, the law provides that:

- Councilors ceased for the establishment of the United Municipality continue to exercise the external mandates assigned to them until the election of new representatives, as well as all those appointed by the City extinguished by merger shall remain in office until the appointment of successors;
- all existing acts, plans, regulations, planning instruments and budgets remain in force until the entry into force of the relevant acts of the Commissioner and the organs of the new municipality;

¹ Edit transposed by Article 15 of T.U.E.L
² Edit transposed by Article 15 of TUEL
³ This refers to assignments for elective office of the second degree, such as within the board of a Union of municipalities.
until the appointment of body audit of the United Municipality, the functions are carried out provisionally by the auditor in charge in the larger Municipality.

**The City resulting from the merger:**
- approves the budget within 90 days from the institution or within a different time-limit set by decree of the Ministry of the Interior;
- for the purposes of temporary and interim management, it takes as reference the sum of the resources allocated in the budgets approved by the municipalities extinct;
- approving the financial statement of the budget of extinct municipalities, if they have not already done so, and to take over the obligations concerning the certification of the Stability Pact and of tax returns.

The population of the United Municipality is the sum of the ones od the extinct municipalities. The territories of extinct municipalities do not lose by merging the benefits that they used to have.

In the new Municipalities there can be more than one ZIP code.
The municipalities resulting from the merger, if they establish municipalities, can keep taxes and tariffs differentiated not past the last financial year of the first term administration of the new municipality. They also have 3 years from the establishment to comply with current regulations providing for standardization of areas of optimum management and rationalization of participation in consortia, companies and public companies, except for more favorable specific disciplines.

**2.3 The incentives**

As for forms of economic stimulation of fusion processes, it is still the Law Delrio to be the main reference on the state level. It is in fact this law to define the state contribution overtime provided for in Article 15 of TUEL the extent of 20% of revenue transfers attributed to the same municipalities for the year 2010\(^4\), entrusting the definition of the terms and conditions in an order of non-regulatory the Interior Ministry.

**In addition, the law states that:**
- to the City created by the merger of municipalities of less than 5 thousand inhabitants, apply mutatis the rules more favorable, incentive and simplification provided for municipalities with population <5 thousand inhabitants and Unions of Municipalities;
- City resulting from the merger is allowed to use the margins of debt permitted by applicable norm relating to one or more of the old municipalities, even when budgets do not result from the unification of the margins of debt to the new entity;
- the region may change for municipalities resulting from the merger effect and limits other than those established by Decree 78/2010. In the absence of regional legislation, municipalities resulting from the merger ≥ 3000 ab. (≥ 2000 inhabitants. If belonging to mountain communities) are exempted from the exercise required in a partnership of the basic functions of an electoral mandate.

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\(^4\) Within the limits of the financial allocations provided and must be below 1.5 million euro
Additional measures to favor municipalities born from a merge are stated by Stability Law 2015 (Law 190/2014), which provides that:

- municipalities set up by merger from 2011 are subject to the rules of the Stability Pact by the fifth year following the year of the institution;
- the municipalities set up by merger having a relationship of personal spending on current expenditure of less than 30% shall not apply in the first 5 years after the merger, the constraints set by law for workers recruited on fixed-term contract, subject to the limits of the total expenditure on staff supported by individual agencies in the year preceding the merger and the general constraints on the balance budgets.

2.4 The relevant legislation at the regional level in Emilia-Romagna

It is the LR 24/1996 that in Emilia-Romagna is the main reference for mergers of municipalities. The law, which defines the "Regulations on the territorial reorganization and to support unions and mergers of municipalities", defines the precise path of Commons to the merger, after having defined some general assumptions.

The merger, in fact - as the change of municipal districts and the establishment of new municipalities - may only cover the territories of neighboring municipalities and in the same province.

The merger must also be based on objectives of organizational development, management services and functions and tend to identify geographical areas for which "amplitude, democratic entity and production activities allow a balanced economic, social and cultural environment."

2.5 The path to fusion defined by Regional Law 24/1996

The legislative initiative
The initiative for the establishment of new municipalities may be exercised:

- by the citizens and by the municipal and provincial councils;
- by the Regional Council and other persons authorized by the Regional Statute, art. 50
and then:
- by the Municipal Councils acting by a qualified majority of two thirds
- by the majority of voters living in municipalities involved

**Analysis of the initiative and decision of the Regional Government**

The instance of merger must be submitted to the Regional Council, which must verify within 60 days the conditions and requirements of the formal request. In the event that the verification is successful, the council shall submit to the regional council the corresponding Law Project.

In addition to the Council Resolution, the Council will also be sent a joint report entering the technical merit of the merger process, to guide the choice of the Legislative Assembly.

The report must contain:
- verification of compliance with the instructions of a program of territorial reordering (PRT);
- the description of the boundaries of the new municipality;
- proof of the existence of sufficient financial conditions for the performance of official duties and the organization and management of municipal public services;
- the official statement of the outcome of a referendum, should have preceded the submission of the municipality.

**The draft law to referendum**

The bills submitted to the Bureau of the Regional Council are transmitted, within eight days, to the municipalities and provinces concerned that express, within 60 days, an opinion.

Then follows the analysis of the Commission competent Council, which examines in the next 15 days the draft Law and any opinions and draw up its report.

The documentation goes back to the Regional Council, which has to establish the mandatory referendum if the proposal meets the criteria of the PRT and in support of the proposal has been collected enough signatures.

In case these two conditions are not met, the referendum is an option of the Legislative Assembly that, having examined the documentation decides whether or not to proceed.

In the event that the Legislative Assembly decides not to call a referendum, the project is definitely not approved and the process is concluded.

Finally, it is not possible to have a referendum if the legislative initiative of one or more municipalities was preceded - in the previous year – by municipal advisory referendums that have allowed to express themselves on the same bill presented by the Assembly the citizens.

**2.6 The financial incentives**

LR 24/1996, in its Article 16 states that the region would encourage mergers of municipalities, with specific incentives for the small municipalities. The detailed definition of the criteria and methods of financing the fusion process is entrusted to the Regional Plan of Reorganization (PRT).

The **regional contributions** are divided into **ordinary and extraordinary**.

The **ordinary contributions**, which are granted for 15 years from the merger, are quantified, as a rule, taking into account criteria of population, territorial extension, the number of municipalities and the total volume of current expenditure.

The **extraordinary contributions**, planned and defined in detail by the PRT have a shelf life, normally of three years because they are seen as tools to support the expenses of the
administrative process of aggregation of services and the reorganization of the structures of the new municipality, and in order to contribute the cost of investment. The precise quantification of these contributions is contained in the regional merger legislations.

3. TO MERGE: FEASIBILITY STUDIES

The feasibility study has a fundamental importance when you embark on a challenging course as a merger of municipalities. On the other hand, consider that among the incentives and support to the process of fusion of the Emilia-Romagna there are grants for feasibility studies, to which mergers of municipalities have access in priority to other forms of association between Local entities.

ANCI and ANCICOM Emilia-Romagna have a decade of experience in the field.

Below we illustrate the approach and method used for the realization of a feasibility study for the merger of municipalities in the Italian legal framework.

3.1 The need for an independent study

The path that leads to the creation of a new municipality through the merger of several bodies is both an opportunity and a challenge for the authorities involved. It is a path in which many variables are involved, different for each local situation: the relevant regulations, state and regional, and obligations arising therefrom; the size of the bodies involved; the greater or lesser dimensional homogeneity between them; habit or predisposition to work and the level of mutual trust; it features anthropological-cultural, historical, topographical and socio-economic territory; or even the specific problems of individual municipalities or services and administrative functions already managed in associated form.

Next to these complexities, it must consider the political dimension of the process: that is the belief of the directors in pursuing the goal, their agreement, the existence of a shared vision — and to share with the citizens involved.

Another aspect to be addressed, then, when embarking on a path of this type, is that of a possible "resistance to change", or to the fusion.

There are several factors that can cause this: not a clear understanding of the wanted benefits that can be achieved; the need to modify the powers and duties of the leadership and officials; the fear of losing sovereignty over a territory; the fear of losing sovereignty of individual municipalities.

For these reasons, to better face a merging path, it is important that this is defined, at the start, within a framework of knowledge political-institutional, territorial and economic that allows not only to schedule, in a purely bureaucratic way, the different stages and the necessary
arrangements, but also to envisage scenarios of possible developments, and to evaluate the best choices in the light of the potentials, and expectations of the territory.

The ideal tool for this preliminary study on the course of the merger is the feasibility study: an analysis aimed to look into all these fields and to provide useful and objective information and comparable political actors and the directors and officers of the government delegates to the process.

The purpose of the feasibility study is to analyze, integrate and enhance every dimension of the merger process, and both the social, the political and the technical side through a look "from above" who can predict the opportunities and problems that may characterize this path.

3.2 The demographic and social dimension

An important and preliminary aspect, considering the opportunities and problems of a merger of municipalities, it is the demographic and social dimension of the entities involved.

The socio-demographic analysis allows you to take consciousness of one of the essential dimensions of the territory, a key element in the realization of a feasibility study: a more or less uniform size among the different municipalities involved, the composition of the population, its evolution over time, the presence of families and elderly, mobility flows between local areas in social and health studies and work of the communities concerned, the employment situation and the liveliness of the local enterprises ... are all key to design the new municipality structure and the organization of its services.

The analysis of the demographic and social dimension will then consider:

- the resident population in the municipalities involved, and in detail:
  - the population size and population density;
  - the distribution of population by age group;
  - the average age of the population;
  - the birth rate;
  - the aging index;
  - the ratio of male and female population;
  - the number of families and of family members;
  - the growth trend decennial population;
- the attractiveness of the territories, and in particular:
  - the balance and the rate of migration;
  - the foreign resident population;
- the overall situation of the companies, that is:
  - the rate of entrepreneurship;
  - companies active in the field;
  - the percentage change of the business in the short and medium term.
### 3.3 The political and institutional dimension

The key to the success of a complex process for the communities involved, as the merger, is first of all in the **political will of the administrative body**. A merger of municipalities is about choices and pursue goals, even in the most critical moments that a transformation of this type can create. It is therefore essential that there is between the interested stakeholders genuine willingness to work together and share a vision for the future United Municipality.

**One of the objectives of the analysis of the political and institutional dimension is to check, and direct, by comparison, the political will behind the choices that lead to the merger.**

Through interviews and, if necessary, focus groups, the directors of the bodies concerned are surveyed in order to:

- **describe** the **current scenario**, focusing on political motivations on which the merger is based, on the strengths and weaknesses of individual municipalities, also in their mutual relations, as well as on the standard of perceived quality of services offered today to the territory;
- **outline** together with the Mayors **expected scenario** for the territory, this allows to highlight the policy guidelines and then the related services, meant as priorities;
- **identifying** a maximum size of the model of governance and operation of the future expected United Municipality.

This last point in particular should be supported by an **analysis of the regulatory context**, which was also directed to prepare the diagrams of the basic acts of the new United Municipality.

### 3.4 The technical and management dimension

The analysis is targeted to all technical and management services, administrative and technical facilities operating that has to be unified, to identify the organizational and management models, as well as logistics, necessary for optimal functioning of the new municipality and the enhancement of professional skills within organizations.

In order to define the best path for the unification of the services and functions of the various bodies involved in the future United Municipality only, it is needed:

- an analysis of **organizational structures** of the municipalities involved, to make assumptions of integration and development of the same;
- an analysis of the **economic and financial dimension** (revenue, expenses, etc.);
- an analysis of **human resources** (staffing).

**Envisage the evolution of organizational structures**

The merger of municipalities necessarily determines a transformation of the organizational structure of the bodies involved.

One of the first changes, as well as macroscopic, is the one of the **governing bodies**: one mayor, one council and one municipal council, in place of those of earlier municipalities.

This determines the **economies of scale both in the cost of the institutional bodies and on those of the Secretariat and the financial service**, the so-called staff services or internal ones.

*It is interesting to estimate these potential savings, as was done in the table below, taken from a feasibility study for the merger of six municipalities. The table is based on the hypothesis of a*
prudential savings, when fully implemented, of 40% of the costs of the institutional bodies and of 10% of the costs of the secretariat and the financial service.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Merge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff, organizing</td>
<td>47.546,58</td>
<td>54.874,22</td>
<td>26.483,73</td>
<td>48.280,74</td>
<td>239.494,77</td>
<td>70.853,06</td>
<td>487.533,10</td>
</tr>
<tr>
<td>secretary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Service</td>
<td>53.601,13</td>
<td>57.092,43</td>
<td>44.220,00</td>
<td>525,64</td>
<td>101.754,61</td>
<td>81.913,51</td>
<td>339.107,32</td>
</tr>
<tr>
<td>Saving 10%</td>
<td>5.360,11</td>
<td>5.709,24</td>
<td>4.422,00</td>
<td>52,56</td>
<td>10.175,46</td>
<td>8.191,35</td>
<td>33.910,73</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>122.406,13</td>
<td>129.940,41</td>
<td>80.602,12</td>
<td>59.185,36</td>
<td>399.580,76</td>
<td>200.767,84</td>
<td>992.482,62</td>
</tr>
<tr>
<td>staff functions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated overall</td>
<td>18.618,14</td>
<td>18.386,17</td>
<td>11.029,73</td>
<td>9.032,23</td>
<td>57.457,49</td>
<td>34.477,17</td>
<td>149.000,92</td>
</tr>
</tbody>
</table>

The analysis of the economic and financial dimension

The economic-financial field is very interesting when a merger of municipalities, through analysis of accounting data and of their performance in a reference period, the financial statements prepared using the expertise and budgets.

Through a linear sum of the budgets (without therefore take into account of any major or minor charges) you can determine the amount that will be aggregated into a single organization and calculate a series of indicators in percentage or absolute terms that permit, but with caution, a further comparison.

In the graph below, based on a feasibility study for the merger of two municipalities, we analyze the trend in tax revenues as part of a four-year, projecting the data even in the dimension of the future United Municipality.

The analysis of human resources

In the transition from several municipalities to a single municipality, it is also important to analyze the impact that this change could have in relation to staffing of the new entity.
To know in details the staffing of municipalities before the merge makes it possible to make informed choices in the reorganization of services within the United Municipality, assessing the adequacy of numbers of workers employed in the different services and the need / possibility of using new hires, in because of current regulations.

The pie chart below, based on a feasibility study for the merger of three municipalities, reveals the possible subdivision percentage of employees on each function considered in order to optimize the use of human resources available within the entity arising from the merger.

3.5 The contents of the study and expected outcomes

A feasibility study carried out according to the model described above, consists of the following report of investigation:

Socio-demographic area
- analysis of demographic and socio-economic dimension of its territory, with particular regard to the population structure, the dynamics of the demographic, social and health flows, school and work that characterize the communities concerned and the characteristics of the business reality

Political and institutional area
- reports of interviews with mayors, in which rebuild the institutional context of the bodies concerned by the Studio;
- report of the focus groups with local stakeholders;
- analysis of the regulatory scenario, and the Union of Municipalities, with reference to national and regional context;
• fundamental acts of the new entity: the preparation of a preliminary draft of the Statute, the Memorandum and the Rules of operation of the new City Council;
• simulation on the representation of the institutional bodies.

**Technical – managerial area**

• Detection and analysis of the organizational structures of the municipalities involved in the merger and the formulation of hypotheses of evolution; detection of problems and and analysis of the state of aggregation of municipal services and/or delivered to the Union and the formulation of assumptions about the development of forms of management in the event of a merger; detection of problems and advantages;
• analysis of the economic and financial dimension (analysis of revenue, expenses and balance sheet, etc.) and the asset size of the merger, in light of the processes of economic incentive with regional and state contribution.

### 3.6 The Study aims to highlight in particular:

- the possible institutional **cost savings**, resulting from the removal of individual institutions and the reorganization of government bodies and staff services or internal;
- the possible **savings on personnel costs**, resulting from the identification of the new staffing plan and the new business models and logistics for the operation of the United Municipality;
- the possible **optimization of the balance sheet**, based on a specific study of the economic and financial dimension of the merger;
- a **proposed organizational services** within the United Municipality, also based on the characteristics of the territory and socio-demographic detected by Studio;
- a **proposal harmonization paths of planning instruments** in force;
- a **hypothesis of logistical organization** of municipal offices and services.

### 4. AREA 1. THE ORGANIZATION OF THE STRATEGIC FUNCTIONS OF THE NEW LGU

The meetings held with the various actors involved in the process of territorial reform has highlighted some specific contexts and functions on which it is desirable to have a technical assistance and design support and training in order to achieve in a reasonably short time an optimum level of efficiency and effectiveness of new LGUs.
4.1 The staffing situation: the new staffing plan in order to optimize human resources and economic savings

The organization's staff is a crucial element in the context of a merger not only because, of course, this depends on the proper functioning of a municipality, both internally and in the delivery of services to citizens, but also because it can make a huge difference to the life of the new local authority, the fact that it creates a climate of cooperation rather than a situation of friction, or actual conflict. It is therefore important to address this issue with the utmost care, considering the needs of the United Municipality, but without ignoring the problems that may result from the reallocation of staff in a broader context.

The reorganization of the staff, as part of a merger, is a major opportunity to optimize resources, as through a better use of available staff and its skills, you can get a better quality of services offered to citizens and also a real cost savings.

4.2 The feasibility study

The necessary premise to a feasibility study for the reorganization of the staff within a public body, is the recognition of the relevant regulatory framework (to date largely under development), targeted in particular to verify the redundant staff Bodies concerned: a factor to be aware beforehand, when you want to think in terms of the structuring of new agencies or offices which will need adequate staffing.

The goal of the feasibility study is to identify, from current organic plants of LGU involved in the merger, a staffing plan of the new municipalities, elaborate making in relation the overall staff available, with its specific skills, and the needs of new municipality - in the given regulatory environment.

The framework for the detection of the organizational plans of the individual institutions and for the definition of the new organizational chart overall, it will be prepared by KPMG in the Guidelines on Due Diligence LGU (see next page, Figure 1).

An initial analysis will be devoted then to the current staffing of the individual entities, considering the staffing excess identified on the basis of national guidelines, and then to that of this new united municipality, which can be compared with data of the bodies covered by the project pilot by KPMG (benchmarking), to detect the appropriateness of the composition number of staff dedicated to the different services, that can also be considered in the set of three general areas: General Services - Financial Services - Technical Area.
Fig. 1 – Organisational Structure, Appendix 3, Guidelines on LGU Due Diligence (KPMG)
Each service of the future United Municipality will be investigated in the following aspects:

- current management methods;
- staff dedicated to the service;
- efficiency of the service (to be assessed on the basis of suitable parameters and defined from time to time depending on the service concerned. I.E. in the case of service personnel management, this parameter can only be the relationship between service employees and employees managed);

Based on these data, you can define actions for improvement of the service within the United Municipality, considering the fact that the reorganization of the staff will also be done in the different administrative units.

Surely we must consider the opportunity to rationalize the top positions, identifying only one responsible for any future key area of the new entity. There will also be the need to assess any gap between the skills possessed by the staff and those necessary for the new roles within a wider context such as that of the resulting fusion so as to provide ad hoc (specific) training plans.

4.3 The management of own resources: the management service of local taxes

The tax management is a critical part of the territorial and administrative reform: it is currently taking an important work of regulatory review of the matter, with the support of international partners, in particular aimed at a more efficient definition of the tax and tax at the national level, as well as to implement one structured recovery of tax evasion. This is an important aspect, as part of the reform, as countering tax evasion means ensuring a service tax is fair to every citizen, a true form of social justice.

Another very important element to consider is the work that the Government is doing to modernize and implement the land registry of buildings and land, in order to achieve even more effective property taxation.

The feasibility study

For the purposes of a feasibility analysis of the reorganization of local taxes in a broader context than that of departure, are important elements to consider:

- the size of the municipalities involved;
- l’á uniformity of municipal regulations;
- l’á uniformity of interpretation of the tax laws,
- the mode of a collection of individual entities;
- the activities of a control and contrast of ‘evasion today provided.

In fact, these elements must be brought into the system to ensure the best possible organization for the management of the service, and a fair deal for the taxpayer.
The reorganization of the service tax as part of a new LGU can certainly derive some economic advantages.

First of all, benefits in terms of improving efficiency and effectiveness of the service, especially with regard to the recovery of evasion. One of the first results obtained from the offices tributes managed in a partnership is just what the increase of the recovery, which by itself normally provides revenue significantly higher than the costs of management of the office itself.

In economic terms, a very important aspect is the ability not to lose its own resources, including on the management of the ordinary, where this risk is high though not easily quantifiable. Reorganization of the management of the service in a larger context represents an opportunity to make better use of human and financial resources available in each municipality, making it possible to achieve an improved quality of service and economies of scale.

For the purpose of the feasibility study will be measurements of the following data:

<table>
<thead>
<tr>
<th>Volumes of activity</th>
<th>Number of taxpayers, many statements and payment slips, acts of assessment notices, staff employed in the service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes of entry</td>
<td>Trends in the amounts of various taxes during the three years of reference chosen</td>
</tr>
<tr>
<td>Management of municipal taxes mode</td>
<td>Management direct / indirect</td>
</tr>
<tr>
<td>Control and a recovery evasion mode</td>
<td>Current mode à employed by individual municipalities for the fight against tax evasion</td>
</tr>
</tbody>
</table>

Starting from the analysis and processing of collected data, the study will aim to identify a possible new configuration of the service under the new LGU, considering the relevant national legislation, and to outline management assumptions that allow ensure an improvement in efficiency, effectiveness and costs, than those currently adopted in the individual municipalities. Particular attention will be paid to the improvement and strengthening of the control and recovery of escape taxation, as a true measure of social justice to ensure that citizens, in line with the wider objectives of the same administrative and territorial reform.

**4.4 The state of the art IT services and their development in line with national guidelines**

The computer services today have a strategic value for the government, as the spread of information technology and the Internet has made them essential tools to bring the administrative processes for citizens, reducing the timing, the risk of errors and ensuring transparency in addition to a constant monitoring of the processes by administrators. They also have a crucial role in the context considered: each LGU is in fact divided into different administrative units, in turn home to offices and services that will need to be
connected to each other by computer for communication and sharing of practices and other documents.

The creation of a unified information as part of a process of fusion of municipalities can bring with it many advantages, since it allows to:
- identify procedures of better quality;
- purchase software and hardware on favorable terms, exploiting economies of scale;
- streamline IT resources and licensing fees and assistance.

In this an important role should have the central government, assuming the function of strategic planning, implementation and development of a system of physical connection (eg. Optical fiber or other high-speed connections) and the design and preparation of platform applications based on open source technologies.

**The feasibility study**

The feasibility study for the reorganization of the information service in the context of a merger of municipalities must begin with a recognition of the current situation of the bodies concerned, designed to detect their equipment in terms of human and technical resources, the organizational capacity and the level homogeneity of the applications used. The survey will be conducted by administering questionnaires specially crafted in the LGU Guidelines on Due Diligence of KPMG.

From these elements, it is possible to develop a hypothesis of reorganization of the service within the new single Municipality, which in particular will be developed around the following points:
- redefinition of the organizational structure and identification of a service manager;
- analysis of economic resources and operational strategies more affordable for the unified service;
- definition of a functional activity that you want to transfer to the service;

The goal will be to reach a defined period of time:
- centralized management of economic resources;
- centralized management of computer assistance;
- centralized management of strategic choices;
- the standardization of applications;
- connection methods and management of information flows between headquarters and the individual administrative units.

**4.5 Urban planning**

Urban planning is a cornerstone for a correct, transparent and straightforward land management. It is also the main instrument for ensuring sustainable development and harmonious community.

In addition, together with an updated and consistent land registry of buildings, enables management and optimal control of local taxes.
The new municipalities restored to maintain its expertise in urban planning, with the difference that they become "common" for the entire territory, with the inclusion then all schedules and regulatory instruments of individual administrative units that compose it.

It is therefore clear priority and the need for a harmonization of planning instruments in order to make it more consistent and updated the regulatory framework of the entire territory and, therefore, ensure an adequate level of equality of rights and duties of citizens as regards the use of land for builders.

The material prepared by the Ministry for Territorial Reform, in particular the operating manuals for the amalgamation, identify urbanism one of the priority action areas and promote the activity of reorganization and standardization of planning instruments themselves.

It goes without saying that any context must be specifically addressed: in fact each new LGUs has its administrative features, topography, environmental and social factors that make the planning activities of a peculiar and strongly linked to the specific characteristics of the area. In summary, there is no standard planning applicable aseptically: requires a specific analysis of the state of the art and a specific design in order to make the new planning instruments consistent and really applicable to all administrative units of the new municipality

**The feasibility study**

The feasibility study that we propose aims to create optimal conditions to carry out a process of amalgamation of existing planning instruments in the territory, highlighting the positive aspects and weaknesses of the current regulation. The outcome of the study provides, among other things, to make clear and obvious points of contact that current maps, rules and regulations have to identify the correct course of action aimed at getting relatively contained a new framework local territorial.
The proposed study is structured as follows:

**Phase 1: collection of materials**
Collection and sampling of the materials of the individual administrative units (planning, regulations, forms, maps, etc.)

**Phase 2: analysis**
Analysis of the collected materials, benchmark activities of regulation and planning of individual administrative units

**Phase 3: study**
Deepening of the evidence gathered and comparison with administrators and technicians of municipalities

**Final Report**
Preparation and delivery of the report on the definition of the content and strategies of urban Unified planificazione

The realization of the study provides a structured collaboration with administrators and technicians of municipalities, in order to allow a continuous exchange of data and information and, at the same time, ensuring an adequate level of involvement and participation in every phase of the study.

It is important to point out that the study will be based not only on the current national regulatory framework of urban design and planning, but also consider the information contained on this matter in due diligence developed by UNDP - KPMG, as well as any changes in applicable law or new rules that the government should enact in progress of the studies in question.
5. AREA 2. THE SOCIAL PLANNING IN THE MUNICIPALITIES AND THE NEW SERVICES TO THE CITIZEN

As part of the meetings held by ANCI Emilia Romagna experts with the Star team, the Municipality of Durrazzo and the Agency for Territorial Reform, reveal any significant need for support and assistance in relation to innovation in personal services and "planning Social Integrated "in the municipalities.

In particular was reported the need to find solutions in new management and organizational services, answers flexible and adaptable to different contexts, compared to an increase in social problems and loss of autonomy. This part of the report gives an account and tries to turn them to a working hypothesis actually prosecuted in the studies for the merger of services and interventions.

5.1 The state of the art, the need for change

The framework of social interventions in the municipalities and Albanians in the various geographical areas of the country is different and uneven. Particular attention should be paid to the need to ensure services to citizens even in non-urban reality and goes emphasized the relationship innovation / quality / sustainability of spending, to be safeguarded in the reform process.

Specifically, from a comparative examination of the rules and ongoing experiences, it emerges in the institutional operation in the field of welfare with elements of new potential. So far the institutional reorganization has not gone hand in hand with the real decentralization of functions and resources: for example, the State is transferring to municipalities the "institutions" for the reception of children, the disabled and the frail elderly, and it is necessary for municipalities a transformation project and guidelines to define the new arrangements to support the changing needs of the population.

5.2 A "family friendly" city

Today are taking place in the towns choices of reform more precise with regard to decentralization and taxation, which can produce significant changes, particularly if taken in conjunction with the Territorial Administrative Reform.

It can / must also operate as a 'vehicle' for the development of social policies, highlighting the path of their renewal undertaken by the Albanian government .

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In particular the proposal developed here to compare the process in Emilia Romagna on the issues of deinstitutionalization and social planning, which involved municipalities and the Albanian Ministry of Welfare under the program of debt conversion (IADSA). This proposal is a priority found and aimed at
In fact, given its characteristics of proximity to people's daily lives, the welfare should be seen as a litmus test for change and a major challenge for the mayors and the new municipalities. Doing live, in the process, the following questions and answers following.

**Why reform the welfare state?**

- Because the needs are evolving, the citizen grows and diversifies his or her needs
- To adapt to the new realities of municipalities transformed by the reform, therefore, more flexible performance, also "containing" the spending, to respond more appropriately to individual rights and citizenship

**How to reform the welfare state?**

- Building a "network" of social interventions linked with the health, education and employment system: the cornerstones for a new model of social development
- Responding to individual rights with benefits and appropriate for the person / family
- All this, through levels of performances in the municipalities, guaranteed by the constitution of a Fund for their economic sustainability.

**How to set the rules?**

- By starting the de-institutionalization, in agreement between the state and municipalities, resetting "total" institutions in services more agile, open and flexible according to the characteristics of the single person.
- Making the most of the local resource (public and private) as solution to problems and as a factor of social development.
- Tracing services "homogeneous paths" for access, taking charge, the individual project.
- By sharing this set of ideas as guidelines to help guide and support services operators, citizens and administrators.

### 5.3 Decentralization as a strategic choice

In the reforms underway in the country and in the current legislation, as nullifying principle of renewal of welfare policies is assumed their decentralization to the municipalities through the construction of an integrated network of social services, health, education, educational, cultural, educational, startup at work and housing. Decentralize, however, is to give responsibility to the institution where you are delivering activities and functions: if otherwise remains the mix centralization / decentralization, hardly new bodies will feel fully responsible for the activities assigned to them.

the deinstitutionalization and decentralization of the services for children, disabled people and elderly in the municipalities
To meet this condition, the decentralization of social services will have to follow guidelines that can be summarized as follows:

- synergy between state, regions or counties, and municipalities, according to the principles of subsidiarity, cooperation, effectiveness, efficiency and economy, homogeneity, and equity funding;
- promoting the role of the private, of Albanians business entities and economic ones, non-profit associations, to agree with these subjects a concrete and effective contribution to the programs and the implementation of interventions, with a view to welfare mix (public-private);
- creation of social enterprises and non-profit organizations for the promotion of volunteering in social service delivery;

Because of this, the profile of Commons becomes quite challenging.

Concretely, in fact, the new municipalities may exercise the following activities:

- Planning, design, implementation of the local system of 'social services network', indications of priorities and areas of innovation.

These tasks can also be carried out through consultation with the social actors of the territory, public and private, to develop all possible synergies.

Municipalities can engage in those activities by acquiring 'three-year programs of social intervention' (or plans to address strategic).

Also:

- conducive to the development of volunteering in the reading of needs and in the management of services and put in place measures to support the birth and qualification of social enterprises;
- issue the authorization and accreditation of public and private services, in agreement with the State, exercising the supervision of the structures and social services within their territory, on the basis of criteria and indications defined at national level;
- participating in the process for the identification of various areas of the network of services which may also be over the municipal area;
- coordinate programs and activities of public bodies which operate within the competence of the services and attributable to the network (eg. in the health sector, education, training, etc.) in order to create operational links between services;
- deliver services and economic benefits (for the delivery of checks is binding on the fairness opinion expressed by the institutional bodies deputies);
- apply rates (fees), provided for users who use services and performance, based on the criteria defined at the regional level;
- ensure the active participation of citizens in the reading of their needs, priorities of choice, in the operation of the services.
5.4 Feasibility studies and social plans

As already indicated, the reform sees the approval by the municipalities of a "three-year program of interventions" (or multi-year strategic plan), intended to find practical implementation in the annual plans. The working hypothesis facing, then, is to include in the feasibility studies some (even only two) pilot oriented concrete implementation of this instrument of government, from which to produce guidelines that guide the design at all the new municipalities. So, it seems feasible to initiate processes of governance, multi-level and multi-program, taking together the tasks of planning and management within the services Educational, School, Social, Cultural, Sports and Recreational. Areas, these, that deserve to be considered as strategic assumptions for the affirmation of a municipality better equipped, able to return to the path towards economic development, social and cultural development of the community.

Therefore, later in this paragraph, (i) outline the general characteristics of the instruments to give effect and (ii) emphasize certain aspects and contents, which seem especially qualifying. To them it is given the task of translating into terms of operable guidelines defined in the first paragraph.

5. 5 3 years social plans: essential features

What is a Municipal Social Plan?

A policy paper in which the municipalities define policies towards the community, addressed to the population of the territory, and valid for three years.

What is a Social Plan?

It becomes the main instrument of social policy, which is to build an integrated system of interventions and services:

- *Integrated* because it has to be related to home services, community services, economic measures, individual services targeted at individuals and families;
- *Integrated* because it has to coordinate social, health, educational, training, employment, cultural and housing policies;
- *Integrated*, finally, because it has to make work together and not institutional, public and private entities

What is in a Municipal Social Plan?

1. The definition of the local system of social services as a “network”
2. The decentralization in the different locations of the City, urban and suburban, with particular attention to the coverage of disadvantaged geographical areas
3. The manner in which is organized the access to services, to ensure fairness
4. The modes of coordination with the state governments (schools, justice, ..)
5. The tools and resources to achieve the goals.

**To sum up: what is the organizational project?**

Respond in a uniform, fair and consistent way to the social needs of the population in the territory.

**A. 3 years social plans: qualifying aspects**

It is proposed to identify some social benefits, designed to meet common needs, and therefore proceed to the definition of its 'basic level'. *Namely*, starting with the current social organization of Albania and taking into account the innovative processes undertaken, levels of essential service, to be agreed in a State- municipalities view, could be so declined:

1. Services taking charge of citizens with social needs (social policies office);
2. Interventions and services to support the possibility to stay home (home care);
3. Interventions and services for early childhood, adolescence and disability (family house, etc.).
4. Residential services, even during the day for severe disability, long-term care (day centers and sheltered housing);
5. Interventions and measures to combat poverty and promote social inclusion (job placement).

*Additional elements are provided in the section attached to the end of the paragraph.*

**B. The Welfare mix in the municipalities and the public-private relationship**

Social development is closely related to the economic development of the territory, especially if placed on a strategic vision of welfare mix, implementation of the public-private relationship, in the design and management services. The experience of Emilia Romagna has always been characterized by a strong public-private integration, and this choice has become a significant factor of regional development and social cohesion.

And it demonstrated that the development of services and innovation can bring an important contribution to the issue of employment, particularly that of women and youth. In this area can be "social enterprises" to manage personal services in accordance with the Municipalities. (i.e. Home care to the elderly or other sectors cultural, sports, educational). Their involvement happens by agreements signed to the outcome of a public tender which ensure conditions of impartiality and transparency of procedures.

**C. The cost-sharing and tariffs for citizens**

In this regard, as part of the feasibility studies, they can be studied forms of co-payment by the citizens (straight or contribution differentiated services based on the income of the citizen-user) for the use of specific interventions.
The municipality is in charge of the creation of Social Offices, taking into account the different needs of urban and rural areas, with the following benefits:

- social secretary for information and advice to individuals and households;
- social care

Social Secretariat (FRONT OFFICE)

**That is the operator that provides the complete information** about rights, services, how to access services,

About the services available in the territory in which they live, which can be helpful in dealing with personal and family needs at different stages of life. In particular the activities of social secretariat aims to ensure: uniformity of access, listening skills, orientation function, filter function, functions of observation and monitoring of the needs and resources, according to transparency and trust in relations between citizens and services.

It is therefore a level of information and guidance. This function can also be connected to multifunctional offices of the municipality, but it must have an attention to respect the individual privacy.

On an organizational level it should therefore be set up in each municipality or territorial area, a "unitary door" to access the system of services, such as to be welcoming to the broader range of needs.

The social plan have to be identified the best solutions to unify not only the access to social services but, more generally, access to the system of total services (cultural, recreational, educational, sports and so on.)

Social Worker (BACK OFFICE)

This is the **operator who takes charge of the situation of the family** for complex needs, requiring social intervention. The competent services activate the technical tools for assessing multidimensional situation and the provision of individualized assistance program, including the project for individual disabled people and the individual educational plan for children in difficulty.

In order to ensure the implementation and effectiveness of the interventions provided by the programs it is indicated a responsible for each case.
**B. Sheet 2 - COST OF SERVICES**

Methodology of study for assessing "effectiveness" and "efficiency" of the spending

The "feasibility study" aims to create optimal conditions for performing a process that takes into account the innovation of services in the municipalities and the sustainability of spending. The main element on which to focus is to achieve a transformation of the organizational and management models, focusing on the relationship effectiveness / efficiency. Below is a table showing the costs of innovative services (provided in municipalities for deinstitutionalization). It is an overview that summarizes all the production factors to consider in the activation of a service. In order to be accountable for the spending comparable as much possible to the costs / user today supported for some personal services, it has been used:

- gross monthly wage, which also include withholding (tax, social, health ..) applied to personnel at facilities managed by the Ministry, for the same qualification,
- a summary of the operating expenses, divided by center type (day or residential) and address (elderly, disabled, children) produced by the Ministry of Welfare. It is taken as a reference because these data give the chance to "reconstruct" the operating expenses for the type of service, the costs actually operated.

The comparison, even in the awareness of comparing services with different feature, is useful for indicating that the articulation of the services is not only necessary to provide appropriate services and relevant to needs of people with problems of non self-sufficiency, but also to highlight that the effectiveness it is associated with the efficiency in expenditure costs significantly lower.

**Comparison between the "cost" of institutes and "costs" of innovative services**

<table>
<thead>
<tr>
<th>INSTITUTE *</th>
<th>COSTS INSTITUTE</th>
<th>DAY CENTRE</th>
<th>FAMILY HOUSE</th>
<th>FAMILY FOSTER CARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's House (1)</td>
<td>49.35</td>
<td>353</td>
<td>737,71</td>
<td>52,48</td>
</tr>
<tr>
<td>Center Disabled (2)</td>
<td>75.67</td>
<td>541</td>
<td>1,179.43</td>
<td>84,24</td>
</tr>
<tr>
<td>House of elderly (3)</td>
<td>33.29</td>
<td>238</td>
<td>832,71</td>
<td>59,55</td>
</tr>
</tbody>
</table>

**SERVICE HOME**

| | Month cost in Euro | Cost month |
| | | |
| | | |
| | 797.81 | 56,99 |

**Contribution at the expense of the service by users.**

For households that have an income above a threshold set by the Municipality a co-payment can be set. The participation into the total costs is set on the basis of income brackets and it will be a percentage of the total expenditure.
C. Sheet 3 - FIRST ASSUMPTION FOR THE DEFINITION OF ESSENTIAL AND UNIFORM LEVELS

The feasibility study that suggests carrying out as part of the STAR program in some municipalities "pilot" to identify the minimum levels of assistance must see the maximum involvement of Mayors, local coordinators, the municipal leaders in specific working groups.

<table>
<thead>
<tr>
<th>MACROLEVEL</th>
<th>OBJECTIVE of service</th>
<th>ACTION LINES</th>
<th>TARGET VALUES</th>
</tr>
</thead>
</table>

The following diagram outlines the areas of study and proposal:

The proposed values are values "to strive" that aims to be achieved progressively, also because of the resources available and defined according to the new rules of territorial institutional reorganization.

The basic and uniform levels, are set:

- on the basis of social issues to be tackled,
- will be applied progressively, because of the resources you can make available,
- They will be updated in light of new social demands that will be taken into account,
- It must always be programmed in the search for a virtuous balance between people's needs and available resources.

NOTE

In particular, the proposal developed here is a priority detected and aimed at deinstitutionalization and decentralization in the municipalities of services for children, the disabled and elderly and it is in continuity with the process initiated by Albanians municipalities and Ministry of Welfare.

6. AREA 3. TERRITORIAL ADMINISTRATIVE REFORM AND PUBLIC UTILITIES

After the social services, public utilities constitute the second major field of activity in which the skills of the municipalities meet directly the daily life of citizens. On this regard, during the mission, have emerged important needs of support of the reform process, so that from the latter, as in the case of welfare, can be 'extracted' benefits actually perceived by the
community administered. In this part of the report we will formulate the first hypotheses about how the topic can be addressed as part of the feasibility studies.

6.1 State of the art

a) The following table (a reworking of data contained in the report of KPMG) describes the situation of the 8 Local Government Units (LGU) merged into the new municipality of Pogradec regarding existing forms of management services for families and businesses (that is to say forms the valid pre-fusion).

<table>
<thead>
<tr>
<th>Services</th>
<th>Internal</th>
<th>Contracted</th>
<th>Licensed</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructure and public services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water supply</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Sewage</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Drain systems and age (flood) protection canals</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Construction of local roads, sidewalks and squares</td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation and maintenance of local roads, sidewalks and squares</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Public lighting</td>
<td>6</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public transport</td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cemeteries and funeral services</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>City / village decoration</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Parks and public spaces</td>
<td>3</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Waste management</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

6 Note on terminology. The term "internal" refers to cases in which KPMG shows the number of municipal employees involved in production of the service in question. The case corresponds to the production that is often also called "self" or "economy". Less unambiguous interpretation of the term "contracted" (used by KPMG). Certainly it refers to the involvement, as a producer of the service, of a person other than the municipality. It remains to be seen whether also includes cases in which the subject, although different from the municipality is, however, 'enactment' of the latter. Similarly, it remains to be seen whether, in addition to the case of a 'normal' contract, certainly included, also includes the services covered by a concession (about the difference between 'procurement' and 'concessions', see. Annex 2). Alternatively, it is possible that they are included in the term "licensed", most likely, however, refers only to cases where the service is subject to a regulatory regime that does not include any conditional exclusive basis.
<table>
<thead>
<tr>
<th>Category</th>
<th>5</th>
<th>3</th>
<th>2</th>
<th>6</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban planning</td>
<td>5</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land management</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social, cultural and recreational functions</td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saving and promoting local cultures and historic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>values</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization of recreational activities</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social services - day care</td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social services - orphanages and elderly homes</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local economic development</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Preparation of programs for local economic development</td>
<td></td>
<td></td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Setting and functioning of public market places and trade network</td>
<td></td>
<td></td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Small Business Development</td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance of services in support of local economic development</td>
<td></td>
<td></td>
<td>2</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Veterinary service</td>
<td></td>
<td></td>
<td>7</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Protection and development of forest, pastures and natural resources</td>
<td></td>
<td></td>
<td>7</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Public order and protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prevention of administrative violations and enforcement of Act</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil Protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of premises of pre-school and pre-university education</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Priority health service and protection of public health</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Social assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social aid and poverty alleviation</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal services on domestic violence</td>
<td>1</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal services on protection of child’s rights</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental protection</td>
<td></td>
<td></td>
<td>2</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Environmental protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil status</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civil status matters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business registration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National registration center</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>---</td>
</tr>
<tr>
<td>Total</td>
<td>112 (24)</td>
<td>23 (5)</td>
<td>8 (1)</td>
<td>122 (4)</td>
<td></td>
</tr>
</tbody>
</table>

Each value indicates the number of cases (i.e. LGUs) provide the service indicated on the line is guaranteed in the form indicated from the column header ("n / a" means that the service is not provided at all). The color red indicates that the value includes the case of the town ‘capital’ (the ‘old’ Pogradec). The totals, using the example of the first column, read as
follows: the production of the 34 services that form the list is *internalized* in 112 cases (out of a theoretical total of $34 \times 8 = 272$\(^7\)), of which 24 are registered at the town of Pogradec.

The highlighted sentences select the functions subject of this part of our contribution. It is precisely the services that normally are included in the category of *public utilities* - qualifying, for another, the subject of much discussion. Here, the selection criterion that was adopted is the nature of *industrial* activities, tentatively defined based on the weight of investments in fixed capital and the consequent importance of economies of scale. This criterion is the one that best corresponds to the purpose of the contribution that we aim to provide; in our opinion, however, it is also recommended for reasons of a quite general, *ie* as a criterion for identification of *public utilities* as such, it is preferable, in particular, in what concerns the "economic significance" of the activities, or on "supply of goods and services on a given market," provided that in fact we think too little selective.

In any case, regardless of any issue of 'doctrine' of public services, as the theme of this part of our contribution is defined in the following table.

<table>
<thead>
<tr>
<th>Integrated water management (collection services, water supply, sewage, water purification)</th>
<th>Waste cycle (collection services, transfer, disposal / reuse)</th>
<th>Local collective transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (limited public enlightenment)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The first two names widen those of *due diligence* of KPMG to include aspects related to processes of *service delivery* that, at least in perspective, are still worthy of attention. In addition, it is worth noting that all the considerations contained in paragraphs 3 to 6 can also be related to cases of *public utilities* excluded by that subject area: significant factor because of various reasons could lead to imagine, in the future, a Government at the local level. Just think of the case of electricity: in perspective, on the basis of social and economic considerations, as well as technological and environmental activities of the municipalities could spread well beyond the field of public, including among other objectives saving, sustainability, reduction of the degree of vulnerability of local communities. The Emilia-Romagna has developed many experiences, according to standard now widely established in Europe.

**b)** The vision which emerges from the report can be summarized as follows.

- Management other than "own" are present *only* in the aggregate *Infrastructure and public services*. *In all other*, as in some of the same aggregate, the management function is *internal* or absent.

\(^7\) In reality the total is 272-7=265 because the business registration services are located in Pogradec.
More specifically, in the case of the services included in our subject area, the situation is as follows:

<table>
<thead>
<tr>
<th>Infrastructure and public services</th>
<th>Internal</th>
<th>Contracted</th>
<th>licensed</th>
<th>n / a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>3</td>
<td>2</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Sewage</td>
<td>1</td>
<td>2</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Public lighting</td>
<td>6</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Public transport</td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Waste management</td>
<td>4</td>
<td>3</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

Where in particular it is observed:

- that transportation is always \textit{licensed};
- that the \textit{public lighting} is always \textit{internalized};
- that the capital municipality has always \textit{contracted} management of the other three services included in our subject area;
- that these same three services register a \textit{certain level} of outsourcing also outside the provincial capital, without, however, being the prevalent form;
- that, although this is absolutely 'basic' services, the cases of non-exercise are still frequent enough (about 8, 3 municipalities lack water supply, 5 of sewerage, 2 of public lighting, one of the services of waste management).

### 6.2 Foreseeing a change

The KPMG report does not fail to provide a contribution to the debate about the processes of transformation / reorganization that may / must relate to the activities of \textit{service delivery} in view of the objective of matching the process of \textit{amalgamation} with the achievement of higher levels of efficiency. In particular, the contribution that is provided in the formulation consists of three questions to be used as \textit{design principles} and of the corresponding replies.

As for the features included in our subject area, the picture that emerges is as follows.

<table>
<thead>
<tr>
<th>Functions</th>
<th>Does the work require physical presence?</th>
<th>Is there any reason (legal, strategic) to centralize execution?</th>
<th>Is the work through scalable remote central processing?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water supply</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Sewage</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Public lighting</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Public transport</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Waste management</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
On the other hand, KPMG itself strongly emphasizes the provisional character for various aspects and of the information it provides. Chiefly, for our purposes, puts into account the following statements:

- Decisions for future service delivery cannot be reached in the short-term and preparatory work is needed to analyze the processes, assess the human resources and infrastructure capacity, including the information and communication technology in place.
- Notes That provided the answers reflect our current understanding without consideration of the future strategic decisions to be taken by the new Municipalities in changing the service delivery (design principle n. 2).
- Applying the above principles to design each function will trigger development of alternative organizational structures which then Should be refined and the most feasible one selected.

Therefore:

- choices still need to be done because of preliminary activities, which are in an
- choices between alternative structures of the processes of service delivery, and may therefore well be considered as
- choices of strategic level (changing the service delivery).

On this basis, the goal we propose consists in advancing the argument from the point where the material produced by KPMG stops. More precisely, in practice, the rest of this document is to contribute to the design of the preparatory work (or works, in the plural, in the sense of preparatory studies) that KPMG points out the need. With regard to:

a. the arguments that should be addressed,
b. its methodological approach,
c. some indications, to be verified in terms of feasibility, about its deliverable.

The approach, moreover, is not purely methodological, because, incorporated in the design of work to do, this document which already contains some considerations of merit (substantial, 'substantive') about the economic and institutional arrangements that should be considered.

6.3 A key premise: the notion of universal service

Let’s start from the latter, to say that their definition is a framework almost obligatory in European legislation on public services: it is, of course, because Albania is a candidate to join the EU, both for the substantial value of principles that are reflected in the legislation. Since the notion of universal service, which more than any other characterizes the approach ‘European’ to the matter of public services (including local ones), and that more than anything else, it should be added, gives an idea of the political weight of these choices.
The Annex 1 provides an indication of the main sources to keep in mind, the examination of which, in brief, the essential features of the concept emerge as follows.

### 6.4 The 'logic' of the Universal Service

- Widespread and homogeneous local presence, as a condition of Real possibility of access by all those who request it; therefore, also, affordability of the price, the absence of a bond of profitability of each transaction
- Quality standard defined 'good enough'

The core unit of all these predictions lies in the idea that some needs are quite important to the national community (represented by public institutions) to take charge of the objective that every citizen can satisfy them; and the best way to look at this idea is to consider a request, which is a criterion that should guide the use of the means available. Therefore, if it is not met by the actual situation, in a defined part of the resources stemming from the expected economic growth must be devoted to fulfill its content. This is, indeed, the politics substance of the notion.

Where should still observe:
- that, in view of the notion of universal service, the reasons of efficiency and those of equity and social cohesion go together well. All else being equal, given any amount of resources, it is clear that more efficiently they are used, the larger number of people that can receive the services;
- that the link between the amount of services available and the expected economic growth is a circular relationship, as an adequate supply of public utilities is at the same time a condition and a precondition for economic development as a whole. Properly understood, the statement is true not only for the services of industrial type (see Point ???); at the same time, it must recognize that the connection, as they are concerned, is more immediate (though no longer more true) that in other cases.

In terms of deriverable, the foregoing considerations are intended to expand into a systematic review of the sources mentioned here briefly and in a thorough examination of their implications in terms of allocation decisions, pricing, etc. The text will form the introductory part of the preparatory works.

### 6.5 Profiles of economic analysis

As far as efficiency is Concerned, the case of public utilities is characterized specifically by two structural requirements.

**The scale of activities**

The first concerns the achievement of size efficient. In the Italian experience, long characterized by high fragmentation of activities, the argument has been reflected in
the provision, contained in various industry regulations, the production of services is organized in Optimal Territorial Areas (ATO), identified in a logic of industrial policy oriented to the aggregation of demand and supply in a commercial manner, with a view encouraging the development of investment and innovation. The result, in practice, has been the definition of over municipal areas, of 'wide-area', at least coincident with the provincial dimension, i.e. with the catchment areas of the order of 2 to 300,000 inhabitants. It is important to point out that this indication is only a point of reference, that can be waived on the basis of requirements related to the specific (morphological, social, etc.) of local contexts. At the same time, it should be emphasized that this is an indication closely linked to the 'intrinsic qualities' of the services, especially the importance of economies of scale, due to the weight of investments in fixed capital, and that a reference of the same order of magnitude it seems so plausible beyond the borders of the Italian reality.

Then, since neither new Municipalities, except for Tirana and a few other major centers, reach such a dimension, preparatory works will include an analysis aimed to establish how the idea of ATOs can be referred to Albanian situation. Obviously, the purpose is not the ultimate drawing of Their boundaries, but the search of a suitable approach to the task of doing that. In a sense, mutatis mutandis, the methodology and the process could be similar to the ones the carried out in order to identify the functional areas at the very beginning of the TAR history. More details are to be provided in the next steps of the preparatory works designing.

The case for multi-utilities
Similar considerations apply for the achievement of efficient productive combinations. In part linked to those of scale, but still worthy of specific attention, in fact there are economies of other kind, that can be seized only if the production of more services (ie the production of different services) is concentrated in a single subject.

To name a few, it is
- 'Economies of scope' (typical, but not exhaustive, the case in which a same infrastructure can be used to 'transport' services of a different kind);
- 'Economies of critical mass' (recurring when the expansion of the regional scale is still sufficient to reach an adequate size to certain functions, such as those for research and development, or management of cash flows);
- 'Economies of organization' (particularly important, but not limited to the case of the unification of the activities of billing, collection, etc.).

Unlike the first, this second argument does not lend itself to the adoption of binding regulations, which in fact are not in the national legislation of which we are aware. Nevertheless, the reality of Emilia Romagna includes numerous public utilities of local type Multiutility, whose experience provides abundant empirical evidence to (i) develop a framework argued the possibilities and (ii) establish criteria and methods of analysis required for convenience / feasibility. Both these points are capable of being translated into guidelines exemplified on concrete cases.
Comments
In order to correctly interpret the working assumptions above, it is important to bear against the following considerations.

- The very same reasons that led to the transition from 273 to 61 LGUs - improving services to citizens and empowering local governance - suggest to focus on situations where, as in the case of public utilities, it is reasonable to imagine that the new municipalities are key in the aggregation process. The reference to the case of the public utilities also applies to determine that it is of aggregations ad hoc, closely linked to the supply of certain services, and however with 'variable geometry', perfectly feasible on the basis of the articulation of the levels of government.

- The additional 'facts' on aggregation needed cannot be realized overnight. Nevertheless, it seems important that the policy community of Territorial Administrative Reform put today on the agenda the reflection on developments that also reasonably require time or (more precisely: a medium- to long-term). So, in fact, the design of a path, which the preparatory work we are delineating the physiognomy should be the early phase.

- As hypotheses to be tested, you can assume that the economies of scale spatial and those of other kind indicated above with a certain level of trade-off, in the sense that the existence of constraints to the achievement of the first can be (at least partly) compensated by the exploitation of the latter. This consideration seems important because, if the hypothesis is confirmed, is equivalent to an increase in the margins available to the detection of efficient solutions tailored on the characteristics of the Albanian reality.

- The preparatory works cannot avoid devoting specific attention to the case of Tirana.

6.6 The definition of institutional arrangements

Here, "institutional arrangements" is an umbrella term that covers two sets of arguments: (i) the choice of the forms of management; (ii) the design of tools for regulating relations between the parties involved in the processes of service delivery (municipalities, operators, users). In both cases, the results of the economic analysis have a strong influence on the assessment of the available alternatives, which, however, it does not follow unambiguously. Consequently, both arguments have regard to special considerations, which once again bring to the fore the framework provided by the European regulations for local public services.

The choice of the forms of management

(A) As is clear from Table 1, the Albanian reality includes several cases where the services of an industrial nature are managed by municipalities. Both conceptually and actually, in such situations are contrasted cases of 'external management', or of 'outsourcing', another umbrella term that is here to indicate any situation where the production of the service is entrusted to a third party, that is, to a legal person other than the municipality, which also remains responsible (to the citizens) that the service is present, as well as decent and affordable. In fact, the choice of the form of management involves first of all the definition of strategic guidance about the alternative interior / exterior just coming into question - and important reasons, in the
light of European legislation and the experience of Emilia-Romagna, lead us to believe that the second is to be preferred to the first. To name a few, self-sufficient,

- in part, it lays in the need to reach the dimensions of 'wide-area' (the assignment to a third party, existing or newly established, as 'carrier' of the aggregation process);
- in part it is the possibility of achieving levels of *accountability* (much) higher than those allowed by the internal one, and the different configuration of the system of incentives that the external form allows you to offer to *management*;
- in the possibility, not necessarily entailed in the external form, but definitely excluded by the internal one, to engage in the process of *service delivery* capital, technical and management skills of private origin.

Overall, for these and other reasons, the move toward organizational structures in various capacities *business*, like those accepted by all forms of external management, may well be regarded as a chapter (important) of the process of *modernization* of the local administrative system (stationary prejudice to the *warning* about the inevitable processuality of *changing*). At the same time it is very important to note that the choice of 'outsourcing' can not in any way be regarded as a way to 'get around' the inefficiencies of government: to govern properly the relationship with a third party vendor is not an easier task to manage direct the activities of *service delivery*. Hence, also, the importance - crucial - that must be attached to the question of skills available *within* the municipalities, and thus to their training (to be understood, also, as forming a part of the local ruling class). From this point of view, it is of utmost importance that the activities to support the Territorial Administrative Reform outlined here are closely jointed with all programs that offer the possibility to work on the *skills* of the directors. In terms of *deliverables*, the above considerations are intended to expand in a *position paper*, in turn intended to form the background of the assessments in the next point.

**(B)** On the merits, on the basis of European legislation (see. Annex 2), 'external management' can mean three things:

- contracts or concessions
- institutionalized public-private partnerships (IPPP)
- company *in-house*

Of these forms, the *preparatory works* will explore the values in terms analytical-operational. Therefore:

- First of all, a work to focus on the three options and their internal structure: not a trivial task if you think, for example, the exact determination of the difference between 'procurement' and 'concession', the issues the different weight that the private shareholders may have in the formation of a *partnership*, the correct interpretation of the so-called 'similar control' as distinctive of the company *in-house*. For this first aspect, the goal may be to produce a 'lexicon commented', providing all the actors (institutional, economic, social) a basis of shared terms and unique.
Secondly, once delineated with precision the field of the various possibilities, an examination of their respective motifs of interest, in a logic of strengths (potential advantages) and weaknesses (limitations, disadvantages). As a result, it should be possible to achieve a kind of framework that can be used as a conceptual tool to work either for the reading of local conditions in terms of evaluation of the available alternatives. In a sense, then, the logic is similar to that of the applications proposed by KPMG as design principles, without prejudice to the differences of the case as regards the thematic content and the level of depth of analysis. This so that the choice between the different forms of management (in particular, the determination of the 'balance' between public and private) is never set before, but the result (i) of high analytic applied awareness, as we used to say, (i) to 'concrete examination of the concrete situation (i.e. the local situations). In this sense, the approach of 'pilot studies' and 'guidelines' it seems to indeed very recommendable.

Finally, a focus on specific procurement procedures, given the importance of the theme from the point of view of the objectives of protecting competition and open markets strongly affirmed by the entire European legislation (see. Annex 2 and Annex 3 again).

**Instruments of relations regulation**

Or:

- tools of audit
- 'Public service contracts'
- 'Service charts'

(A) The first relates in particular to the reporting material which a municipality needs to properly exercise its role as partner (possibly a majority) of an enterprise of local public service, when the chosen form is that of the IPPP or that of in-house. In this regard, the important point is that this information is different from those a municipality needs as contractor (see. below) of the same company, as different, and potentially conflicting, are the two positions in which it is at the same time to be in these two cases (this, in fact, is an argument to be borne in mind when reasons of the advantages and disadvantages of various forms of management). Obviously, as well configured, the tools of audit cannot overcome the grounds for possible conflict; nevertheless constitute a precondition for the trade-off between the interests related to the two positions is managed explicitly and consistently. In terms of deliverables, it should not be too difficult to provide something like real 'formats' of reporting.

(B) The instrument of 'public service contracts' is explicitly provided by various European regulations of the sector that do not fail to enter its properties in terms of minimum content (cfr. Annex 4, which sets forth the rules for the European industry transport). In this regard, the first point to make is that it is a very general instrument: in the three cases of external management, relations with the producers of the services must be always governed by explicit contracts, even when stretches of companies controlled by municipalities, including the case of the company in-house. Basically, this forecast reflects a demand for transparency: it should not happen that the fiduciary bonds (implicit contracts) that exist between the shareholders of a
company and its directors, and that in fact constitute an important reason the choices of 'corporate reorganization', replace the definition of formal commitments and 'well-specified'. On the contrary, it must be that those ties provide an 'incentive' to outline the process of service delivery as clearly as you can, as a prerequisite of the ability to test so compelling results that are obtained in terms of quantity and quality of output. In addition, the formalities of the commitments is also a precondition for the freedom of action of management to be recognized in a clear way that should, constituting it, in turn, an important reason for the choices of corporate reorganization, intimately related to the possibility that management takes a strictly business profile.

In this case, the supply of real formats does not seem an achievable goal, but you can certainly imagine the production of 'guidelines' (or even 'type schemes') exemplified on concrete cases. Their preparation will be built on an analytical review of existing contracts between municipalities and managers (including, naturally, those concerning concessions and contracts), about whose presence and whose characteristics we do not currently have any information, but of which it is reasonable to assume some level of frequency (especially in the case of concessions and contracts). From this point of view, the objective is defined in terms of improvement of the tools currently available, under the assumption that there are significant margins of their implementation and the rich experience of the municipalities of Emilia-Romagna in the area of 'contracts' could constitute a reference point. In any case, the objective is to maximize the thickness of the instrument under a constraint of reasonableness: in particular, to avoid a fundamental loss of efficacy, is of utmost importance that the agreements include, as an integral part, systems for monitoring the performance (on the double side, operating costs and quantitative results) so insightful when it is allowed by the need to reduce transaction costs (negotiation, observation, enforcement) within acceptable limits.

Moreover, to return to the intrinsic characteristics of the services in question, their very industrial nature causes the level of (possible) 'completeness of contracts' is high enough, certainly greater than in the case, for example, of social and health services. As well it should be noted that a major impact of technological change consists precisely in breaking (drastically) the cost of observation of many activities, including those of interest here. Consequently, the introduction of systems to monitor the highly effective performance does not seem an unrealistic goal.

(C) The instrument 'Charter of services' is not explicitly covered by EU legislation. In return, a definition is quite timely in the Italian legislation (cfr. Annex 5), from which, in particular, is clearly demonstrated its close relationship with the instrument 'Service contracts': in fact, the essence of service charters it is to make known to the citizens obligations to which the operators are bound by agreements signed with the government (see. highlighted part of Annex).

In a sense, this is therefore a 'photograph' of performance that citizens can expect from the service operators, based on the amount of resources that the administration has decided to ('may') use to deliver the service. This characterization contains a problematic point: if general economic conditions mean that the amount of resources
is modest, perhaps less than that required to ensure that the levels of diffusion and the standards of quality are acceptable, it is inevitable that the contents of the cards is somewhat 'poor'. In any case, in fact, as already contracts, they must contain commitments can be met, rather than 'desired', as far as reasonable. Otherwise, the instrument is intended to be missed 'effectiveness'. Nevertheless, it remains true that it can be a vehicle for organizational change and improvement of services.

For the following reasons:

- Take note (publicly, explicitly) of service levels that can be guaranteed is a healthy exercise in realism, it is appreciated as a first step to put on the agenda aims to amend them (see. below).
- As in the case of service contracts, the provision of benefits to connect commitments formal and 'well-specified' is still a step forward in terms of transparency, certainty, collectability. Especially when the latter aspect is reflected in the complaints and compensation themselves 'well-specified', made credible by the fact that the standard of service are not defined regardless of the actual ability to make operating (indicators in this regard are clearly contained in the Italian legislation).
- What you cannot do today can be done tomorrow. In fact, nothing prevents that the cards contain an evolutionary profile of the services, providing standards to be achieved over time, i.e. commitments intended to become binding in accordance with a certain plan of deadlines. Of course this means that the funds allocated to the service will follow in turn defined a growth profile. In such cases, then, the cards will only give effect, adding the cogency that characterizes them, how they should be interpreted the notion of universal service: a request that, if not currently fulfilled, implies the 'reservation' of a certain amount of resources expected more because of economic growth.
- The results of any productive activity depends on two types of variables: on the one hand those hard (or 'state'), consisting primarily (but not only) by the available technology; those on the other soft (or 'behavior'), constituted certainly the levels of effort expressed by the workers, executives included (the so called 'x-efficiency'). Their relative weights vary widely from business to business, but also in the field of public services industry, which are also characterized by a high intensity of fixed capital, the role of the latter is to be held in high regard: just think of the many situations involving however, a direct relationship workers-users (installations, repairs, provision of information, etc.). The issue, here, is relevant to the diversity of conditions in force for change in the two cases: when the modification of variables hard passes for investments that generally require quite substantial resources, and therefore comes fully into the previous point, the modification of the variables 'behavior' is not subject to this same condition, and therefore, in principle, can always be put on the agenda as a change of fact achievable. In other words, the distinction between the two types of variables allows individual, in the present, a space for improvement already available, the service cards can properly propose to exploit. Moreover, it is just a tool suitable for the purpose, that the formalization of the commitments to the citizens-users may well be considered a factor able to 'catch' on the levels of effort (on 'attitudes') workers. More, it can work well as a 'carrier' of the affirmation of a different culture of public services more modern, more mature, more civilized.
6.7 Annexes

A. Annex 1

EUROPEAN REGULATIONS - THE NOTION OF UNIVERSAL SERVICE

Article 14 TFEU (ex art. 16 TEC)
"Without prejudice to Article 4 of the Treaty on European Union and Articles 93, 106 and 107 of this Treaty in view of the importance of services of general economic interest in the shared values of the Union and their role in promotion of social and territorial cohesion, the Union and the Member States, within their respective powers and within the scope of application of the Treaties, shall ensure that such services operate on the basis of principles and conditions, particularly economic and financial, which enable them to fulfill their missions. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish these principles and set these conditions without prejudice to the competence of the Member States, in compliance with the Treaties, to provide, to commission and to fund such services."

The authorities "regional state and local authorities have to define, organize, finance and monitor services of general interest. This notion of shared responsibility is the basis of Article 14 of the TFEU, which gives the Community and Member States are responsible for ensuring, within their respective powers, that their policies enable operators of services of economic interest General to fulfill their missions.

Principle of the nature of Universal Service
Universal Service means "A minimal set, defined, of services of specified quality available to all users regardless of their geographical location and, taking account of specific national conditions, at an affordable price"; Directive 97/33 / EC of the European Parliament and of the Council of 30 June 1997, Art. 2 c. 1 letter g).

Principle of Free Access to the service
The principle is set forth under art. 36 TFEU, which states: "In order to promote social and territorial cohesion of the Union recognizes and respects access to services of general economic interest as provided for by national laws and practices, in accordance with the Treaty establishing the Community European ".

Principle of Quality of service and continuity of delivery
The European Union requires that the service is provided in accordance with adequate standards of quality seamless (White Paper COM (2004) 374

Public service obligations
These are obligations that should be better framed as universal service obligations; they represent the "core capital" of each public service also economically significant; these are activities that should be provided by the operator even "below cost" to enable all citizens to be able to take advantage (White Paper COM (2004) 374.

Principles of uniformity and reasonableness of price
These are the services "provided with the characters of universality, that is, to anyone who requests it at a uniform price and reasonable, irrespective of the profitability of each individual operation" (ECJ, judgment of 19 May 1993 in Case C -320 / 91);

EUROPEAN RULES - FORMS MANAGEMENT AND MODE OF ENTRUSTING

On the modalities of entrusting from the European framework of reference can be identified the following models:

- procurement and concessions;
- Institutionalized Public-Private Partnership, in the context of which lies the trust in a company holdings through the selection of the private partner operating (so-called "dual tender");
- direct assignments cd In house.

1. With regard to the "contracts" or "concessions" it comes to ordinary types of contracts of concession of the service finder of specific rules in Directives 17/2004 / EC and 18/2004 / EC. In the interest condendo de jure, is recently deepened the distinction between contracts and concessions; in particular the proposal for a directive COM (2011) 897 that distinction based on the element essential to operational risk, including the possible failure to recover the investments made and the costs incurred by the concessionaire to carry out the works or services awarded. Even in the Italian legislation, the current art. 30 of Legislative Decree n. 163/2006 provides that: "The granting of services the consideration in favor of the concessionaire consists either solely in the right to exploit functionally and economically exploit the service.

2. With regard to the "Race to double object", it is part of the Public-Private institutionalized notion with which the Commission identifies the cooperation between public and private partners that make up a mixed capital entity for 'performs public contracts or concessions. The private input to the IPPP consists, apart from the contribution of capital or other assets, and active implementation of the tasks assigned private entity and / or management of such entity. On the contrary, the simple injection of capital by a private investor to a public undertaking do not constitute IPPP.

According to the Communication of 2007, to set up an IPPP in accordance with the principles of Community law while avoiding the problems associated with a twofold procedure, you can use the following method: the private partner is selected through a transparent and competitive, which referred to both the public contract or concession to be awarded private entity, it is the private partner's operational contribution to perform these task and / or his contribution to the management entity joint venture. The selection of the private partner is accompanied by the constitution of the IPPP and the public from the award of the concession.

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8 In particular recital (7) of the proposal it mentioned notes that "The main feature of a concession, the right to exploit the works or services, always implies the transfer to the concessionaire of an economic risk that includes the possible failure to recover the investments made and costs incurred in operating the works or services awarded. The application of specific rules governing the award of concessions would not be justified if the contracting authority or entity would avoid any potential loss contractor guaranteeing a minimum income equal to or greater than the costs that the contractor has to bear in connection with the performance of the contract. At the same time, it should be specified that some agreements fully paid by the contracting authority or contracting entity will qualify as concessions when the recovery of the investments made and the costs incurred by the operator to perform the work or provide the service depend on the effective application or availability of the service or good."
or private entity. If the IPPP in question is set up by the participation of a private partner in an existing public, the object of the procedure for selecting the private partner may consist in entrusting the execution of public contracts or concessions which are then performed internally by the public.

3. As regards the direct assignment (known in-house) in an institute, of Community; The Court of Justice has identified the basic conditions to resort to the "similar control" on society by the authorities and partners in the "main destination in favor of the grantor". More specifically, although for credit in the house there is now, within the EU, a general regulatory framework, there is abundant case law which, over the years, has developed and established important principles, which are now in progress coding within the above proposals for directives on public procurement and concession contracts.

a) Public totalitarian participation. It should be excluded the participation, even as a minority, of a private undertaking in the capital of a company subject to an in-house (C-26/03 Stadt Halle).

b) Similar control. The art. 11 of the proposed Directive on public procurement, Article. 15 of the proposal for a directive on concessions and the art. 21 on the proposed directive on utilities provide: "It is believed that a contracting authority or a contracting entity [...] to exercise over a legal person a control similar to that which it exercises over its own departments [...] when exercising a ' decisive influence over the strategic objectives and significant decisions of the controlled legal person. " This requires greater tool control by the entity to those provided by civil law. In particular, the Management Board of the company in-house must not have relevant managerial powers and the public body must be able to exercise greater powers than those that the company law on the social majority. Major decisions must also be subjected to examination by the grantor. In the event that the entity in house is owned by several contracting authorities is essential that control is exercised is a configurable "similar control" even if the shares not held directly by the public, but indirectly through a joint-stock holding company (so-called holding) owed 100% by the same.

c) Destination prevailing in favor of the grantor (C-107/98 Teckal, C-340/04 Carbotermo) and the absence of market-oriented. In the case of expansion of the corporate purpose, it can be assumed that the condition of ' lack of market orientation is less, resulting in weakening of control by the public (C-26/03 Stadt Halle).

e) Requirement of territorial importance. The control exercised by the shareholder authorities on in-house company can be considered similar to that exercised over its own departments where the activity of the company is limited to the territory of the authorities who control and is carried on essentially for the benefit of these last (C-573/07 and C- 371/05).

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9 Italian ordinament. Article. 1, Section 2, of Legislative Decree 163/2006 introduces the obligation of the tender for the selection of the private partner of a joint enterprise; although it is referring to companies that operate on the purchase of goods and services, the principle of public selection can then be classified as a general principle. As part of the procurement procedures, instrumental to the protection of competition and the market, is also art. 3 paragraph 27 L 244/2007 introducing dependent government the prohibition of establishment (or hold investments, minority) of affiliated companies for the production of goods and services not directly related to the purpose of the institution. The rule, however, allows the creation of (and participation in) such companies when used for production of "services of general interest" or of "services purchasing or central purchasing bodies at regional level" to support the contracting authorities.
C. Annex 3

EUROPEAN REGULATIONS - PROTECTION OF COMPETITION

General principles
The heart of the public procurement law is found in the Articles 43 and 49, as assimilated by art. 2 of the Public Contracts Code, which relates to the case law the greater part of the principles applied in procurement. This applies to the principles of non-discrimination and equal treatment, which are interpreted as a corollary of Articles 43 and 49 of the Treaty and to the obligation of transparency, which is enshrined in the instrumental survey with the objective of opening up the market, allowing the greatest number of businesses operating in various sectors of the market to evaluate its chances participatory in relation to a certain expectation. The same applies to the principles of proportionality and freedom of competition that are also applied within the scope of primary law by the provisions of Articles 5 and 14 of the Treaty. More in particular.

1) The principle of equal treatment
The principle of equal treatment imposes the obligation not to treat cases differently, except that they are objectively justified. In the Community meaning, it is inferred from the general principle of equality, like the non-discrimination based on nationality, absolving from the latter the largest function to ensure uniform conditions for market access for all participants in tender procedures, regardless of the importance of nationality. The scope of the principle is specified in the imposition of award systems characterized, both substantive and the formal point of view, the value of objectivity to ensure at all levels of negotiation and regardless of the type of procedure adopted. The first sphere of activity involves the establishment and maintenance requirements for the award of the same for all economic operators, both as regards the conditions of presentation of the offers under the slope of the assessment requirements of the Administration. On the second point, the importance of formal equality of treatment should be linked to compliance with the principles of advertising and transparency, taking in the view of the EU sources, instrumental value compared to it, putting participants in a position to assess in advance their chances participatory in relation to a particular count.

2) Principle of non-discrimination on grounds of nationality
In general, the ban on non-discrimination on grounds of nationality is expressly stated in Article. 12, par. 1 of the Treaty in relation to differences in treatment which member states or public authorities can put in place based on nationality of natural or legal persons. To it must be added to Article. 14 sanctioning the discriminatory policies put in place by Member States due to the different origins of products. At the level of secondary legislation, referring in general to the principle of non-discrimination on grounds of nationality the second recital of Directive 2004/18 / EC and Article. 2 of the Code of contracts, together with various implementing provisions.

3) Principle of transparency
In Community law this principle is developed, the outset, the case law and inferred directly from the provisions of the Treaty until the express reference contained in the Directives of the latest generation. Recently, the scope of the concept has been defined in its concrete contours of the EU Commission, which has expressly stated the direct derivation from the principles of non-discrimination and equal treatment and the instrumentality of the notion of adequate
publicity to the objectives, opening of competition and the impartiality of procurement procedures, making its processing of case law on the point. The second area is explanatory transparency and is a mere system of advertising, regarding, specifically, the provisions relating to the calls, alerts, and terms of submission and receipt of tenders. Third, they detect key in implementing the regulations pertaining to the mode of communication and interaction between contracting authorities and businesses, particularly strengthened by the directives of the latest generation and the contract code, public, introducing several new elements in terms of communications between businesses and contracting authorities, concerning the institution of access to documents of the bankruptcy proceedings, and the information system available to the authorities.

4) The principle of proportionality
In general, the Court of Justice states that a measure complies with the principle of proportionality, in this case the suitability, when the means used may prove adequate to achieve this objective. In very general perspective, the Community framework of public contracts for the assertion that the application of the principle of proportionality connotes the whole of the performance of procedures for awarding public contracts. In principle, it follows the rule according to which the decisions taken by member states and by the contracting authorities in the award and award of public contracts should be such as to cause the least disturbance to the exercise of economic activities and the minor sacrifice can the exercise of free enterprise on the part of traders.

D. Annex 4

THE PUBLIC SERVICE CONTRACTS

European regulations - Transport sector

Article 3 public contract service and general rules
1. The competent authority decides to grant the operator of its choice an exclusive right and/or compensation, of whatever nature, in the discharge of public service obligations must do so within the framework of a public service contract.

Article 4 - Mandatory content of public service contracts and general rules
1. Public service contracts and general rules:

   a) clearly define the public service obligations which the public service operator must comply, and the geographical areas concerned;

   b) establish in advance, in an objective and transparent:

      i) the parameters on the basis of which any compensation should be calculated; and

      ii) the nature and extent of any exclusive rights granted;

   to prevent overcompensation.
   The parameters are determined in such a way that no compensation payment may exceed the amount required to cover the net financial effect on costs incurred and revenues
generated from the compliance of the public service, taking into account the revenue relating thereto kept by the public service operator and a reasonable profit;

c) determine the arrangements for allocation of costs associated with the provision of services. Such costs may include, in particular, personnel expenses, for energy, infrastructure charges, maintenance and repair of public transport vehicles, rolling stock and installations necessary for the operation of services passenger transport, fixed costs and a suitable return on capital.

2. Public service contracts and general rules shall determine the manner of distribution of revenues from the sale of tickets which may be kept by the public service, repaid to the competent authority or shared between the two.

3. The public service contracts are concluded for a fixed period of up to ten years for coach and bus services and 15 years for passenger transport services by rail or other modes of transport by rail. The duration of public service contracts relating to several modes of transport shall be limited to 15 years if transport by rail or other modes of transport by rail represents more than 50% of the value of the services in question.

4. If necessary, taken into consideration the conditions of depreciation of assets, the duration of the public service contract may be extended by a maximum of 50% if the public service operator provides assets which are both significant in relation to the overall assets necessary for the provision of passenger transport services covered by the public service contract and linked predominantly to the passenger transport services covered by the contract. If the costs resulting from the particular geographical situation warrants, the duration of public service contracts referred to in paragraph 3 in the outermost regions it may be extended by a maximum of 50%. If the amortization of capital in relation to exceptional infrastructure, rolling stock or vehicular investment and if the public service contract is awarded in a fair competitive tendering procedure, a public service contract may be concluded for a longer period. To ensure transparency in this case, the competent authority shall submit to the Commission, within one year of signing the contract, the public service contract and elements justifying its longer duration.

[...]

6. Where competent authorities, in accordance with national law, require public service operators to comply with certain quality standards, these standards shall be included in the tender documents and public service contracts.

7. Tender documents and public service contracts shall be transparent as to the possibility and extent of subcontracting. In the case of subcontracting, the operator which, under this Regulation, are entrusted with the management and the provision of a public passenger transport is required to perform a major part of the public transport service. A public service contract covering at the same time design, construction and management of a public passenger transport may allow full subcontracting for the operation of those services. The public service contract shall, in accordance with national and Community legislation, the conditions applicable to subcontracting.
ITALIAN LEGISLATION - CONTENTS OF THE SERVICE CHARTS

Art. 8 Decree no. 1/2012 (content of Service Charts)
Service charts, define the obligations which are required managers of public services, including local, or infrastructure necessary for the exercise of business activity or the exercise of a constitutionally guaranteed right of the person, indicate in specifically the rights, even in compensation, that users may require against the managers of the service and the infrastructure. In order to protect the rights of consumers and users of local public services and to ensure the quality, versatility and cost effectiveness of its performance, the independent regulatory authorities and any other public bodies, including territorial, with skills regulation on public services, including local, defining the specific rights referred to in paragraph 1. This is without prejudice to further ensure that companies that manage the service or infrastructure define themselves.

Art. 2. paragraph 461 of Law no. 244/2007
1. In order to protect the rights of consumers and users of local public services and to ensure the quality, versatility and cost effectiveness of its performance, in the conclusion of service contracts local authorities are required to apply the following provisions:
   a) provision of the obligation to the managing entity to issue a "quality charter services", to be drawn up and publicized in accordance with agreements with organizations representing the interests of consumers and business associations concerned, laying down standards of quality and amounts related to benefits as determined in the contract of employment and the means of access to information guaranteed, those for lodging complaints and those to have recourse to the conciliation and judicial as well as the mode of user options, in the specific form or by return all or part of the consideration paid, in case of default;
   b) mandatory consultation of consumer groups;
   c) forecast that is periodically checked, with the participation of consumers’ associations, the adequacy of the quantitative and qualitative parameters of the service provided fixed in the contract of service to the needs of which the service is intended, subject to the possibility for each individual citizens to submit comments and proposals;
   d) provision for a system of permanent monitoring of the fulfillment of the benchmarks in the service contract and the provisions in the charters of the quality of services, carried out under the direct responsibility of the local authority or the territorial optimum, with the participation of associations consumer and open to receiving comments and suggestions from each individual citizen can turn to, in order, is the local authority, both for transmission services, both to consumer associations;
   e) establishment of an annual session to verify the operation of services between local government, service operators and consumer groups, in which they give account of complaints, and the proposals and comments received at each of the parties;
   f) forecast that the activities referred to in subparagraphs b), c) and d) are financed by a levy on those operators of service, predetermined in the service contract for the duration of the contract.
7. CONCLUSIONS. THE ADMINISTRATIVE TERRITORIAL REFORM AND LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

The effectiveness of the territorial reform is strongly connected with the local development policies.
A reformed municipality is a municipality that has to act on economic and social policies differentiated and innovative.
This should lead to connect the STAR program with other reforms and development policies.
The importance of the local dimension for the purpose of economic development is amply proven by the experience of the industrial districts of Emilia Romagna.
One of the decisive factors of their success in the Emilia-Romagna it was the synergy between the activities of local government administration and territorial initiative of private operators.
Businesses thrive in social cohesive ambient.
As of now you can find in the agro-industrial and everything revolves around the economy of the sea and the coast two areas potentially able to tow intense and qualified development processes.
The latter on the other hand will have to be attentive to the needs of environmental sustainability, to be understood not only as a constraint but as potential areas of development and technological innovation.
A major role in this regard plays the training of government staff, both of the protagonists of productive activities, both of the many expressions that make the vibrant world of social inclusion (voluntary work, associations, etc.).
A wide range of European projects, both at transnational (Interreg ADRION, MED Programme) and through country programs (IPA - Instruments for Pre accessions Assistance Albania) and bilateral cooperation (IADSA - Italian-Albanian Debt Swap Program), can be a stimulus and support to the realization of these objectives.
ANCICOM was born in 2012, as an operative instrument of ANCI Emilia-Romagna, to enforce the development of the Association’s institutional tasks. ANCICOM is the in house providing company of ANCI Emilia-Romagna and, on behalf of ANCI, provides services of education, support and assistance to Local Governments in Emilia-Romagna. The services provided by ANCICOM to Municipalities and Unions of Municipalities are coherent with the choices and the actions of ANCI in support of its associates.