ADMINISTRATIVE AND TERRITORIAL REFORM

ADMINISTRATIVE AND FINANCIAL CONSOLIDATION OF THE 61 NEW MUNICIPALITIES

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THE BEGINNING OF A NEW ERA FOR LOCAL GOVERNMENT

If we would have to underline two major events, which led to close the previous year in the spirit of success for local government in Albania, those would be: 1. Administrative and financial consolidation of the new municipalities, and 2. The adoption of the new draft law "On local self-government", by the Albanian Parliament.

After the elections of June 21st, new mayors were introduced with the legal steps and other recommendations to successfully overcome the transitional phase of the consolidation process of new municipalities. In early September, Minister of State on Local Issues and STAR Project team experts started implementing the Amalgamation Plan. This process began by contracting of one of the best companies in the world in the field of finance, auditing and consulting, remaining available for working groups in each municipality until the end of administrative and financial consolidation.

The final work balance was as predicted – s 384 financial and operational reports were successfully completed, as well as Consolidated Reports for each municipality. The successful closure of this phase provides a firm foundation that will ensure the good functioning of the new municipalities, after a deep administrative and territorial reform.

However, the agenda of activities in the last four months of year 2015 contained even more. Further, in this Newsletter, we invite you to learn more about the successes of Territorial and Administrative Reform for the period of September - December 2015.
Minister of State on Local Issues, accompanied by the representatives of the project "Support to Territorial and Administrative Reform" (STAR) and the Agency for the Implementation of the Territorial Reform (AZRT), conducted in September a study visit in the Region of Emilia Romagna in Italy. The Albanian delegation, after participating in a series of meetings and seminars in the Region of Emilia Romagna, became acquainted with the organizational and management model applied in this region, and learned about certain functions attributed to the municipalities, following the reform in Italy. At the end of the visit, important recommendations were drawn, mostly about the delivery and management of public and social services at a local level. By the end of the visit, Joint Declaration on Cooperation was signed between Minister of State on Local Issues in Albania, Mr. Bledi Çuçci and the President of the Region of Emilia Romagna, Mr. Stefano Bonaccini.

The signing of the Joint Declaration in Emilia Romagna marked the beginning of mutual cooperation between the Albanian Government and the Region of Emilia Romagna in the field of administrative decentralization and institutional reorganization.

In the framework of the territorial reform in Italy, Emilia Romagna has implemented the municipal merger, has produced feasibility studies on municipal areas using an integrated and multi-sectorial methodology and has achieved positive results.

BEST PRACTICES FROM THE REGION OF EMILIA ROMAGNA

Minister of State on Local Issues, Mr. Bledi Çuçci and President of the Region of Emilia Romagna, Mr. Stefano Bonaccini signing the Joint Declaration in Bologna, September 2015.
CONTINUED SUPPORT FOR LOCAL ELECTED OFFICIALS

On the first meeting with local elected officials, the Practical Guide was supplied, containing recommendations and concrete measures starting from the first day of their tenure until the conclusion of transition phase by the end of 2015. The second meeting with the newly elected mayors was held in early September. Advantages and challenges of the local government following the establishment of municipal councils, as well as valuable recommendations for the management of the transitory phase of the consolidation process of new municipalities were discussed during this meeting. The daily agenda included the presentation of historic initiatives by the Albanian Government, in support of new municipalities, which aim to provide quality services to citizens and ensure sustainable development of the local government. From these initiatives, Minister of State on Local Issues, Mr. Bledi Çuçi presented the project of Local General Plans and drafting of the Operational Development Plans for 26 municipalities, accompanied by a financial package made available by the government and donors. “Another milestone of administrative-territorial reform is the initiative of the Albanian government to specify and legalize the administrative borders by accurate geographical coordinates, thus ending overlapping of administrative jurisdictions and the associated problems”, said Minister Çuçi during the meeting with the newly elected mayors. Mayors were also introduced to the passage of the new competences on the local level, in the framework of the decentralization package.

Defined new administrative borders

To date, the borders have not been defined by geographical coordinates, which made difficult the functioning of local government units in urban planning, local tax administration, public property management, etc. A detailed analysis of overlapping administrative jurisdictions, definition of the new virtual borders using GIS systems, designing of a manual containing necessary information about administrative borders of each municipality, as well as training on data input for the specialists of all Local Offices for Property Registration, were carried out by “GjeoConsulting” company and their partners “Invent” and “Gjeolab”, all within the framework of territorial and administrative reform. At the end of this process, the newly defined borders are awaited to be recognized by the Council of Ministers.

Presentation of the first drafts of Local Development Operational Plans

Organizations implementing Local Development OPs presented their first drafts, for 26 municipalities that will benefit from the assistance of the Albanian Government and donors in developing the territory under the administration. Through OPs, analysis of new administrative territories will be conducted, as assets and an operating space, which will develop a strategic vision for the development of urban areas, natural and / or manufacturer. The implementing organizations have completed the process of data collection, their analysis and identification of priority projects for a period of 2 to 3 years. During the drafting process they conducted consultations with the working groups and representatives of each municipality, as well as with stakeholders in order to integrate their recommendations. In the context of promoting gender equality, consultations were held with field experts, ensuring that the plans would be gender responsive. First drafts of Local Development Operational Plans were drafted in the spirit of promoting sustainable development, for emancipation and a better integration of rural and urban areas, giving a new breath to developmental and economic infrastructure. During the drafting of plans, special attention was paid to the gender component.
One of the best companies in the world in the field of finance and auditing, "Grant Thornton" signed in September a contract to assist the Minister of State on Local Issues during the most important phase of the administrative and territorial reform, administrative and financial consolidation of 61 new municipalities.

The contract was signed by the Director of UNDP Albania and partner of "Grant Thornton" in Albania, during an official ceremony attended by the Prime Minister of Albania, Edi Rama, Minister of State on Local Issues, Bledi Çuçi, representatives of Grant Thornton International, donors and key international partners as well as all newly elected local officials.

Outsourcing "Grant Thornton" came at a very important moment for the administrative-territorial reform. This company will be represented by a consortium of experts with long experience in management and implementation of complex projects in the public sector, and will remain available to assist working groups in all municipalities, up to the end of the consolidation phase of the administrative and financial consolidation.

"Grant Thornton" carries out its activities in over 140 countries around the world and has a 92 year experience in audit, tax and advisory services.

Contract signed with "Grant Thornton"
Cleaning up the dust of more than 20 years

12 archiving specialists and a national coordinator were engaged in early September to conduct a thorough analysis of the situation of archives at a national level. Data obtained from this analysis shall feed with information the Minister of State on Local Issues and provide a detailed overview of the volume of documents in the archives of all former LGUs.

5039.88 is the estimated number of linear meters of documents in all archives.

For the first time, specific information on the quantity, condition and degree of processing of archiving documents were provided. Regular meetings and trainings were conducted for protocol employees and directors of local archives of all municipalities. Pursuant to Decree no. 510/2015 and Law no. 9154/2003 "On Archives", after more than 20 years, the documents are being processed and inventoried, and will further be transferred and delivered to the destination provided by the legislation.

A digital system for storing, tracking and filtering of archives’ documents, tested through a pilot project in Rashball, is awaiting to be replicated throughout the country, after the completion of processing and inventoring of all documents in archives.
ONE STOP SHOP OFFICE PROVIDES 9 SERVICES IN ONE PLACE

Elbasan, Durrës, Ishëm and Bradashesh were the new municipalities and administrative units selected for piloting the feasibility of One-Stop-Shop offices. Following the end of the piloting phase, STAR Project experts in collaboration with the contracted company, "Communication Progress" successfully implemented system connection of One-Stop-Shop Offices with the database of the National Registration Center (NRC) and the General Directorate for Civil Status (GDCR), also providing a virtual interconnection with the digital protocol and archives system, the first option of such system, proposed by STAR Project experts. The group of experts assessed infrastructure requirements needed to put this platform in full operation. Required equipments for pilot units have already been provided and are put in use for the rendering of services. Any resident of Elbasan, Durrës, Bradashesh or Ishëm could get nine different services, electronically and only presenting an ID card or, if necessary, TIN of their business. These nine services include:

- Requests for information
- Appeals
- Registration of a business for local taxes
- Assessment of local tax obligations
- Receipt for payment of local taxes
- Permission for occupancy of public space
- Social housing for rent
- Social housing at low cost
- Specification of a residential address

Thanks to the platforms "open source" system, these offices can be controlled by the municipal employees or administrative unit employees and, moreover, they have no license or maintenance costs. One Stop Shop Offices will be extended in the future in all administrative units and 61 new municipalities, thus marking the beginning of a new era of modernized services for citizens, avoiding bureaucracy, delays and development of corrupt practices.
Based on legal requirements, Decree no. 510, dated 06.10.2015 “On the approval of procedures for the transfer of rights and obligations, staff, tangible and intangible, archives and any other official documentation to local governments affected by administrative-territorial reorganization” and Instruction no. 3237, dated 07.16.2015 “On the procedures, timelines, standards and eligibility criteria necessary documentation for administrative-territorial reorganization”, working groups of new municipalities had to complete and publish 384 financial and operational reports, 61 consolidated reports, gap analysis, functional analysis and organizational draft charts tailored to each municipality. All this, in the framework of the implementation of the Amalgamation Plan.

In fulfillment of its commitment to provide the basis for full functioning of the new municipalities through the amalgamation process, STAR Project experts and "Grant Thornton" consortium experts, provided assistance for quality completion of reports, in accordance with the legal terms and conditions and using as point of reference best domestic and international standards.
Operational reports covered inventorying and the description of responsibilities of staff at each municipality, setting up an organizational structure for planning and management of each administrative unit, technology of information and communication, legal issues concerning archives, analysis of vertical and horizontal functions as well as a conception of a future organizational structure. In financial terms, reports covered filling of financial statements, according to a prescribed format by the Ministry of Finance, collection of these statements in a unified format, consolidation of financial data and graphical presentation of the balance of each municipality. The Budgeting Model combined data from financial statements, consolidated data, analysis and proposed adjustments, and deposited all financial obligations of municipality officials. An Assessment Model was another requirement by the Ministry of Finance for the STAR Project, for the purpose of assessing the tangibles and encouraging the use of market value in the recognition of assets in the accounting books.

An instance that should not be neglected is that of the Bottom-Up Approach used by STAR Project experts and “Grant Thornton” consortium experts, leading to synthesis of all specifications and on-site requirements of each municipality, for the purpose of achieving the most appropriate solutions. This approach was reflected in the best way during the drafting process of the organizational charts and the inventorying of human resources.

Providing basis of the management of local finances, human resources and the use of information technology and communication, at this point, we can confidently claim that the way has been paved for a modern, efficient and open local government, acting in full compliance with the legislation in force and with international best practices.

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European Commission Progress Report positively evaluates the administrative and territorial reform

This year’s Progress Report by the European Commission praised with positive notes Albania’s achievements, noting the progress made with the approval and start of implementation of the Administrative and Territorial Reform and the adoption of the decentralization strategy.

"In the spirit of recommendations by the Progress Report, the Albanian Government has started to address them and has already approved the new draft law "On local self-governance", which is in the Parliament for approval. Meanwhile, we are in the process of structuring a financial and administrative package, including a variety of functions to be transferred from central to local government ", said Minister of State on Local Issues, Mr. Bledi Çuçi in his press statement.

Drafting and approval of the law “On local self-governance” obtained a special significance at a time when the territorial and administrative reform has started its implementation phase. Officials from EU Delegation in Tirana also shared their positive estimates. Ambassador of EU, Romana Vlahutin said: “If I’d have to sum up the report with one phrase, I would say something that you have already heard from Commissioner Hahn – it is a very stable progress for Albania and the meeting of the key priorities will lead to the opening of negotiations for EU accession.”

Territorial and administrative reform led by Minister of State on Local Issues and implemented by STAR Project, as well as in close cooperation and an unconditional support by the international donors’ community in Albania, took historic proportions for the Albanian state and was named a Leading Reform of the Albanian Government.
Parliament approved the draft law “On local self-government”

Minister of State on Local Issues, Mr. Bledi Çuçi during his speech in the Albanian Parliament

“The essence of the reform of local government in Albania is synthesized in two strategic objectives: first, to maximize operational efficiency, including performance standards, providing quality service to the citizens and community care; secondly, to strengthen the effectiveness of democratic representation, including democratic control of the political leadership of municipalities and councils, their accountability, transparency and responsiveness towards the involvement of local communities. The law’s general goal is to achieve a system that performs and provides services as effectively as possible for the citizens and the community. The basic requirement is to make the reform of local government units as appropriate as possible for the upcoming challenges, primarily on legislative basis.”

In the framework of the territorial and administrative reform as well as the decentralization reform which has begun on 29th July 2015 with the adoption of the new Strategy for the Decentralization of Local Government 2015-2020, it became necessary to draft a new law on the organization and functioning of local government in Albania. After a series of roundtable consultations held nationwide with the representatives of all municipalities, the international donors’ community and civil society, as well as the contribution of the best experts in the field from home and abroad, a draft law "On local self-government" was developed.

This law sets new legislative framework for the organization and functioning of local government, recognizing new functions and powers devolved to local government, enabling better functioning of municipalities, after a thorough administrative and territorial reform.

The drafting of this bill and its approval gained significance during the implementation phase of the administrative and territorial reform, making possible to overcome main challenges of new organizational units of the local government, issued right after the elections on 21st of June.
STEEERING COMITTEE MEETS FOR

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inister of State on Local

Issues and STAR Project

representatives presented in

front of the Steering Committee up to
date achievements of the

amalgamation process.

Successful completion of Financial and

Operational Reports for all 384 local
government units, enables reflection of

the real situation in the entire territory

of Albania, concerning financial and

operational issues. Steering Committee

was also updated on other issues, such

as situation with the archives,

definition of administrative boundaries

and the development of Operational Plans for 26 municipalities. Territorial and administrative reform continues to

successfully complete all stages of its implementation.

National Conference for Local

Governance compliments the success of

the Territorial and Administrative

Reform

“61 new municipalities, product of territorial and

administrative reform, represent a new reality of

local government in Albania, while the deepening

of the decentralization process is an opportunity
to radically transform the way government works

for citizens, providing on time and high quality

public services.”

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This was the message that was conveyed during the conference, by Minister of State on Local Issues, in the presence of around 300 guests. Minister Çuç informed the attendees about the work done during the last months of territorial and administrative reform and underlined the assistance of experts from Albania and abroad, including experts from Congress of Local and Regional Authorities, USAID and the European Council, during the preparation and drafting of the new Law “On local self-government”, which aims to irreversibly expand responsibilities and powers of the new municipalities.

Prime Minister, H.E. Edi Rama said: “This reform, which was applied and adapted to the ground in record time, was the only way to open a new chapter in the reorganization of structures of this country, in the function of its citizens, and to ensure favorable conditions for more integrated urban, economic and social development.”

At this conference, attended and provided their input the President of the Chamber on Local Authorities of the Council of Europe, Mr. Anders Knape, Ambassador of the United States to Albania, H.E. Donald Lu, Ambassador of Switzerland, H.E. Christoph Graf, representative of the European Delegation, Mr. Jan Rudolph, Charge d’Affairs at Embassy of Sweden in Tirana, Mr. Johan Ndisi, experts on local governance from the EU countries and the Balkans as well as the Mayors of Tirana and Shkodra.

The achievements of territorial and administrative reform were underlined several times during the conference. Among other topics discussed were the role of associations in the reforms of local government and the public management issues in the context of fiscal decentralization.