

## Albania

### *Self-rule*

#### INSTITUTIONAL DEPTH AND POLICY SCOPE

Albania was one of the most centralized communist countries in Europe until the regime fell in 1992 and the first free local elections were held. Before the transition, the country had three tiers of subnational governance with thirty-six deconcentrated *rrhethë* (district councils) as the highest tier. *Rrhethe* continue to exist and have an average population of around 100,000. Under pressure from the Albanian association of municipalities, backed by the Congress of Local and Regional Authorities of Europe, the government enacted a reform in 2000 which created twelve *qarku* (regions) and strengthened local government (Dhimitri et al. 2007; Hoxha 2001).<sup>1</sup> The average population of a *qark* is about 250,000.

*Qarku* have little policy autonomy (C 1998, Art. 110). They are concerned with regional planning, coordinating actions of regional interest, and delivering public services delegated by the central government or the constituent municipalities and communes (Council of Europe: Albania 2006, 2013; Law No. 8652/2000, Art. 13 and No. 139/2015, Art. 31). Since 2005, *qarku* have a mandate to implement central policy in primary and secondary education, primary health care, public health, and social assistance (Dhimitri et al. 2007).

#### FISCAL AUTONOMY

Fiscal decentralization has mainly benefited municipalities and they have the option to accept and apply a local tax established by the center. Additionally, they may adjust the rates set in the law by up to 30 percent for the building tax, agricultural land tax, and a small business tax (Council of Europe: Albania 2013; Law No. 9632/2006 and No. 139/2015, Art. 35; Shehu 2006). *Qarku* are almost entirely dependent on intergovernmental grants, of which more than 85 percent are conditional (Gurraj et al. 2002; Law No. 8652/2000, Art. 73 and No. 139/2015, Art. 38; Shehu 2006).

#### BORROWING AUTONOMY

*Qark* governments do not borrow and rely almost exclusively on intergovernmental grants from the local and central governments (Council of Europe: Albania 2006, 2013; Gurraj et al. 2002; Law No. 139/2015, Art. 38; Shehu 2006).

Local borrowing was strictly regulated after the transition to democracy. Local governments had the right to borrow from the central state budget in order to finance investment projects.

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<sup>1</sup> Tirana, the capital of Albania, has about 550,000 inhabitants (around 20 per cent of the total population) and is further sub-divided into eleven districts, each having its own council and head of council (Law No. 8654/2000, Art. 3). Tirana has no special authority compared to other municipalities and its status is similar to the status of an ordinary municipality (Council of Europe: Albania 2013; Law Nos. 8654/2000 and 115/2014; Totoni and Frasheri 2016).

However, the law regulating local government borrowing was never implemented due to the underdeveloped banking and financial sectors and a lack of local assets to be mortgaged as credit guarantees (Hoxha et al. 2001; World Bank 2004). Since 2002 local governments have the right to borrow from the private market for investment projects but the total annual amount of debt may not exceed 10 percent of total annual revenue for short term debt and 20 percent for long term debt (Law No. 9869/2008, Arts. 17–18). There are also extensive *ex ante* controls (Law No. 9869/2008, Arts. 6–7; Gurraj et al. 2002). A centrally appointed prefect annually audits *qark* council budgets and Treasury offices at the district level audit local governments, including intergovernmental transfers (unconditional and conditional), revenues, taxes, fees, and borrowing (Council of Europe: Albania 2013; Ymeri 2006).

## REPRESENTATION

Established in 2000, regional *qark* councils are indirectly elected from communal and municipal representatives of the respective region’s jurisdiction. Municipal mayors and chairmen of communal councils in the region are *ex officio* members (Law No. 8652/2000, Art. 110.3 and 139/2015, Art. 72; Gurraj et al. 2002). The chair and the board of the *qark* council are elected from among the councilors (Council of Europe: Albania 2013; Law No. 8652/2000, Arts. 58–60). Alongside the regions there are twelve districts which coordinate the activities of central government ministries which are headed by a centrally appointed prefect (Law No. 8927/2002). Executive power is exercised by a centrally appointed prefect (C 1998, Art. 114; Law No. 8652/2000, Art. 75; Hoxha 2001) who scrutinizes all decisions and budgets of *qark* councils and who regularly exercises direct control over the *qark* council’s activities (Council of Europe: Albania 2006, 2013; Totoni and Frasheri 2016).

### *Shared rule*

There is no shared rule for *qarku* in Albania.

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## Self-rule in Albania

|       |   |           | Institutional<br>depth | Policy<br>scope | Fiscal<br>autonomy | Borrowing<br>autonomy | Representation |           | Self-rule |
|-------|---|-----------|------------------------|-----------------|--------------------|-----------------------|----------------|-----------|-----------|
|       |   |           |                        |                 |                    |                       | Assembly       | Executive |           |
| Qarku | I | 2000-2018 | 1                      | 0               | 0                  | 0                     | 1              | 0         | 2         |

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