

THE LEGISLATION AND ITS IMPACT ON LOCAL DEVELOPMENT

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Abstract

Local development is an important factor for one country development. There are different *actors* and *factors* involved in the *local development* process as institutional and governance capacity, social capital, local entrepreneurship, civil society development, academic development, research and innovation actors etc. On the other hand, local democracy is now days considered as, even more, an important premise for local development in our region's cities, as the increase of community representation, public and civil rights, aiming at "community governance". It is acknowledged that there is a need for '*participatory democracy and responsive local government*': the two are mutually reinforcing and supportive - strong, aware, responsible, active and engaged citizens along with strong, caring, inclusive, listening, open and responsive local democratic governance. *Local development* can be strongly impacted by *local governance*, which is now days having a reinforced meaning, and it means for sure more than just *local government*. Steering and leading, influencing local development is involving "a participatory democracy" of other local actors and factors as well and a responsive governing. For that, *decentralized governance* is effectively strengthened and rendered more accountable when participation is encouraged, facilitated and institutionalized. Communities, neighborhoods and individuals, as well as government, can play a crucial role in ensuring that local governance efficiency and fostering of local development. In this paper we will explore the *decentralization* reform progress in Albania and in the other neighbor countries, where *regulatory* and *legislative* reform is a strong basis of it. We will explore, the impact of regulatory and legislative process and reforms have in relation to social and local capacity development, as well as economic development and incentives in local markets, human capital, social development etc. We will offer a comparative view on the outputs,- through performance indicators of different sectors- the regulatory and legislative reform has had in different sectors of: a. public services; b. private markets; c. social and local capital; d. local democracy; e. local governance, as premises for local development. On this basis, we can see how the "law", its instruments and legislative process, affect on the administration and the development of local sectors. A *cross-comparative approach* on legislative reform of decentralization will be used by referring to a *regional background*-so, by identifying specificities of systems and progress indicators of local development in different countries of the Balkan region. While, we will use a *research approach* on practical of examples, case studies, which will be identified from *local experience*, practical cases from Albania will be presented. The *conclusive approach* of our paper will be by giving recommendations on which are the aspects, where the legislative reform could bring much more impact and incentives for local development etc.

Executive Summary

Based on the Constitution of the Republic of Albania, the European Charter of Local Self-Government and the legal framework that laid the foundations of an autonomous local government, but even on behalf of the citizens the local government represent at local levels, this papers presents the curtailed performance of the decentralization reform over the last years. The challenge for the consolidation of good local governments during the first decade of the transition, managed to transform and develop the citizens' representation level and increased confidence in public sector, building a "governance model" which often was orienting even to the central government. The strengthening of public local life, regarding the citizens-local government relationship, has positively affected the development and reinforcement of local democracy in Albania. The decentralization reform's approach during the last four years has not been the further strengthening of all the instruments that would institutionalize the produced values as values of Albanian Society; instead it has disintegrated and "expropriated" them aiming at the diminution of the local elected authorities role because of their different political representations. The clashes between the central and local government haven't supported the reform, on the contrary they have limited the previous local freedom established in response to the increasing demands of the community, manifested not only in limitation of powers for the functions accomplishment, but also in reduction of financial resources. Today, the local governments have less local authority in exercising their functions, and less financial resources than in 2005, which represents the peak year of conduct of a local good governance. The governance structure of Albanian state,

the Central Government and the Local one²⁰², as well as the relations between them are based on the Constitution of the Republic of Albania²⁰³, vitalized through the decentralization process undertaken by our country. Despite the sanctioning by the Constitution of the governance system and their relations, there have been considerable arbitrary cases of the intrusion of the central government against the local one, producing precedents which very often are treated by the Constitutional Court.

The basis of the decentralization reform has consisted in: 1) the completion and improvement of legislation relating to functions and powers of local government, with the aim of respecting the constitutional principles of autonomy and decentralization and; 2) the principle of subsidiarity for a government closer to citizens and the cooperation for the solution of common problems through the process of functions devolution and the process of exercising the functions.

Both processes result to be not adequately exercised, and for this reason the process of functions devolution has been blocked for years and not marked any progress. At the same time, there have been major deficiencies such as impeding and decrease of autonomy, financing resources, fiscal discretion, etc. Besides, such a process is not associated with transferring or making available the necessary instruments like local public assets and financial resources needed to exercise effectively the functions.

Besides the lack of steps in the direction of decentralization and de-concentration of reforms for the sectors (which by the law should have been decentralized in 2002) there is lack of adequate legal regulations noticed even in the

²⁰² Article 108 of the Constitution of the Republic of Albania

²⁰³ Article 157 of the Constitution of the Republic of Albania

sectors (where the functions are formally transferred), or the cases where legal acts in force or the adopted ones are still in contradiction to the principles of local autonomy.

There have been cases of acts undertaken in contradiction to the principles of local self-governance, announced by Constitutional Court of Albania²⁰⁴, and the same court has decided that the decisions are not in line with the Constitution and the European Charter of Local Self-governance as well as the limitation of the local government's actions in the following points:

- a. towards the adoption of policies to continue on the decentralization of sectors which according to the specifications in the frame laws, should have been decentralized since 2002;
- b. as regards the legal reform in areas where the transfer has occurred and the lack of sectorial laws or reformation of the existing ones in line with the tendencies of the sectors decentralization, have reduced the opportunities of the local government to exercise effectively the local autonomy in accomplishing its functions;
- c. but even with regard to the reduction of the existing financial resources instead of a better re-dimensioning of public finances in support of the increasing needs of the local governments.

One of the aspects of concern is the lack of regulatory acts (legal or prescriptive regulation to make decisions and execute public services) as well as lack of necessary resources: financial, fiscal and property, with the purpose of an effective local autonomy. Besides the lack of legal acts on the reformation of different sectors or other regulations, there are adopted legal acts that have devolved partial competencies to the local governments. The undertaken steps haven't been stable²⁰⁵. This way they have reflected the lack of national policies, undertaking of actions for non transparent motives in many cases (e.g. in order to achieve political credibility during elections, the central government reduced only the taxes of local government which in most of the cities is administered by the opposite party). There have been several changes

which have produced only debates and fierce constitutional contradictions, impeding the local autonomy and discretion instead of encouraging development. Accordingly, the development of the reform has not strengthened the local government, and the undertaken actions have produced an effect contrary to the desired one that is the local and regional development, which is indispensable for the integration of our country to EU. Therefore, very important decentralization processes such as transfer of public services: sewage systems, legalizations, public transportation, social services, social housing, and the management of the environment have not marked the progress required. Rather, such actions have faced controversies of local entities. Fiscal decentralization has in some cases marked even back steps, where in addition to reducing the sources of funding for local units, the authority or discretion of their fiscal regulator is also affected. Such a situation is in contradiction of the spirit of reform, widely accepted principles and obligations in the context of the ratification of the European Charter for Local Self-government from the Albanian Parliament. In addition, there has been no progress in the intergovernmental financial relationships, where it is noticed obvious lack of transparency in funds allocation and legal regulations so necessary to standardize these relations or produce legal guarantee of fair and transparent financing to local government units; thus creating premises for arbitrary actions of ministers. In many cases there is clear evidence of prejudiced actions as regards the functions transfer that are undertaken not only without prior discussions and reciprocal approval of local governments, or delegated functions, but even without being combined with the assessment and support of financial effects by the central government. This way they have produced unfunded mandates which create difficulties to the local elected representatives in their relationship with the citizens.

Considerable deficiencies are noticed even in the reform of the non financial means/ immovable properties of the Local Government, which leaves them even more "poor". One of the most important processes, which is undermining deeply the local governments in exercising their functions, is the transfer of the local properties to their ownership. This process too has made very little progress as compared to the expectations, and the determined terms for the completion of the process are not respected. The lack of finalization of this process and the absence of a clear and consistent policy has created serious obstacle in the exercise of local government bodies' public services, to which they are closely connected (kindergartens, crèches, schools, property for public services, etc.). This has significantly limited access to property assets, where can be built alternative financial sources such as borrowing. As a result, decentralization made so far in reality is a formal decentralization, and is not accompanied proportionally with the necessary tools to exercise the functions. In addition, the legislation approved during recent years was expected to approximate to the EU legislation, especially in relation to the preparations of local authorities for the challenges of integration to EU. It seems that not much is done even in this direction. Generally, in the reports and

²⁰⁴ The Constitutional Court Decision no.29, dated 21.12.2009 decided that some of the dispositions of law no.8405, dated 17.9.1998 "On Urban Planning" (amended) and law no.9482, dated 03.04.2006 "On the legalization, urbanization and integration of illegal buildings" infringed upon the decentralization principle and that of local autonomy, because they allocated the central government issues of urban planning, buildings' and territory administration by usurping local decision-making

²⁰⁴ The Constitutional court decision no.3, dated 02.02.2009 decided: "The de-ratification and incompatibility with the Constitution of Albania, and the European Charter of Local Autonomy, of a few articles specific to law no.9895, dated 09.06.2008 "Over a few changes and additions to law. no.9482, dated 03.04.2006 "Over the Legalization, urbanization, and integration of illegal buildings" (specifically article no.3, point 8, article no.4, point 1/a ,c and point 2/b, article no.5, point 2, articles 6,7,8,10, article 14, point 3, article 16, point 2 & 5, article 17, article 20, point 2 and article 26

²⁰⁵ e.g. the fiscal reform on the small business tax undertaken in 2003 was considered a very important step ahead towards the fiscal autonomy, now with the two interventions of the central government in law in 2005 and 2009 is quite cancelled

recommendations on Albania, it is accepted that despite the priority of the fight against crime and corruption, legal reform should not burden at the expense of the decentralization program and the principles of the Charter of Local Autonomy. Local government issues should be left to the discretion of the local units, which should have the means necessary, especially the financial ones, to exercise their functions properly.

This paper presents a detailed analysis which is based on the identification of performance on the local level and problems of decentralization process/legal reform, as an important element for a successful local development.

The development of decentralization reform during 2000-2009

According to the decentralization legal framework, the relationship between the central governance level and that of the local one is known as the decentralization process made of the complex of regulatory measures and aiming at the devolution of the power from the central government to the local one. The decentralization reform has started successfully in 1998-2000, and steps ahead were made in this direction even in the beginnings of 2000. But later on the rhythms of the reform were decelerated and serious contradictions and insufficiencies are marked during the last years, making the reform a second hand issue with regard to priority, although the integration of the country in EU requires indispensably the integration of Albanian (local) regions.

Legal Framework (1998-2000)

In general, the legislative reform of decentralization in Albania has made some progressive steps during its first years (1998):

- Signing of the "European Charter of Local Self-Government" (Ratified by law no.8548, dated 11.11.1999)
- Adoption of the "National Strategy for Decentralization" (2000);
- Adoption of the law "On Organization and Functioning of Local Government", (2000) (defining functional responsibilities of local autonomy and enhancing management of local territories, revenue generation and services performance in the view of a government as good as possible for the citizens).

Sectoral Regulation (2000-2005)

During 2000-2005, besides the legal framework, which are the most important "milestones" in the field of decentralization, there have been efforts to set up a complementary regulatory framework with them. This includes regulation in various sectors of public services and functions. During these years, some significant legislative efforts have been approved:

- Legal package in the field of public property transfer (2001);
- Creation of the new financial scheme for financing of local governments by setting a series of local taxes;
- The creation of the unconditional transfer (dated 2002 and after);
- The transfer of the small business tax (2001-2002);
- Approval of decentralization policies about water supply services Adoption of the policy of decentralization of water supply services (2003, 2004);

- Decentralization of investments in the pre-university education (2004);

- Deconcentration of the economic aid scheme (2004) etc.

In general, the legal framework drafted during the past 5 years after the adoption of the Decentralization Strategy (2000) has recorded progress towards the creation of the local government authority freedom/space in managing locally the territory in different sectors. Such an event is even today distinct evidence and acceptable to citizens, and it has created a model of good governance.

However, in spite of the efforts for the power decentralization during the first years (2000-2005), we should underline that after the political changes in 2005, during the following years stagnation is noticed in the reform of local government decentralization, and "clash" of competences between the governments about the execution of the local autonomy principle in different fields of public services and functions. In certain cases, serious lacks of financial means/ tools and regressive steps/ actions are noticed even in some fields where the decentralization process had shown progress during the first years (e.g. fiscal decentralization, etc.)

Despite the reforms undertaken during the years 2000-2005, after the political changes of 2005, stagnation is noticed in the reform of local government decentralization. Some of the main features are:

- "Clash" of functions between the central and local government²⁰⁶;
- Lack of understanding and lack of legal implementation of the autonomy principle in different sectors of public services
- Serious lack of financial means
 - Undertaking of actions and legal acts, that show regress in a few fields that were making steps ahead previously in the trend of decentralization²⁰⁷ (i.e. the fiscal area²⁰⁸ etc)

The report of the Council of Europe and its recommendation no.201, dated November, 2006 issued by the European Congress of Regional and Local Authorities on the local and regional democracy in Albania, stressed

²⁰⁶ Decision no.29 of the Constitutional Court, dated. 21.12.2006.

²⁰⁷ According to the report of the World Bank "Albania: Decentralization in transition" (2004): "...even though Albania has a long way to go to complete the process of political, fiscal and administrative decentralization, which would improve satisfactorily the distribution of services, governance and accountability, we must accept that there has been considerable progress for the legal framework and institutions building, as well as the execution of policies towards the decentralization..."

²⁰⁸ While with regard to the fiscal decentralization, the report underlines: Although the country has made the political decision to decentralize the fiscal and administrative decision, and for this purpose it can be now based in a minimal institutional base and a legal framework that is consistent to a certain degree, we should notice that Albania is in "crossroad". The politics reforms implementation has been haphazard and delayed. This has happened because of the poor implementation capacities, institutional and structural limitation, as well as political and bureaucratic obstacles in the reforms implementation process

that: With regard to the global reform process in the field of local and regional self-government and decentralization:

a. despite the expressed intention of an ambitious reform programme announced by the Government formed after the 2005 general elections, acknowledges that, measured by reference to legislation actually passed and implemented, little has happened so far to reform the system of local and regional government in Albania; b. welcomes the new government's determination to stamp out corruption and crime, to support better governance, transparency and citizen participation and to promote national economic development, but at the same time stresses that this should not be at the expense of the programme of decentralization and of the principles enshrined in the European Charter of Local Self-Government. Based on **some recommendations**²⁰⁹ we made a **detailed analysis** how successful is decentralization process and the reform of some sectorial laws as:

Recommendation 1. Continue reforming and modernising the legislative basis of local and regional government in close consultation with the Associations of Albanian Municipalities, Communes and Regional councils and accelerate the reforms in the field of decentralisation. It can not identify any law which is consulted with the local authorities.

Recommendation 2. Review the laws passed previous to law No.8652 "On the Organization and Functioning of Local Government" of 2000 with a view to bringing these laws into harmony with Law No.8652 and draft the new laws according to the agenda defined in Law No.8652. There are many laws and sublaws which are not according to the law no.8652/2000. (down you can find the arguments):

- I. Acts on Local Taxes System²¹⁰;
- II. Acts on Legalisation Process;
- III. Acts on water supply system etc.

Recommendation 3. Work with local and regional authorities on the gradual transfer of powers and the division of functions among different levels of local, regional and central government. Consider the decentralisation of the water supply and sewage system, defined by law as own function of the municipalities and communes, paying particular attention to the financial implications of the transfer of this function

Starting from January 1st, 2002, municipalities and communes are fully responsible for performing as their own functions the drinking water supply, sanitation and sewage system and underground water pipes functioning

²⁰⁹ Recommendation no.201, dated November, 2006 European Congress of Regional and Local Authorities

²¹⁰ law no. 10 073/2009 "Amendment on law no.9632/2006 "Local Taxes System" (modified); law no. 10 117/2009 Amendment on law no.9632/2006 "Local Taxes System" (modified); articles 2, 3, 4 of law no.10 146/2009 Amendment on law no.9632/2006, Local Taxes System" (modified);); law no. 10 169/2009 Amendment on law no.9482/2006 "Legalisation, urbanisation and integration of informal constructions (modified);), CDM no.1058/2009 "The fixing of minimal boundary of VAT registration "

in residential areas²¹¹. In the framework of the decentralization in water supply and sewage sector, the Council of Ministers has passed three decisions: Decision no.660, dated 12.09.2007 "On transfer of water supply and sewage companies shares to local government units"; Decision no.678, dated 03.10.2007 "On addendum in the decision no.271, dated 09.05.1998, "On approval of the Statute for Joint-stock companies" and Decision no.677, dated 03.10.2007 "On some addendums and changes in the decision no.642, dated 11.10.2005 "On supervisory councils of Joint-Stock companies". The (three) abovementioned decisions do not respect the provisions of the Constitution of the Republic of Albania, the European Charter of Local Autonomy and Law no.8652, dated 31.07.2000 "On organization and functioning of local government". For these reasons these decisions have been contested by the Municipality of Tirana in institutional way (correspondence with the central government) and to the court. The above decision makings of the Council of Ministers demonstrate a centralization intention, which does not allow local government units (LGUs) to freely exercise their functions provided directly by law, thus having no competency to establish and improve facilities, appoint, discharge, qualify or determine the salaries of the personnel. Furthermore, this decision making is not in compliance even with the Policies Document approved by the Council of Ministers with Decision no.550, dated 07.11.2002 "Decentralization of water supply and sewage services" and measures for its implementation". In short words, these legal acts regulate in a wrong way:

- **The transferring way**, which should be realized by law or on the basis of a negotiating agreement with the local unit, fulfilling this way, case by case the individual transferring process. The above mentioned is in full contradiction with the hierarchy of legal acts in Republic of Albania, since a decision of the Council of Ministers restrict local government units to implement own functions and exercise its full competences recognized by the law. They should not be delegated functions or competencies for which the central government has the right to put restrictions, but these should be considered as "own functions and competencies" given by law to the local government units which are responsible for their implementation and have the freedom and authority to make decisions and use resources for their accomplishment within norms, criteria and standards generally accepted by law, having full authority.

- **Efficient administration way**, which should provide the local bodies with legal instruments for a successful management. The central government pretends the functioning devolution, given by law no.8652, dated 31.07.2000, while in the mean time it imposes restrictions and dictates the management of Joint-Stock companies. For instance: There are rigid provisions regarding the manner of establishment, organization and functioning of the Shareholders Assembly and Supervisory Councils for joint-stock companies of water supply and sanitation;

²¹¹ Article 10/3/l "a, b" and article 72/1/III/d, law no.8652, dated 31.07.2000

unchangeable Statutes are foreseen; there is discretion in decision making by Council of Ministers and Minister of Economy, Trade and Energy, etc.

Recommendation 4. Make the necessary arrangements to guarantee the practical implementation of the new legislation in the field of local and regional self-government and ensure that these texts are applied in the spirit of the European Charter of Local Self-Government.

Since January 1st, 2002, communes and municipalities are fully responsible to perform the following own functions²¹²: In infrastructure and public services/ utilities, **urban planning, land management** and housing, as specified in law, except for the competence on construction permit approval which is transferred to Communes and Municipalities from January 2001. In spite of these contemporary standards, the urban planning, land management and control over territory, according to some specific laws they are centrally exercised by central government, although they are “own functions” of municipalities and communes since January 1st, 2002.

According to the constitutional procedure²¹³, it results that some of the provisions of the law no.8405, dated 17.09.1998 “On the urban planning” (modified) and law no.9482, dated 03.04.2006 “On legalization, urbanization and integration of illegal constructions” (modified)²¹⁴, undermined the principle of decentralization of power and local autonomy, since they attributed planning, constructions administration and territory issues to the central government by usurping local decision making. The city planning legislation has demonstrated that besides being characterized of centralizing tendency, absorption of the competences on land management and planning by central government, it has not guaranteed sustainability in the city development. The law no.8405, dated 17.09.1998 “On the urban planning” and the relevant regulation (effective since 1998) have shown they could not discipline the urban development in Albania during the years of urban burst; for this reason, the necessity for the reformation of urban legislation and the drafting of legislation “On territory planning” has raised. The changes made to the “On the Urban Planning” law, centralized the procedure of construction permits delivery, since the central government structures are the connecting links in some parts of the administrative permit procedures, thus making the examination and approval process dependent on central representatives. Tirana Municipality for example,²¹⁵ on the request of the interested person, offers as “one stop” service the updating of the road, sewages, electric and telephonic infrastructure; seismic intensity based on the seismologic study taken from the Seismology Institute (paragraphs 1,2,3,4 of the form no.3/1) and send them to the applicant within 10 work days from the day when the

request is submitted. The amendment of legislation has become an emergent necessity if we refer to the successive amendments of the “Urban Planning” law.²¹⁶ This law together with its modifications resulted as “rigid” and with no interpretation spaces, that’s why the need for the law “On territory planning” was identified as necessity, which ended in April 2009. In the meantime, the Council of Ministers Decision (C.M.D) no.722, dated 19.11.1998 “On the approval of Urban Planning Regulation” is modified three times up to now.²¹⁷ This panorama demonstrates clearly that the legislation is not improved and besides it is made more ambiguous/ confusing and it does not foresee all the issues and problems created during the massive urban development. This fact was reinforced at the moment of competences conflict occurrence between central and local government concerning the competences on urban planning and territory management with regard to “Zogu i Zi”. As it was mentioned above, **the Constitutional Court Decision no.29, dated 21.12.2006** made interpretation of the constitutional provision and in the meantime abrogated some articles of the law “On Urban Planning” and the law “On Construction Police”. The territory planning process is inevitably related with the situation created from the illegal constructions. The urbanization of the informal areas should be the first step and then it should be followed by the process of illegal constructions legalization- based on full planning and management of territory.

Recommendation 5. Attention be paid to the discrepancy between the responsibilities allocated to local authorities and the financial resources necessary for carrying out these responsibilities in line with Article 9.1 of the European Charter for Local Self-government. There should be a greater percentage of local revenue from own resources, including regional taxes and fees, as well as an appropriate implementation of shared taxes as personal income tax and corporate profit tax. The financial and fiscal package be reviewed according to the recent changes which absorbed an important share of own local taxes such as Small Business Tax, Simplified Profit Tax and Hotel Tax, in order to ensure adequate financial resources of local authorities and efficient exercise of this fiscal competence at the local level.

Firstly, we notice that this law is not in line with the Constitution of the Republic of Albania²¹⁸, because it violates the principle of local autonomy with regard to the independently administration of the incomes generated, which are necessary for the exercise of the functions of local governance units.

Secondly, it’s evident that this law does not include the principles and definitions of the international specific acts,

²¹² Article 72/1/g of the law no.8652, dated 31.07.2000

²¹³ Decision no.29, dated 21.12.2006 of the constitutional court

²¹ Amended by law no.9786, dated 19.07.2007, law no.9895, dated 09.06.2008 and by Decision of Constitutional Court no.3, dated 02.02.2009.

²¹⁵ Article 22/1, section 6/1 of the law no.8405, dated 17.09.1998 (modified)

²¹⁶ Amended with law no.8453, dated 04.02.1999; law no.8501, dated 16.06.1999, law no.8682, dated 07.11.2000; law no.8991, dated 23.01.2003, law no.9632, dated 30.10.2006; law no.9843, dated 17.12.2007; law no.10078, dated 16.02.2009; law no.10097, dated 19.03.2009.

²¹⁷ Amended by CMD no.545, dated 12.08.2004, CMD. no.401, dated 25.06.2004, CMD. no.1503, dated 19.11.2008).

²¹⁸ Articles 13 and 113 of the Constitution of the Republic of Albania

such as the law no.8548, dated 11.11.1999 “On ratification of the European Charter of Local Self-Government²¹⁹”: “Local authorities are entitled, within national economic policy, to adequate financial resources of their own, which they may dispose freely in exercise of their powers. The financial systems on which are based the available resources of local authorities shall be of diverse and buoyant nature to enable them to follow in practice the real evolution of the costs of exercising their powers”.As a result the local government units are the ones that determine the value of the costs of providing public services to the category "small business" and the revenue obtained from them they can dispose of freely.

Thirdly, it's noticed that this law is in contradiction with the organic law no.8652, dated 31.07.2000 “On the organization and functioning of local government” since, it only limited the autonomy²²⁰ and didn't forecasted the financial support by the central government for the achievement of national standards and norms. The law no.10117, dated 23.04.2009, violates the authority of the local governments for independent revenues generation, enshrined in the provisions of the organic law²²¹. We must remind that the local governments are financed by the revenues generated from taxes, fees and other local revenues, funds transferred from the central government and the funds that come directly from the division of national tariffs and taxes. According to the organic law, the representative organ of local government units exercises the right of the fiscal competence since 2000²²², while since January 1st, 2001, the local government units exercise the right to determining the local taxes and tariffs, enjoying fully autonomy to determine some categories of local tariffs including those for public services, for the use of public goods, as well as administrative fees²²³.

Conclusions:

Decentralisation in Albania will treat as a priority target, because is the base of local and regional development; The Albanian authorities must continue reforming and modernising the legislative basis of local and regional government according to the Constitution of Albania, European Charter of Local Self-Government and Law No. 8652/2000 “On the Organisation and Functioning of Local Government”. The legislation reform have to institutionalise the consultation and participation of local and regional authorities in the decentralisation process; The central government is obligated to support local government with the necessary financial instruments with the intention to improve local performance and to affect on the local development

²¹⁹ Article 9, points 1, 3 and 4 of European Charter of Local Self-Government

²²⁰ Referring to article 10, point 2 of the law no.8652, dated 31.07.2000

²²¹ Article 15, point 2 and 3; article 16 of law no.8652, dated 31.07.2000

²²² Article 72, point 1/b of law no.8652, dated 31.07.2000

²²³ Article 73, point 1 and 2 of law no.8652, dated 31.07.2000