

## **ANALYSIS OF CONSTRAINTS HAMPERING DECENTRALIZATION REFORM**

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### **Abstract**

As a post-socialist country, with a strong legacy of centralized governance, Albania started its decentralization reforms very late compared with other countries. During the first decade of democratic governing in Albania officials maintained the centralization of powers, and largely put off decentralization, focusing instead on other goals such as economic reforms, land reforms and privatization. The issue of decentralization was brought forward, for the most part, by the donor agenda which, during the periods 2001-2003 and 2006-2009, placed significant pressure on continuing with legal amendments and abolitions and the endorsement of legal acts that refined the functioning of the LGUs in keeping with the economic and social needs at the local level. However, although various reforms during the decades toward decentralizing of powers an administrative reform, implemented in 2015, radically changed the size of the local units. This paper contributes in shedding light to the constraints which has hampered decentralization in Albania, in the background of the new territorial reform. The objective of this paper is to analyze the evolution of the decentralization in terms of its legal and institutional paths with a focus on the governance of intergovernmental transfers until 2014. The analysis is based on data gathered through semi-structured interviews with key experts in the field of decentralization in Albania. The purpose of the interviews was to obtain insight from experts active in the policy making process with regard to their assessment of the situation concerning fiscal decentralization and its consequences for Albania. During the period October 2012-January 2013 ten interviews were conducted with various decentralization and local finance experts. A snowball sampling was used for identifying the experts. The paper seeks to shed light on the overall situation of local governments and their access to financial resources. Particular attention is given to the comparative and qualitative analysis of the main factors hindering the achievement of sustainable local finances, necessary to offer basic economic and social services for citizens. Experts identify many constrains and challenges that has to be considered in the prelude of the new territorial reform.

**Keywords:** *administrative reform, decentralization, challenges*