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Articles

Studia Iuridica Lublinensia vol. 33, 1, 2024
DOI: 10.17951/sil.2024.33.1.11-28

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Balancing Act: Albanian Experiences of Local Government Relations with Central Government

Ustawa równoważąca. Doświadczenia albańskie w dziedzinie relacji samorządu terytorialnego z rządem

ABSTRACT

The European Union's promotion of the multilevel governance approach redefines the relationships between supranational, national and local governments. As countries like Albania undergo adaptations in the accession process, finding a balance between local and national government relations becomes crucial. The review aims to explore the complex interplay of governance levels in Albania, drawing insightful comparisons with successful cases in Europe, and offering valuable lessons for the policymaking process. To foster greater cooperation between national and subnational levels, it is imperative to define roles and responsibilities clearly, ensure proper financing while national government takes a more strategic role. In Albania, facilitating meaningful interaction can be achieved through the Consultative Council for local and central government, alongside associations of local authorities, though it necessitates legal changes and commitment from local governments. The Albanian Law on Local Self-Government, established in 2015, coincided with a new administrative-territorial reform in the same year, presenting various challenges, particularly for local gov-

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Data: 20/11/2026 13:33:12

ernments. Through this article, we aim to present scientific research and concrete results concerning the Albanian experience of local government relations with the central government, while providing a comparative analysis with other European countries. Additionally, specific recommendations are proposed to strengthen government interrelations, given the high priority of the EU accession process in the country's development agenda.

Keywords: local government; multilevel governance; government interrelations; EU accession process

INTRODUCTION

The EU accession process is of high importance on the agenda for countries in the Western Balkans, including Albania. The approach of multilevel governance is redefining the roles of decision-makers and policy implementers. The relationships between supranational, national and subnational levels of governance are being redesigned to adapt to the new realities. This holds particular significance for local governments, as they are responsible for implementing approx. 70% of the *acquis communautaire*. Striking a balance between different levels of government, both local and national, forms the foundation of this research.

In the case of Albania, the Albanian Constitution, organic Law on Local Self-Government and the European Charter of Local Self-Government define the basis for these relationships. The latter serves as the foundation for local government in EU member states and has broader implications within the European context. Consequently, countries that have ratified the Charter are obligated to comply with its standards. Conducting a comparative analysis would enable drawing valuable lessons and making adaptations based on the experiences and insights of other countries.

The importance of a strong local government lies in the principles of transferring political, administrative and financial powers from the central level to the local level, granting it sufficient autonomy through decentralization. The design of decentralization reform is crucial as it determines its effectiveness. According to the recent publication by the OECD titled *Making Decentralisation Work* the focus should not be on whether decentralization is inherently good or bad, but rather on recognizing that the outcomes of decentralization – such as democracy, efficiency, accountability, and regional and local development – heavily rely on how it is planned and implemented.[1] Consequently, the design process plays a pivotal role in ensuring that local governments are actively engaged and adequately prepared for their duties and responsibilities. This becomes more demanding within the context of the European Union. A greater level of cooperation between local and

[1] OECD, *Making Decentralisation Work: A Handbook for Policy-Makers*, Paris 2019, p. 16.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

central governments benefits the outcomes of decentralization, fostering a more effective and successful system.

By its very nature, a unitary state is more inclined to be centralized compared to a federal state.[2] Furthermore, Albania's historical background reflects a strong tradition of centralistic governance, which dates back to the tribal feudalistic regime and was further reinforced during periods of dictatorship. A transition from feudal and centralized systems to the current decentralized structure has implications in the way how decentralization functions in terms of participation of local actors in decision making patterns, as well as an operational public administration.

The Monitoring Report of the Congress of Local and Regional Authorities has repeatedly highlighted issues concerning the relationships between different layers of government. The most recent report from 2021 acknowledges that despite the approval of a new law on decentralization, the transfer of power has not been clearly defined in terms of allocating functions between the central and local levels of government. As a result, the central government still tends to interfere in matters that should fall under the responsibility of the local level.[3] This lack of clarity hampers the effective implementation of decentralization in practice.

This article takes a solution-oriented approach to address the issue of power balance between the central and local levels of government in Albania. Its primary objective is to shed light on the relationship between local and national governments and offer recommendations for improvement. The focus is on assessing the progress of decentralization, specifically in terms of the central-local level relationship in Albania, and comparing it to similar developments in other European countries provided the European Charter of Local Self-Government is the first international binding treaty that guarantees the rights of communities and their elected authorities.

The central hypothesis is that a lack of clarity regarding the definition of government level relations and fiscal autonomy at the local level hinders effective decision-making and service delivery. Furthermore, it delays the country's preparation to meet the expectations of becoming an EU member state because local governments hold a high level of responsibility in the implementation of the national policy in the frame of European integration of the county and they need to be given the adequate level of autonomy and to be strengthened to perform in the new multilevel governance frame.

The evaluation of the relationship between the two tiers of governance in Albania (local and national) is based on qualitative research methods. It involves a literature review on intergovernmental relations along with an analysis of this

[2] *Ibidem*, p. 27.

[3] Congress of Local and Regional Authorities, *Monitoring of the Application of the European Charter of Local Self-Government in Albania: Report*, 22.9.2021, https://rm.coe.int/0900001680a42072 (access: 10.7.2023).

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

relationship in Albania. The paper relies on reports generated during the monitoring of the decentralization strategy from government sources, reports from development partners and stakeholders in this process. The analysis seeks to uncover patterns, correlations and trends that reveal the power dynamics of local-central government relations. Albania's historical background of local government reveals that the patterns of feudalism as well as the communist era have impacted today's local governance situation, which in turn requires continuous efforts to strengthen local and financial autonomy, institutional capacity and citizen participation in local decision-making. From these findings, the paper draws conclusions and provides suggestions for the way forward. To facilitate this, comparisons are made with some other European states, aiming to learn from their experiences and propose actionable recommendations. The ultimate goal is to enhance the effectiveness of the relationship between central and local governments in Albania and improve the country's decentralization efforts in alignment with EU standards.

LOCAL AND CENTRAL GOVERNMENT RELATIONS FROM A THEORETICAL PERSPECTIVE

The interrelation between local and central government has captured the attention of numerous scholars, making it a compelling subject of interest and study in the field of public administration and governance. Understanding the power dynamics between these two levels is often considered a fundamental aspect of a democratic society, as it involves striking a delicate balance that fosters functional democracy. The delegation of power comes hand in hand with responsibilities, as well as the allocation of resources that are made available to local governments by the central authority.

It is crucial to recognize that intergovernmental relations are not solely based on rational administrative criteria for delivering services. Instead, they are guided by a strictly political logic aimed at preserving and consolidating power.[4] This aspect adds complexity to the dynamics of how decisions are made and resources are distributed among various levels of government.

Of particular importance in this discussion is the process of decentralization, which has had a significant impact on transforming the relationship between central and local governments in former Eastern European countries, including Albania. Numerous studies have examined the effects of decentralization on the interaction between local and central government, highlighting its potential benefits, such as

[4] J.M. Ruano, J.M. Rodríguez Álvarez, *Local Structure and Municipal Associations in Spain: Facts, Trends and Problems*, [in:] *Comparative Studies and Regionally-Focused Cases Examining Local Governments*, eds. U. Sadioglu, K. Dede, Hershey 2016, p. 77.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

increased local autonomy, citizen participation and responsiveness to local needs. Importantly, in terms of development, decentralization can improve governance, encourage and incentivize dynamics at local and regional levels, as it allows for more open and non-clientelistic processes. Lastly, it strengthens the state by fostering what J.-P. Faguet, A.M. Fox and C. Pöschl refer to as "social learning", which incentivizes dynamic and effective civil society interactions within local territories.[5] However, other authors have also emphasized the challenges associated with the transfer of power and resources, institutional capacity building and coordination between different levels of government.

The elements defining the relationship between government levels are built upon legal provisions that delineate the distribution of power and competences, principles and mechanisms of interaction (whether formal or informal), as well as their nature and intensity, whether they are general or sectorial, and whether they are political or technical in nature.[6] The interaction between different levels of government is governed by principles that address two main aspects: (1) the assignment of responsibilities (such as local self-government, legality, general competence clause, subsidiarity, delegation of competences) and (2) the mechanisms that enable these responsibilities to be exercised appropriately, including monitoring and ensuring financial sufficiency. When powers and responsibilities are distributed while respecting these principles, it should lead to adequate relationships between the various tiers of government.[7]

The distribution of power and decision-making authority between local and central government is a crucial aspect that affects intergovernmental relations. This involves addressing issues related to vertical integration, collaboration and conflict. Several authors have pointed out that political ideologies, party affiliations and resource allocation play a significant role in shaping power dynamics and the nature of this relationship.

The relationship between local and central government has a profound impact on policy implementation and the delivery of services at the local level. Numerous studies have explored the challenges and opportunities associated with effectively delivering public services, especially in areas such as education, healthcare, infrastructure and social welfare. The literature emphasizes the importance of vertical coordination, capacity building and resource allocation to achieve successful service delivery.

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[5] J.-P. Faguet, A.M. Fox, C. Pöschl, *Does Decentralization Strengthen or Weaken the State? Authority and Social Learning in a Supple State*, [in:] *Is Decentralization Good for Development? Perspectives from Academics and Policymakers*, eds. J.-P. Faguet, C. Pöschl, Oxford 2015, pp. 129–163.

[6] Council of Europe, *The Relationship between Central and Local Authorities: Report of the European Committee on Local and Regional Democracy (CDLR)*, 2007, https://rm.coe.int/1680747fbc (access: 10.7.2023), p. 2.

[7] See *ibidem*.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

Early consultation of local governments in policy formulation, particularly for priority sectors, is a widespread practice in OECD countries. In 14 member countries, national governments are required to consult with subnational governments before implementing new regulations.[8]

Fiscal decentralization and financial autonomy play a crucial role in shaping the relationship between national and subnational levels, garnering significant attention from researchers. Fiscal decentralization, entailing the allocation of financial resources and revenue-raising powers to local governments, has been extensively studied. Scholars have delved into the effects of fiscal autonomy on local government decision-making, accountability and financial sustainability.[9]

In terms of the governing institutions and structures influencing this relationship, the literature explores various models and approaches, including federal systems, unitary systems with devolution and hybrid models.[10] Comparative studies have analyzed the effectiveness of these institutional arrangements in fostering local autonomy, citizen participation and accountable governance.

Another increasingly prominent area of interest is the interaction between local and central government in addressing regional disparities and inequalities, particularly with the growing involvement of local governments in the partnership approach advocated by the EU in cohesion policy. Studies have investigated the role of local governments in promoting regional development, poverty reduction and equitable resource distribution. They have also underscored the challenges in reconciling local priorities with the broader national development agenda.

THE IMPLICATIONS OF THE HISTORICAL BACKGROUND IN THE LOCAL GOVERNMENT IN ALBANIA

The historical background of local government in Albania offers valuable insights into the country's evolving governance structure and the challenges it has encountered while establishing an effective decentralized system. Additionally, it serves as a basis for understanding Albania's current state of readiness concerning EU accession processes.

Throughout Albania's history, its local government system has experienced significant transformations, driven by four notable phases that have shaped its

[8] OECD, *Making Decentralisation Work…*, p. 155.

[9] M. Plaček, F. Ochrana, M.J. Půček, J. Nemec, *Fiscal Decentralization Reforms: The Impact on the Efficiency of Local Governments in Central and Eastern Europe*, Cham 2020, pp. 14–21.

[10] OECD, *Multi-Level Governance Reforms: Overview of OECD Country Experiences*, Paris 2017; OECD-UCLG, *Subnational Governments around the World: Structure and Finance*, 2016, https://www.oecd.org/regional/regional-policy/Subnational-Governments-Around-the-World-%20Part-I.pdf (access: 15.7.2023).

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

reality. The legal foundations, institutions and mechanisms for subnational-level roles and responsibilities, as well as decision-making, have evolved over time, influencing subsequent stages of development and contributing to the issues and challenges faced by local government in Albania today. During the Ottoman Empire from the 14th to the 20th century, local governance was characterized by feudal and tribal structures. Entities such as "Beylerbeylik" and "Sanjakbeylik" acted as local authorities responsible for maintaining law and order, tax collection and dispute resolution within their respective regions. However, their authority was subject to central control from the Turkish administration, limiting local autonomy.

After Albania achieved independence from the Ottoman Empire in 1912, a new territorial organization emerged, recognizing the "prefecture" as the largest governing unit, further divided into sub-prefectures, provinces and districts. The term "municipality" was introduced in 1921, consisting of a council and a mayor. During this time, elements of local government began to develop, including some elements of fiscal decentralization.

Following World War II, Albania fell under communist rule, and a dictatorship was established in 1945. The communist regime concentrated power by dismantling existing local government structures and implementing a highly centralized governance system. This approach aimed to consolidate power and ensure ideological conformity but hindered local development and responsiveness to local needs.

With the fall of communism in 1991, Albania transitioned towards democracy and decentralization. The country adopted a new Constitution in 1998,[11] laying the foundation for local self-government. The Law on Local Government in 2000 and the adoption of European instruments, such as the European Charter for Local Self-Government,[12] further defined the roles, responsibilities and competences of local authorities, aiming to strengthen local autonomy and decision-making.

Albania's current local government structures were established in 2015 when the country adopted a new territorial map based on the Law 114/2014 on Territorial Administrative Reform. The Law 139/2015 on Local Self-Government and the Law 68/2017 on Local Finances also regulate the function of local government. Actually, Albania's local government system consists of 61 municipalities, which were formed by amalgamating former municipalities and communes within the borders of the regions (quarks). Mayors and municipal councils are elected by citizens, providing a democratic framework for local governance.

Local self-governments exercise exclusive functions and powers, as well as delegated functions, totalling 41 in all. These local authorities have responsibilities

[11] Constitution of Albania of 1998, https://www.gjk.gov.al/web/constitution_of_albania_2090.pdf (access: 9.7.2023).

[12] Albania signed the European Charter of Local Self-Government (ETS No. 122) on 27 May 1998, ratified it in full on 4 April 2000, and since 2002 the Charter entered into force.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

in various areas, including local economic development, education, healthcare and public services. However, the level of autonomy and capacity varies across municipalities, and further efforts are needed to strengthen local governance structures and promote effective decentralization.[13]

Albania's historical background of local government reflects a transition from feudal and centralized systems to the current decentralized structure. The communist era significantly impacted local governance, leading to the need for reforms during the country's transition to democracy. While progress has been made in establishing a decentralized system, challenges persist, requiring continuous efforts to strengthen local and financial autonomy,[14] institutional capacity and citizen participation in local decision-making.

MAIN CHALLENGES FROM THE PERSPECTIVE OF GOVERNMENTAL INTER-RELATIONS OF THE CURRENT STATE OF LOCAL GOVERNMENT IN ALBANIA

The separation and balancing of powers have been the cornerstone of the Albanian Constitution since 1998, representing a pivotal moment in the history of decentralization. This milestone established the principles of decentralizing power and granting local autonomy as the foundation for the establishment and operation of local government. The Congress of Local and Regional Authorities, responsible for monitoring the implementation of these principles, has consistently raised concerns regarding power balance between the central and local levels of government during its three monitoring visits since 2000.

In the most recent Monitoring Report of the Congress of Local and Regional Authorities, adopted on 31 December 2021, significant progress in the country was acknowledged, particularly following the implementation of the decentralization strategy for 2015–2022. However, the report also highlighted that there remains a need for clarity in the allocation of functions through the delegation of powers between the levels of government. Furthermore, it was observed that the supervision of ministries regarding the delegated powers to local governments is closely monitored, but the resources allocated to local governance are insufficient to meet the diverse needs faced by local communities.[15]

[13] I. Kalemaj, *Territorial Reform and Lack of Real Decentralisation in Albania*, "Jus-Justicia" 2022, vol. 16(1), pp. 7–18.

[14] M. Toska, A. Bejko (Gjika), *Decentralisation and Local Economic Development in Albania*, "Annual Review of Territorial Governance in the Western Balkans" 2019, vol. 1, pp. 53–68.

[15] Congress of Local and Regional Authorities, *op. cit*.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

Albania implemented the Territorial Administrative Reform in 2015, which resulted in the amalgamation of local governments from 373 units to 61 municipalities. These municipalities are categorized into six groups based on population size. The largest group, comprising 16 municipalities, has a population of 40–60 thousand inhabitants, accounting for 17% of the total population. Interestingly, only 10 municipalities have a population exceeding 100,000 inhabitants, making up 55% of the country's population, indicating an urbanization trend.

The urbanization has the potential to boost economic growth, provided there are supportive institutions and financial assistance for essential public infrastructure.[16] However, the accuracy of population data in Albanian territory is crucial for identifying the urbanization trends and, on this basis, formulating effective policies that capture demographic change. Currently, there is a significant discrepancy between the registers of civil service and the census data. Since the census data is from 2011, it fails to reflect the current trends in population movement due to external migration and internal displacement. To develop policies that consider realistic figures and account for urbanization trends and their implications, the upcoming 2023 census will be of particular significance.

Local government functions are defined by Law 139/2015 on Local Self-Government and the European Charter of Local Self-Government. The Law introduces "own" and "delegated" functions. Local governments are responsible for "own functions", including general public services, education, economic affairs, social services, culture, sports, recreation, environment protection, health, local economic development and public safety. Meanwhile, "delegated functions" encompass the management of secondary and tertiary sewage systems, preschool education staff, support staff for the pre-university system, forest and pasture management, social services, rural road management and fire protection. Although more competences have been transferred to municipalities, the funding is inadequate and does not fully cover services, as highlighted in a number of international monitoring reports.

The implementation evaluation of the Decentralisation Strategy 2015–2022 indicates that approx. 75% of the planned measures have been completed.[17] There has been positive progress in the fiscal and financial management of local self-government in Albania, with around 80% of municipalities experiencing an increase in local revenues, thus enhancing their fiscal capacity to finance local services. However, additional financial resources are required to fully deliver services, particularly for infrastructure investments.

[16] N. Xhindi, T. Xhindi, *The Policy of Urbanization Growth and Its Effects in the Albanian Economy in 1984–2020*, "Studia Iuridica Lublinensia" 2023, vol. 32(1).

[17] Ministry of Interior, *Cross Cutting Strategy on Decentralisation and Local Governance: 2023–2030*, Tirana, Albania, March 2023.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

The most recent analysis of competences of local self-government sheds light of the relations between two governance levels in terms of regulation activates.[18] The regulation of functions does not generally lie with the local self-government, while being largely concentrated in the central government, and typically in the Council of Ministers. Additionally, it is observed in this publication that the distribution of responsibilities between the two levels of government is uneven and sector dependent. For example, the production and supply of drinking water and wastewater disposal and treatment which are older competences of local government are mainly executed by central government. For this purpose, the 2022 EU Progress Report recommends the improvement of the involvement of the local governments alongside donors and civil society in the sector policy dialogue in sectors concerned.[19]

An analysis of local self-government competences reveals an uneven distribution of responsibilities between the local and central governments, with the central government holding significant regulatory power. The World Bank's Country Economic Memorandum reinforces the need for improved coordination in sector reforms between central government – ministries of lines and local governments.[20] Some newly transferred functions, such as firefighting services and irrigation and drainage infrastructure administration, forestry and pasture management, show more positive trends in terms of local administration competences. However, there is a lack of up-to-date sub-legal acts for these functions to align with current local government situations. Moreover, certain functions, like the administration and protection of agricultural land, have overlapping dependencies with regional-level authorities, resulting in complex decision-making processes.[21]

The financing framework is regulated by Law 68/2017 on Local Finances and the annual budgetary laws. Local governments' financial sources include own revenues (41% of total financing), intergovernmental transfers (26% of the budget), unconditional sectorial transfers (12%), investment grant (18%) and shared taxed transfers (4%).[22] Local borrowing is rarely utilized, and foreign financing or do-

[18] European Union, Ministry of Interior, *Matrix of Competencies of Local Self-Government*, February 2019, https://portavendore.al/wp-content/uploads/2019/11/Matrix-of-Competencies.pdf (access: 15.7.2023).

[19] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *EU Progress Report, Albania*, Brussels, 12.10.2022, SWD(2022) 332 final, p. 119.

[20] World Bank, *Strengthening the Sustainability of Albania's Growth Model: Albania Country Economic Memorandum*, September 2021, https://documents1.worldbank.org/curated/en/099845001312232607/pdf/P1752090e8141b05a08afc06ea6bc385da3.pdf (access: 15.7.2023).

[21] See European Union, Ministry of Interior, *op. cit.*, p. 153.

[22] Network of Associations of Local Authorities of South-East Europe (NALAS), *Local Government Finance Indicators in South-East Europe: Statistical Brief 2023*, https://core.nalas-observatory.eu/files/publications/pdf/1698936085.pdf (access: 15.7.2023).

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

nation programs constitute a mere 1% of local financing. While the share of local own source revenues to GDP has doubled since 2015 (3.8% in 2021 compared to 0.82% in 2015[23]), the financial autonomy of local government remains low compared to the average of other Western Balkan countries (5.6%). The 2021 budget allocation shows that 18% of expenditures go to general public services, 18% to education and 25% to housing. In contrast, health and social services receive the lowest shares (0.1% and 2%, respectively). Regarding economic criteria, personal expenditure takes the highest share (45%), followed by operational expenditures (30%), with investments representing the smallest portion (22%). The current financial situation shows that the local level is dependent on the national transfer. Increasing own revenues shall also increase power in relation between layers. The mobilization of the financial resources to be generated by property and environment taxes can contribute in this regard in addition to regulatory frame that shall increase the autonomy of local government in terms of taxation.

A number of mechanisms that facilitate the interaction between local and central government are in place. The association of local government is the most typical format that should enable a unified voice of local authorities beyond political interests. A new opportunity could give a boost to local government association following the local government election in 2023, if the membership will include mayors as well as heads of municipal councils.

The prefect is another institution with a mandate to ensure coordination and facilitate interaction between levels of government. According to N. Xhindi and N. Bessa Vilela, evidence shows that this institution has not been able to fulfil these functions thoroughly, particularly for coordinating sectors of high importance like health, emergencies, etc.[24] The authors argue that clarifying the role of prefect and enabling more capacities and financial resources would contribute to the strengthening of prefect's role and ultimately will contribute to the improvement of relations between government levels.

The Consultative Council serves as a platform of interaction between central and local levels. Albania established this platform in 2016 with external assistance from development partners. Several international monitoring reports of the Congress of Local and Regional Authorities, EU and World Bank have recognized the importance of such an instrument. However, it can serve better its potential if local government is empowered to take a more active role in setting its agenda.

The transition to a decentralized local government system in Albania has encountered several challenges, including weak institutional capacity, insufficient financial resources and tendencies toward political centralization, all of which

[23] *Ibidem*.

[24] N. Xhindi, N. Bessa Vilela, *Central Public Administration Authority at the Regional Level in Albania*, "Studia Iuridica Lublinensia" 2022, vol. 31(4).

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

hinder the effective functioning of local authorities. Overcoming these challenges has necessitated ongoing reforms, including the establishment of a legal framework for local government, capacity-building initiatives and financial decentralization measures to enhance local authorities' fiscal autonomy.

The 2023–2030 Cross-Cutting Strategy for Decentralisation and Local Governance 2023–2030 presents an opportunity for improvement, particularly in areas such as service delivery, transparency of financial transfers, and a clearer definition of responsibilities between levels of government. The strategy aims to further consolidate the decentralization process for sustainable local economic development with quality services, citizen inclusion and adherence to European standards. Establishing standards and performance measurements will be crucial in creating a transparent mechanism for transferring financial resources. The Action Plan of the Strategy foresees that the costs of its implementation are ensured at 85% under the Mid-Term Planning and Budgeting frame, based on the Organic Law 139/2015 for Local Government, Law 68/2017 on Local Finances and other sectoral laws. The external assistance is budgeted at 11% whereas a financial gap of 4% indicates that to date a number of actions are not fully covered financially. In order to reach the strategic vision toward decentralization, ensuring resources remains critical.

OVERVIEW OF GOOD PRACTICES IN EUROPE: TAKEAWAYS FOR ALBANIA

Successful examples of local government and central government relations in European countries provide valuable insights into effective decentralization and cooperative governance, which vary depending on each country's specific context and political system. One crucial aspect to note is that positive government relations in Europe result from constitutional and legal definitions of roles and competences, as well as guiding principles that govern these relations. Key areas that define the power and competences of local authorities in Europe typically include town planning, water supply, waste management, kindergarten and primary education, and social services.

Germany's federal system fosters strong cooperation between local and central governments. The principle of "subsidiarity" ensures decision-making occurs at the lowest possible level of government. Local governments have significant autonomy and are responsible for various policy areas, including education, culture and urban planning. The federal government provides financial support and guidance to local authorities.[25]

[25] J. Franzke, *Structure of the Local Tiers in Germany: Trends and Challenges in Local Governance and Autonomy*, [in:] *Comparative Studies…*, pp. 51–71.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

The Netherlands is known for its tradition of "poldering", where consensus is achieved through negotiation and consultation. The central government engages in regular dialogue with local governments through the Association of Netherlands Municipalities. Decision-making power is shared and local authorities have a significant influence on policies affecting their communities.[26]

Spain's system of regional autonomy establishes a framework for successful local government and central government relations. Regional governments have substantial powers, including fiscal autonomy and control over areas like education and healthcare. The central government collaborates with regional and local authorities through intergovernmental forums and financial arrangements.[27]

Sweden follows a model of local self-government, empowering municipalities with extensive powers and responsibilities. The central government provides financial resources and policy frameworks while granting local governments considerable autonomy in decision-making. Cooperation between the central government and local authorities is facilitated through the Swedish Association of Local Authorities and Regions.[28]

The United Kingdom employs a devolved system of government, with Scotland, Wales and Northern Ireland having their own regional governments. Local governments in England also have a degree of autonomy. The central government works closely with regional and local authorities through intergovernmental mechanisms and partnerships to coordinate policies and address local needs.[29]

From analyzing successful cases, several common features and examples emerge across Europe. Crucially, these countries have established frameworks that empower local authorities, foster collaboration and promote efficient decision-making processes. Based on the subsidiarity principle, successful local government-central government relationships consider the devolution of power, clear roles and responsibilities for respective levels, fiscal autonomy, cooperative governance mechanisms, capacity building and citizen participation.

Successful countries embrace the devolution of power, granting significant responsibilities and decision-making authority to local governments. This includes the transfer of fiscal resources, policymaking autonomy and service delivery responsi-

[26] C. Backes, W. van der Woude, *The Netherlands: Local Authorities in the Polder–Dutch Municipalities and Provinces*, [in:] *Local Government in Europe: The 'Fourth Level' in the EU Multilayered System of Governance*, eds. C. Panara, M.R. Varney, London 2013, pp. 231–255.

[27] G. Puig, *Spain – Ungovernable Spain: Regional Subsidiarity and the Crisis of Local Governance*, [in:] *Local Government in Europe…*, pp. 277–305.

[28] V. Persson, *Sweden – Local Government in Sweden: Flexibility and Independence in a Unitary State*, [in:] *Local Government in Europe…*, pp. 305–330.

[29] C. Game, *Decentralisation and Devolution in the United Kingdom*, [in:] *Comparative Studies…*, pp. 1–34.

Pobrane z czasopisma Studia Iuridica Lublinensia **http://studiaiuridica.umcs.pl**
Data: 20/11/2026 13:33:12

bilities. Devolution empowers local authorities to address local needs, tailor policies and make decisions that reflect the unique characteristics of their communities.

Effective central-local government relations are supported by a clear and comprehensive legal framework. These frameworks define the roles, responsibilities and powers of local authorities, ensuring legal certainty and preventing conflicts. Clarity in the division of responsibilities and competences enables local governments to function autonomously while adhering to national laws and policies. Successful countries provide local governments with substantial fiscal autonomy. This allows local authorities to generate and manage their revenue, reducing dependency on central government funding. Adequate financial resources enable local governments to implement projects, deliver services and address local priorities effectively.

Effective cooperation mechanisms between local and central governments foster collaboration and decision-making. Platforms for dialogue and coordination, such as intergovernmental councils or committees, facilitate regular communication, exchange of information and joint policy development. These mechanisms ensure that local voices are heard and incorporated into the decision-making process at the national level, involving citizens in decision-making helps local governments ensure policies and services are responsive to community needs, build trust and strengthen democratic governance.

Countries with successful central-local government relations invest in capacity building for local authorities. This includes training programs, technical assistance and knowledge-sharing platforms. Enhancing the capacity of local governments strengthens their ability to effectively exercise their responsibilities, implement policies and engage with citizens.

The subsidiarity principle, which promotes decision-making at the most appropriate level of government, is a key characteristic of successful central-local government relations. Countries that effectively apply the subsidiarity principle delegate decisions to the lowest level of government capable of addressing the issue. This ensures that decisions are made closer to the affected communities, enhancing efficiency and responsiveness.

The examples from other European countries raise a number of considerations that can be useful for Albanian policy frame. The clarification of roles and responsibilities between central and local governments in Albania remains an area that needs clarity. The matrix of competences confirms that the legal basis among sectors and the overall frame of decentralization has to be harmonized.[30] This will contribute towards effective central-local government relations in Albania. Ensuring adequate financial transfer to the local government shows in other European countries the ability of the local governments to provide quality and equitable services to citizens; Albania still needs to address this topic even though some progress is noted with

[30] See European Union, Ministry of Interior, *op. cit*.

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Data: 20/11/2026 13:33:12

regard to the gradual increase of the financial contribution of the local government to the national economy (in terms of GDP) and the improved conditions for fiscal decentralization in recent years. This becomes even more important in view of the substantial role that local government is expected to play in the implementation of EU policy.

CONCLUSIONS

The relationship between local and central government has a significant impact on policy implementation and service delivery at the local level. However, the lack of clarity in defining the relations between government levels and fiscal autonomy at the local level hampers effective decision-making and service delivery. This delay in preparedness also affects Albania's ability to comply with the expectations of being an EU member state.

Understanding the background and context of the relationship between local and central government in Albania is crucial. It helps identify challenges, assess their impact and develop strategies to strengthen this relationship. Despite some progress in decentralization, challenges persist in Albania's local-central government relationship as a combination of factors.

To promote a more balanced and effective governance system, it is essential to address existing gaps and enhance cooperation in Albania. Empowering local authorities and fostering inclusive and sustainable development at the local level can be achieved by sharing responsibilities between national and subnational governments. The legislation from 2015 refers to own and delegated functions for local government, making it crucial to establish functional governance mechanisms to manage joint responsibilities. The Consultative Council for local and national government serves as a good forum to facilitate communication between levels and enable responsible decision-making. Local level involvement counteracts unilateral decisions which, if taken without proper consultation, could hamper democracy, erode trust in public institutions and threaten the quality of service delivery.

The experience of European countries highlights that effective central-local government relations depend on a clear and comprehensive legal framework. Such frameworks define the roles, responsibilities and powers of local authorities, providing legal certainty and preventing conflicts. The matrix of competences reveals opportunities for improvement, such as completing sub-legal acts and eliminating overlaps.

By strengthening the relationship between local and central government, Albania can move towards a more cohesive governance system that better serves its citizens and promotes efficient development at all levels.

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Data: 20/11/2026 13:33:12

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ABSTRAKT

Wspieranie przez Unię Europejską podejścia do zarządzania wielopoziomowego redefiniuje relacje pomiędzy organami ponadnarodowymi, krajowymi i samorządowymi. Ponieważ państwa takie jak Albania podlegają dostosowaniu w trakcie procesu akcesyjnego, istotne jest znalezienie równowagi w relacjach między organami państwowymi i samorządowymi. Analiza ma na celu zbadanie skomplikowanej gry poziomów władzy publicznej w Albanii. Dokonano porównań z przypadkami w Europie oraz przedstawiono wnioski, które mogą mieć wartość dla procesu tworzenia polityki. Dla wzmocnienia współpracy pomiędzy poziomem krajowym i poziomami niższymi należy wyraźnie wyznaczyć role i obowiązki oraz zapewnić właściwe finansowanie, przy czym rząd obejmuje rolę bardziej strategiczną. W Albanii do ułatwienia znaczącej interakcji można doprowadzić poprzez Radę Konsultacyjną samorządu terytorialnego i rządu centralnego wraz ze zrzeszeniami jednostek samorządu terytorialnego, choć wymaga to zmian w prawie i zaangażowania organów samorządu. Albańska ustawa o samorządzie terytorialnym uchwalona w 2015 r. zbiegła się z nową reformą administracyjno-terytorialną przeprowadzoną w tym samym roku, która postawiła nowe wyzwania zwłaszcza przed jednostkami samorządu terytorialnego. Celem artykułu jest przedstawienie wyników

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Data: 20/11/2026 13:33:12

badań dotyczących albańskich doświadczeń w zakresie relacji samorządu terytorialnego z rządem wraz z analizą porównawczą z innymi państwami europejskimi. Ponadto zaproponowano szczegółowe rekomendacje dotyczące wzmocnienia wzajemnych relacji między organami władzy publicznej, z uwzględnieniem wysokiego priorytetu procesu akcesyjnego do Unii Europejskiej w planach rozwojowych państwa.

Słowa kluczowe: samorząd terytorialny; zarządzanie wielopoziomowe; relacje między organami władzy publicznej; proces akcesyjny do Unii Europejskiej

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