

3.2 Metropolitan Governance in Albania. The Case for Tirana – A theoretical debate or an absolute necessity?

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Governance and territory in Albania – where do cities, agglomerations and metropo- lises stand?

There is currently an established understanding on the difference between government – as political system, with its set of institutions that regulate and exercise power, and governance – as the effective way through which institutions allow for mechanisms and processes to be used by citizens and interest groups, in taking up their responsibilities, engaging in order to mediate conflicting interests and determining the outcome¹. From this perspective, political and administrative decentralization, territorial organization and planning reforms undertaken after the fall of the communist regime in Albania have reformed local government. Yet, they have not improved the governance system.

¹ This description tends to be in line with the UNDP's definition for governance – *The exercise of political, economic and administrative authority in the management of a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their difference*" [UNDP Governance for Sustainable Human Development, New York, 1997, pp. 2-3. See also the draft Working Consensus Definition of Governance presented to the U.N. Consultative Committee on Programme and Operational Questions (ACC/2000/POQ/CRP.20 of 14 September 2000)].

As a result, intended goals of government reforms are still not met and most likely will not be met also in the future, unless we pay proper attention to the entire spectrum of institutions, actors, processes etc., that enable good governance.

This paper is aiming at opening a debate for governance transformation in Albania, based on the reciprocal evolution of territorial structure and government and governance approaches, after 1990. It builds on the motto "territory as a fundamental feature of political and social life" (Keating, 1998). The features of urban development and the proposed master plan for the area described in section 3.1, shall serve as input to the discussion in the paper. Due to the complexity of the phenomenon analyzed in this paper – territorial structure formation and (metropolitan) governance systems that best fit the situation, the paper will not intend to provide final solutions, but rather stipulate recommendations. The latter will mainly highlight principal, societal value-based and/or paradigmatic changes that are needed to govern the large variety of

territorial relationships, in Albanian situations of conflicting social-economic-urban boundaries on one side and administrative ones on the other.

Since the early '90s Albania embarked on a process of government's decentralization. Initially, this resulted in a political and administrative decentralization, while more substantial decentralization (functional and fiscal) was enabled starting as off in 1998, with the adoption of the new Constitution of Albania. The latter defined decentralization as a basic principle for establishing local governance and the principle of local autonomy as the basis for implementing local governance. Following that, the organic law "On Local Government Organization and Functioning"² was adopted in 2000. As a result, 373 local governments (LGs – urban and rural) and 12 Qark Councils (regional councils) were established. The Organic Law defined exclusive local government's powers, including operationalization of principles such as: democratic governance, transparency, participation, accountability, etc. All these had to be taken into account by the different sectorial legislation that in turn had to devolve power from line ministries to LGs.

However, the sectorial strategies and respective legislation were either lagging behind or, when devised, did not establish a clear framework for division and sharing of power. As a result the decentralization process for LGs turned into a set of not clearly defined and mostly unfunded mandates. The decentralization strategy and the organic law did not account for asymmetric development of urban (municipalities) and rural (communes) LGs. As a result, non-performing local governments were used as a justification by line ministers and government in general not to decentralize functions at local level. Worse, local governments, while striving to consolidate their power, failed to collaborate with the regional government (Qark) and among themselves so as to provide jointly the services that require economies of scale, i.e: public transport, waste col-

lection and disposal, water and waste water treatment, etc. In the absence of: a culture and tradition of cooperation, strong local actors, business associations, and genuine pressure -exercising community groups, any solution was/is sought at the central level (for state institutions to intervene)

All these effects of ambiguity on power division and execution have resulted in "wild" rivalry among state institutions (central and local) and this can be best seen at the territorial level.

Before the 90's, because of the central planning system, all political and economic decisions affecting the territory were taken at the central government level. The regional development approach was heavily subsidized by the state and it materialized on the territory with the construction of state owned enterprises and establishment of new settlements that housed labor force for these enterprises (i.e. oil-related cities Ballsh or Patos, textile industry with its new related neighborhoods of Tirana and Berat, coal or hydro power cities Memaliaj, Kukes etc.). Establishment of these cities were strategic, sectorial and employment interventions, without any consideration of local actors. This top-down approach of city formation had a major impact on the urban-rural structure of the territory.

This system, was very efficient in terms of decision making, but proved to be uncompetitive, very inefficient and not self-sustainable. With the collapse of the centralized system in 1990, the Albanian society embarked onto the journey of market economy democracy and reformatted itself to a new reality, where many conflicting processes emerged. The oppressed individual became the self-reliant individual, but state institutions did not adapt quickly, so as to become reference points for guiding developments and intervening to correct inefficiencies. The balance between private and public interest was lost in favor of private interests. Adoption of a very liberal approach, with its assumption that market forces would correct all conflicting interests, accumulated many

² Law no. 8652, date 31.7.2000.

problems. In fact, there were many problems and conflicting interests that the market alone could not solve and state intervention was more than a necessity. In the absence of (mature) social capital, the liberal approach resulted in a wild-west redistribution of wealth.

In the early 1990, people had no economic base to sustain themselves and, making use of the political change, they quickly moved close to the urban areas for employment and housing. As the state had no capacity to provide housing, people sought their own market solutions, even illegally. So, instead of thriving, the land and real estate sector was/is heavily caught by informality and inefficiencies. To date, there are around 350,000 informal buildings³. Initially, informal housing was a response to a basic need but, after 2000, when housing construction became an investment opportunity, informality turned into mentality and the primary way of transforming the territory. With underdeveloped capital market, people converted into real estate any saving or remittances they had. At first, people could not afford (later, they did not even care) long bureaucratic building permit processes and had to resort to informality. This phenomenon became widespread and, as it was contributing to economic growth, the government had little incentive to intervene, until the capacity of central/local government in managing urban growth was/is put into question.

Seemingly inefficient and with conflicting interests were the high-rise housing constructions made by formal developers, which started to consolidate as of early 2000. This issue is not examined in the paper as it is not present in Tirana's suburb, subject of section 3.1. However, it is of essential importance to mention that after infilling city centers, these developments expanded in other areas. In the absence of a general/strategic territorial plan and in a context of poor sec-

3 According the Agency for Legalization Urbanization and Integration of Informal Settlements (ALUIZNI) in 2009, based on self-declaration reports for 2006-2007 and on estimations made for 2008-2009. The figures may be higher, as informal construction has continued to date.

toral policies, more recent formal developments "invaded" agriculture and/or natural land in the suburb. This was also stimulated by factors such as: developers were looking for inexpensive land, but with good opportunities for access to infrastructure – this was available in Tirana's suburbs, adjacent to the urban fabric; developers needed to bypass the heavy administrative burden of taking a building permit – this bypassing was possible if one applied for it in the rural communes neighboring Tirana.

So, administrative boundaries as physical lines of power extension; in total lack of synchronization with the natural/organic economic power of the society and the market; and in the absence of coordinated planning and joint local government collaboration for delivering public services and making strategic infrastructure investments; became a "magic" tool for more free-riding mentality and unsustainable use of resources. Again, from the government/city perspective, as long as the construction industry contributed to economic growth, local revenues generation⁴ and private interest (corruption), there was no inclination to reverse the situation. Interestingly, as provided in the table below, formal private investments in the residential sector for the 1995-2008 period stand as 83% of the total, with only 17% for infrastructure (INSTAT)⁵.

Thus, private-driven economic development led to the "natural and organic" expansion of cities beyond administrative boundaries. The sizes of cities in terms of this expansion doubled or tripled, and in all cases this happened by converting previous agriculture/natural land into urban (Fig. 1) (Gjika & Shutina, 2010). Yet, the local government structures both by competences (functions and fiscal autonomy) and capacities, do not operate with the logic of the "economic area" (or functional areas as we call them now) which is much larger than the administrative cities. As such, private interest has overtaken public interest and short-term gains have ac-

4 Revenues raised through the infrastructure impact tax.

5 Own calculations based on INSTAT data available in <http://www.instat.gov.al/al/themes/ndertimi.aspx?tab=tabs-5>

Year	1995	'96	'97	'98	'99	2000	'01	'02	'03	'04	05	'06	'07	'08
Buildings	82%	78%	87%	69%	92%	87%	92%	94%	96%	86%	69%	78%	84%	89%
Infrastructure	18%	22%	13%	31%	8%	13%	8%	6%	4%	14%	31%	22%	16%	11%
Total (000 lekë)	18,756	50,665	13,720	24,304	16,533	25,955	24,793	49,217	71,726	38,905	109,742	86,757	38,743	93,949

Distribution of funds in the formal construction industry. Source of data: INSTAT

cumulated long-term liabilities mainly in the public interest sphere.

Indeed, the 2012 Census (INSTAT, 2014) visualizes how unguided urban development has taken place along the western part of the country reinforcing a mono-centric spatial structure with Tirana-Durrës as the core (Fig 2). The concentration of resources, administrative functions, infrastructure and services at the center has induced that almost 1/3 of the population be located in the Tirana – Fushë Kruja – Durrës triangle (INSTAT, 2014). Other urban centers on the western part have developed in a similar way. Overall, urban developments have taken place organically/spontaneously and have not been guided by strategic planning and infrastructure investments. Administrative fragmentation of local governments have made it difficult to have a strategic approach and different initiatives financed by the central government/donors (Greater Tirana Strategic Plan; Tirana-Durrës Corridor; Regional Development Framework for Tirana-Durrës 2008-2027; Shkodra-Lezha Regional plan 2005-2020; Integrated Coastal Development Plan) are not implemented because of conflicting interests of different stakeholders, especially among LGs and between local and central government.

Yet, the urbanization rate of Albania is still below 50% and further urbanization is going to take place with its biggest share in the Tirana-Durrës Region. According to INSTAT⁶ there are only 5 cities in Albania (based on the distribution of population data in a network of 1 km² geographical cells), i.e. Tirana, Durrës, Elbasan, Shkodra and Vlora (all comprising urbanized surroundings⁷ as well). Further, there are 17 agglomerations (containing 74 current local governments), with more than 20,000 inhabitants. The Durrës agglomeration has 9 local governments and the Tirana agglomeration has 16. Both these agglomerations⁸ establish the Tirana-Durrës metropolitan area, which has 932.110 inhabitants, while the other urban areas have 796.449 inhabitants and 1.071.579 inhabitants live in the rural areas (INSTAT, 2014).

⁶ Studies based on Census 2011 data.

⁷ According INSTAT, all these cities have at least one local government with more than 50% of the population located in their urban center, while the urban center has more than 75% of the city's population.

⁸ Including also Kavaja agglomeration with 2 local governments (INSTAT, 2014)

These figures testify for a huge difference between the territorial structure reality and the government and administrative mechanisms. This doesn't help solve the above conflicts; instead it produces more, both in quantity and complexity. From this perspective, it is important to discuss how territorial developments can be most sustainable by adopting a metropolitan governance approach. The Government of Albania (GoA) has embarked on a territorial-administrative reform, aiming at addressing the effects of the local government's territorial fragmentation on service delivery. The reform is on its way and by law, the number of local governments will be reduced from 373 to 61. Their establishment will come into effect after the local elections of June 2015. This reform is efficiency-oriented, but it has not properly addressed the array of conflicting issues related to governance and territorial [re]structuring, as analyzed above. Having a top-down approach (appropriate in a pragmatic sense), it does not foresee the very probable effects on and response from other (local) stakeholders, whose role in governing territory is by no means crucial. This is also because it is well understood that territory is the principal basis for political mobilization, (due to its link to identity and for purely practical reasons) and ... for political representation, accountability, action and public policy (Keating, 1998). On the other hand, another reform, the one on territory planning is still struggling to strengthen the sector, thus not being able to internalize in full solutions to the territory-governance conflict. This reform, regardless of qualitative technical proposals and legal provisions, is focused mainly on power division and not on cooperation.

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Metropolitan governance – Could this be the answer?

While discussing balanced territorial development, reducing regional disparities, cohesion strategies, etc., implicitly we proclaim ourselves as against pure market logic. The latter, as shown by its results, enables the best performers to do better and the worst ones to get worse. Seemingly, when asking governments to intervene in addressing environmental problems, market inefficiencies etc. we recognize that even in the best market driven situation, the rational individual

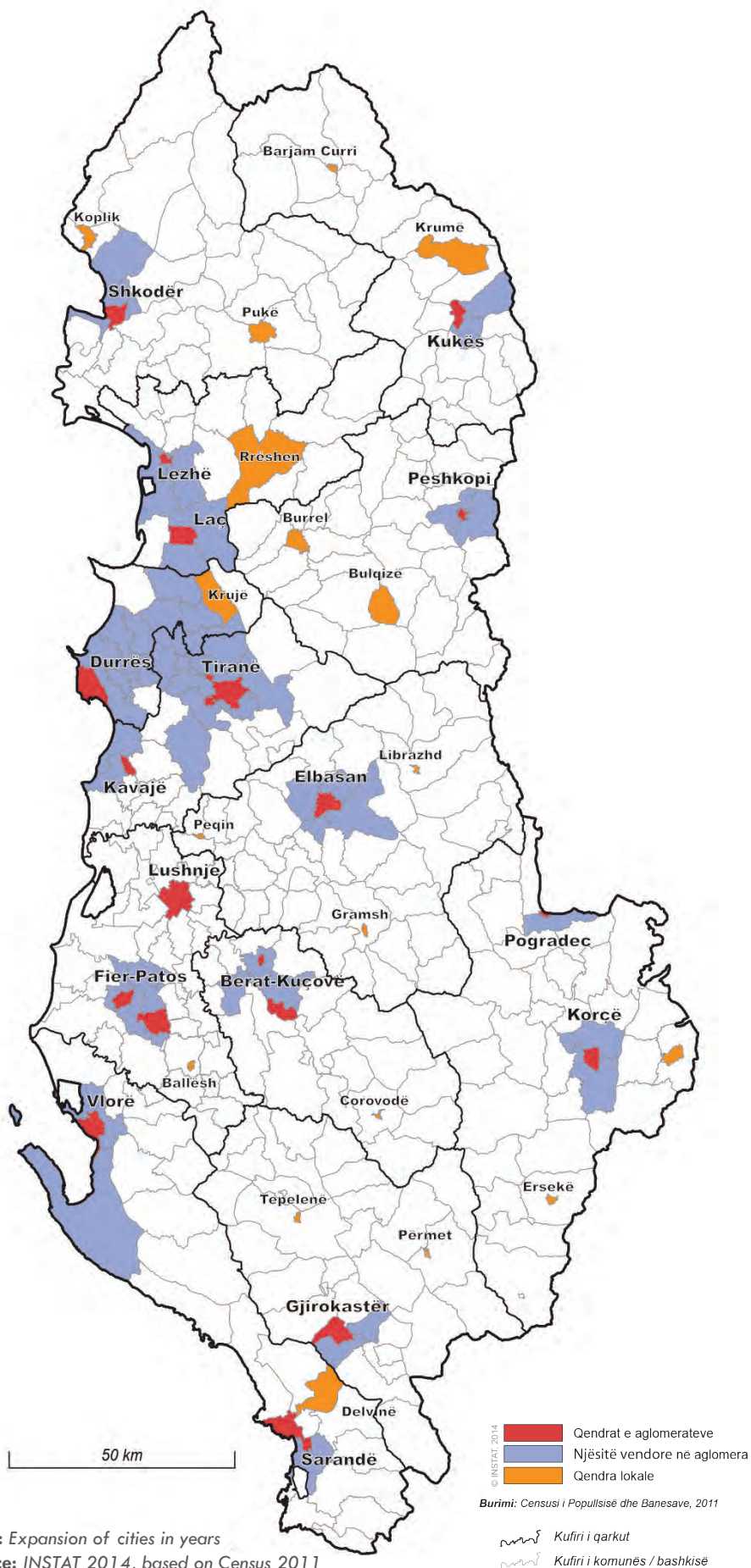
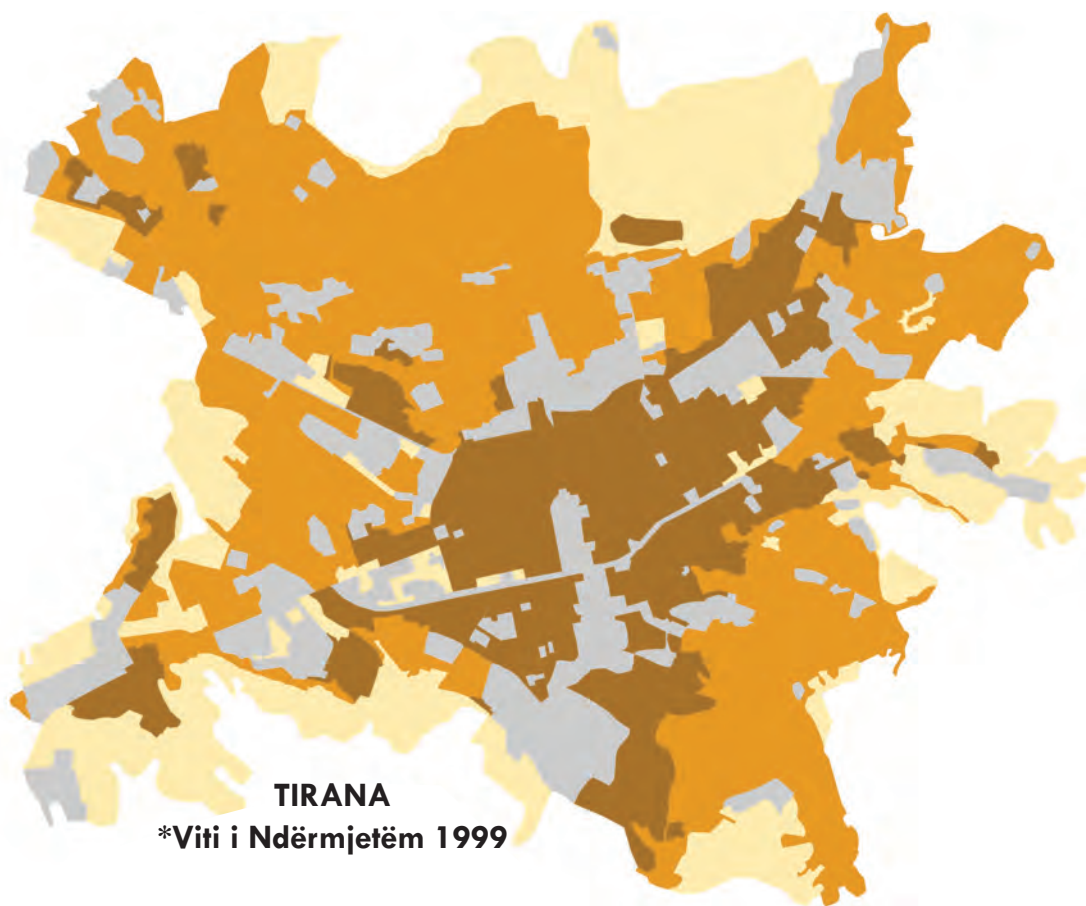


Fig.2: Expansion of cities in years
Source: INSTAT 2014, based on Census 2011

Qendrat e aglomerateve / Njësitë vendore
 suburbane / Qendrat lokale



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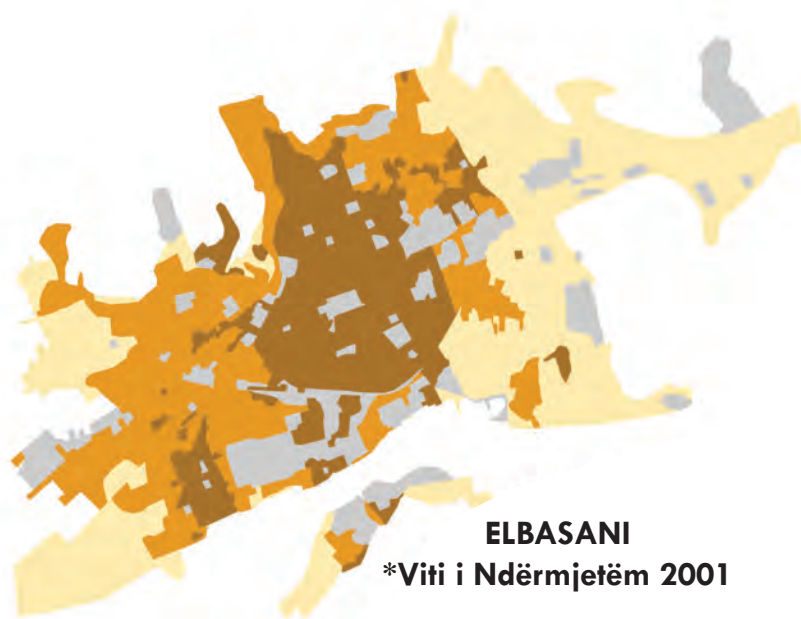


Fig.2: Expansion of cities in years

Source: Shutina and Gjika 2010, Policy makers or Policy followers

choice will not necessarily produce healthy societal outcomes. Then, the discussion is no longer whether or not governments should intervene to ensure sustainable territorial development, but rather what their role (central – local) should be and their interaction with private and non-state actors. As a result of coming from a totalitarian centralized system, the course of action in Albania has been that of strengthening private actors, but, unfortunately, without a strong and fully transformed public sector to play its role in the game.

The central government still organizes its effort through sectorial strategies without proper considerations of how they integrate at a territorial level. On the other side local governments are both too weak and too small to ensure this integration at their territory. For instance, sectorial policies strictly protect agriculture land from conversion for economic activities, while sectorial policies on employment and economic growth look for easier permitting. The outcome? – Neither land is preserved, nor does development takes place efficiently. Seemingly, scattered urban developments have stimulated private mobility against public transport. The latter, being too fragmented/contained within administrative boundaries, does not reflect the need of people for quality service. Solid waste collection and treatment also requires “borderless” cooperating localities. Instead they all individually contract the private operator and none of the rural municipalities around the urban center wants to have the landfill within their jurisdiction. Thus, in short, the functional urban area appears very different from the administrative one and it represents a metropolitan area. INSTAT defines the Tirana-Durrës area as a metropolitan one based on the following definition: large urban areas, composed of several interlinked agglomerations. Usually they have more than 1,000,000 inhabitants (though OECD (Ahrend, Gamper, & Schumann, 2014) defines these areas as counting at least 500,000 inhabitants) and are distinct for their economic specialization, and national and international importance (INSTAT, 2014). Based on Keating’s definition of “the region”, the Tirana-Durrës metropolis has the features of an elusive space, defined by geographical and environmental conditions, common production patterns, complex interdependencies, market linkages and labor markets, social interaction and transportation patterns (Keating, 1998). As such, it cannot be managed by fragmented

(weak) local governments and without getting the key actors involved in the decision-making processes. It most probably needs some sort of metropolitan governance.

According to Yaro and Rondero, the two basic components of metropolitan governance are participation (and the types of actors included in decision making) and formalization (bureaucracy/institutionalization of the arrangement). In this model, governance arrangements that are inclusive of more diverse actors and, simultaneously have a lower degree of institutionalization, are more versatile and provide the needed flexibility to cope with changing economic, social and political conditions (Yaro & Rondero). This suggests that the degree of involvement of one or of the other component will produce either more flexible, or more rigid types of metropolitan governance. In fact, as Oaker-son defines “metropolitan governance can and does occur without metropolitan government and that it can be effective even when a metro-area is highly “fragmented” among a large number of small municipalities (Oaker-son, 2004)”. The latter is typically the case for the Tirana-Durrës metropolitan area.

Tosics describes the types of metropolitan governance by referring to detailed analysis carried out by METREX⁹ in 2006. The approaches vary from structured and pre-defined to more voluntary and flexible systems. In all cases their aim is to reach more effective integrated, economic, social, environmental and spatial planning and for this purpose they need competencies, capabilities and processes (Tosics, 2011). As Tosics explains, according to METREX, there are three different city-region models used across Europe (formal approach): i) the Comprehensive model; ii) the Core Power model; iii) and the Agency/Voluntary model. The first and second models comprise elected metropolitan authorities (the 1st also the reorganization of LGs), but the difference stands in their power – that could be comprehensive, or on a specified range of issues. The 3rd model comprises appointed metropolitan agencies or joint bodies with strategic planning responsibilities and adviser implementation functions. In all these cases the government provides unified definitions of the metropolitan areas (Tosics, 2011).

The flexible approach is based on informal and voluntary cooperation among several

⁹ *The network of European metropolitan regions and areas*(Tosics, 2011).

actors and on a flexible spatial structure. The latter provides efficiency, but lacks long-term sustainability (unless strategic spatial planning is involved), which is present in the designated structures which, on the other hand, risk losing contact with people. The flexible approach allows for high participation. In the core city-region model the central city should be proactive in engaging stakeholders, while in a polycentric structure, more negotiation may be employed among stakeholders (Tosics, 2011). Also, in the monocentric system, the chosen governance structure may serve more to those closer to the center, while the polycentric systems provide greater “civic space” and thus, distribution of benefits more justly to the community (Oakerson, 2004). All in all though, the flexible approach is more inclusive, bottom-up, place based, and does not risk the unsuitable regulations that may lead to unwanted asymmetrical results of the reform.

Of course, the flexible approach requires good cooperation among cities to provide services or share revenues, which is a type of collective action problem. (Steinacker, 2004). As Steinacker describes, there are 4 characteristics needed to achieve cooperation: i) joint gains should be guaranteed – mostly typical in common property resources very present in a metropolitan area; ii) equality of gains distribution is needed, in both quantity terms and policy choice; iii) acceptable asymmetry of the stakeholders’ (political) power, otherwise the more powerful actors may achieve the outcome even in the absence of cooperation; iv) the stability of the actors’ positions (related to their roles) over time is needed, otherwise those losing it will put at risk the whole cooperation structure (Steinacker, 2004). Thus, in a situation of preference for the flexible approach, these four characteristics are pre-conditions to be met for successful results.

The way forward – metropolis and governance

The area described in the section 3.1, stands at the core of the Tirana-Durrës metropolitan area and it holds all of the features and issues/conflicts that may be addressed through metropolitan good governance. However, there are exactly these features and conflicts (as also described above) which raise questions on the approach of metropolitan governance that is more suit-

able to the area and the whole metropolis. Any flexible and even incremental approach would be safer and more efficient by focusing only on the specific services that need a regional/metropolitan perspective. This is very relevant in a context like Albania, where metropolitan governance has no history. So one could opt for “go bottom-up and go incremental”. However, it is clear from the analysis that bottom-up approaches require strong and mature social capital, collaborative, aware of the context, the science of the solutions and the outcomes of any choice. Social capital is still in a creation mode, and the free rider phenomenon is extremely active in the Albanian society. State intervention is needed to overcome this problem and help social capital formation. Looking at the 4 preconditions for a flexible approach, the first two (joint gains and equality) seem to be mainly accomplished from the outset in the Albanian context, but the other two (asymmetry of power and stability) remain a challenge and source of uncertainty.

So, considering the above, 4 options are explored, each with advantages and disadvantages, due to the level of development of the government and the social capital. Also, the current administrative reform may offer opportunities – less LGs could make cooperation easier, but as these will become very strong actors, there is a high opportunity for power games to resolve unilaterally.

1. The area section 3.1 may be defined as one of particular national importance, based on the planning legislation (parts of it, currently). This means that from a planning point of view it may be managed by a metropolitan agency. At planning level this provides advantages as it avoids fragmented decisions, and it is an incremental approach (less risk). However, if not combined with LGs’ decisions on infrastructure and services, it will keep producing inefficient results.

2. Another incremental approach would be to establish a special purpose authority for the whole metropolitan area, responsible for one or more services (transport, waste, water, etc.) depending on the choice of stakeholders. This approach is similar to any inter-LGs cooperation, a form of voluntary joint power authority. Being voluntary, incremental and services-based, the approach provides good chances for the cooperation to succeed. However, as analyzed above, 2 or 3 powerful LGs could end in a dispute of gains distribution over time.

3. Establishing a comprehensive metropolitan government responsible for all services – trunk infrastructure and investments, planning, economic development, including land acquisition and development is a 3rd alternative. As a top-down approach, it would be very feasible, if there were government willingness for it. However, the current territorial reform does not foresee any form of regional government, making this scenario very challenging. This is especially true for the new LGs (after reform) that will seek to consolidate their authorities and expand services in their new area. If implemented, it would well harmonize the efforts of development in the main economic engine of the country, while matching the administrative area with the functional one and services with authorities.

4. Finally, a flexible system would be that of bottom-up/private led local development agency establishment. The agency could be an interlocutor among local residents and governments, harmonizing planning initiatives and stimulating area-based projects in the interest of the stakeholders. Its advantage is the flexibility, project-oriented and needs-based character. However this approach risks extreme focus in the economic corridor only, thus not generating full government's interest. For instance, previously, there was also an initiative from businesses in the area to organize jointly transport service for the workers commuting to the area. Unfortunately, this idea did not prove successful due to free riding. As a result, they never managed to articulate a clear proposal and exercise proper pressure for the government to support the initiative.

While it may sound difficult to make a choice, and in fact this requires further analysis, it also make sense to initiate with some minor organization, incrementally and in a flexible loom. For instance, a business association or some other form of NGO could also be established to promote the area and represent the stakeholders, initially versus LGs and maybe later to any form of future metropolitan governance. This association could act as lobbying and/or pressure group, which would support the local actors' interests. This highlights the fact that the area (metropolis or the study area) needs the stakeholders' representation and demonstration of its identity, as a key towards sustainable development and better governance.

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