

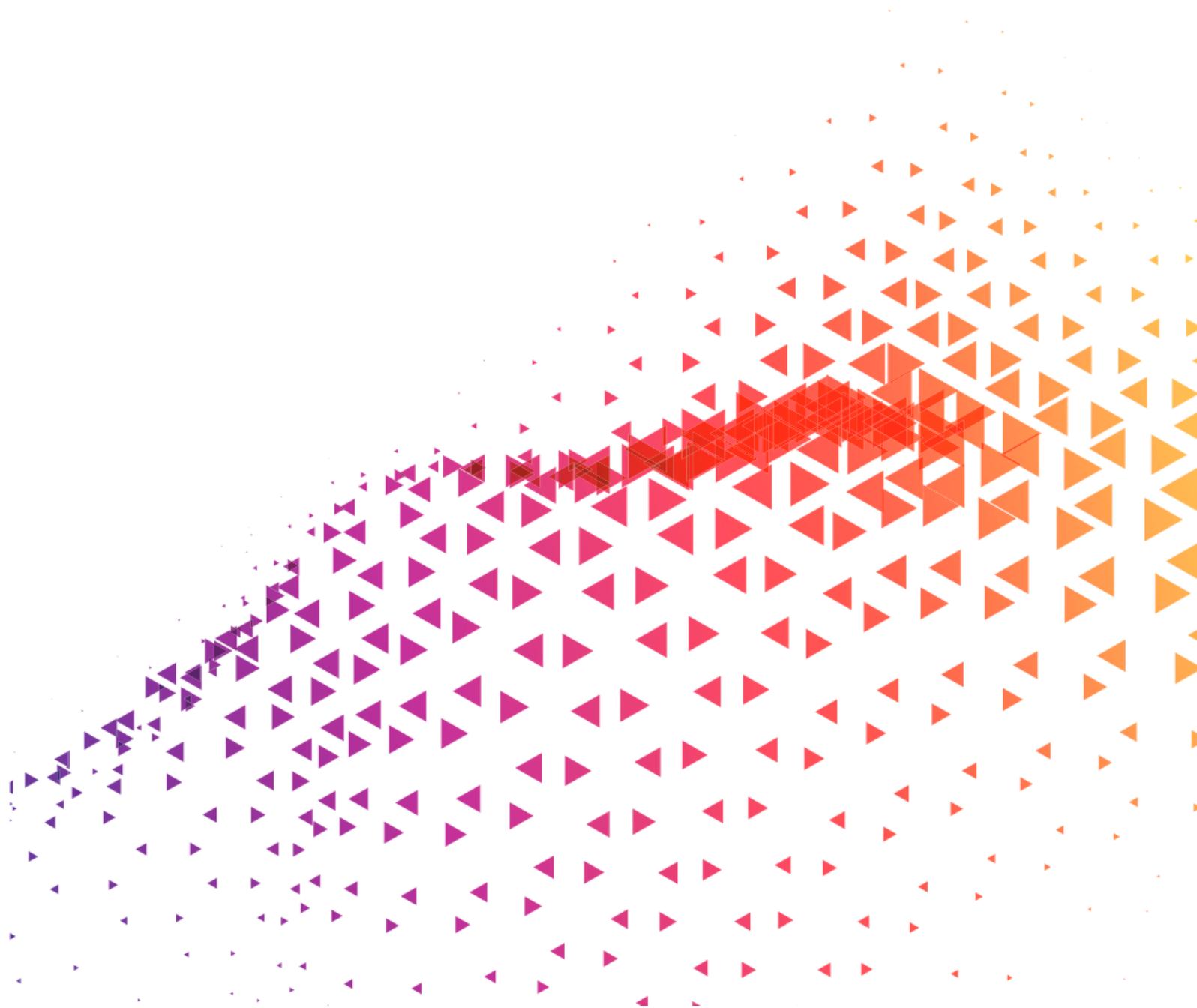


Kingdom of the Netherlands

ADMINISTRATIVE-TERRITORIAL REFORM 2026

POLITICAL CONTEXT, LESSONS FROM AND POLICY DIRECTIONS FOR INTERVENTION

POSITION PAPER



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PART I: POLITICAL CONTEXT AND LESSONS LEARNED

I. OVERALL ASSESSMENT OF THE ADMINISTRATIVE-TERRITORIAL REFORM

Albania is in the midst of EU accession negotiations, where progress is assessed not only through legislative and political acts but also through the effective realization of rule of law and functional democracy. For two consecutive terms, Albania has had a Minister of State for Local Government. This indicates that the current parliamentary majority considers local governance a priority, and that the ministry can play an active role in coordinating processes related to all elements of the reform, particularly during the implementation phase. The fact that two former mayors are now serving as ministers may further support this expectation.

The Institute of Political Studies (ISP), in cooperation with CSDG and KSHH, has undertaken work on priority themes related to the integration process. This is part of the project *“Improving Policy Debate and Accountability in fulfilling the criteria of the First Cluster of Negotiating Chapters”*, supported by the Embassy of the Kingdom of the Netherlands in Tirana. The resulting position papers are designed to stimulate structured debate among political actors and experts. They provide expert assessments of the political, institutional, and technical context, highlighting issues, expectations, and challenges in implementing a reform that is functional, inclusive, effective, and sustainable.

- I. **The European Commission’s 2025 report on Albania** addressed findings and recommendations concerning local governance, decentralization, and the impact of reform in this sector. Albania has opened negotiation chapters for EU membership, and the role of local governance—closely linked to territorial organization and the provision of public services to citizens—is considered a key element in evaluating the country’s level of functional democracy and adherence to rule of law.
- II. **EU’s most recent report on Albania (2025)**¹ underscored, inter alia, the need to enhance transparency and openness in government decision-making. It noted that weaknesses in institutional coordination continue to hamper the delivery of high-quality public services and highlighted the necessity of simplifying the legal framework governing the functions of local government units. The report also drew attention to the low level of digitalization and emphasized the importance of strengthening inter-municipal cooperation.

¹ *Albania Report 2025. The Directorate-General for Enlargement and the Eastern Neighbourhood (DG ENEST), EU, 4 November 2025. See more at: https://enlargement.ec.europa.eu/albania-report-2025_en#details*

- a. In observing limited progress in the implementation of the **Intersectoral Strategy for Decentralization and Local Governance 2023–2030**, the report calls for long-term policies aimed at reinforcing the financial autonomy and fiscal discipline of local governments, as well as increasing the share of own-source revenues of local authorities. Furthermore, it was critical of the wave of resignations and dismissals that occurred in 2025 at the request of the central government, raising concerns regarding accountability and compliance with the principles enshrined in the European Charter of Local Self-Government.
 - b. The EU report is published annually and **is shaped primarily by short-term developments**. Yet the assessment of the current state of local governance and territorial organization must be understood as part of a longer trajectory — a 10–12 year process marked by both achievements and persistent challenges. The balance is not a simple matter of black and white; any overly categorical evaluation risks weakening the professional debate and undermining the vital need for strategic, long-term solutions to reform. Within this context, and in relation to the EU, the reform carries a direct impact on Albania’s advancement in the integration process.
- III. The European Union’s 2024 evaluation report** on local governance highlighted that regions and municipalities are responsible for implementing approximately 70% of the *acquis Communautaire*, for nearly half of public investments, and for one-third of public expenditures. The EU stresses that in the enlargement process, local governance plays a fundamental role and must be fully integrated into the overall framework². Particular attention is given to assessing the territorial dimension of candidate countries, while underscoring the critical importance of safeguarding standards of rule of law, democracy, and human rights — including the rights of minority communities
- a. One of the key theses advanced by the EU is that candidate countries should establish supportive mechanisms for specific regions and municipalities, enabling them to **perform more effectively than the national government** in certain areas. In the EU’s enlargement approach, priority is placed on the sound management and effective implementation of cohesion projects, reforms in public administration, and investments in sustainable infrastructure — notably in energy, transport and mobility, and digitalization.)

²2024 EU Annual Report: A Closer, Stronger, Cohesive and Ambitious European Union; State of Regions and Cities. See more at: <https://cepli.eu/ep-content/uploads/Report-state-regions-and-cities-EN.pdf#page=49.08>

II. POLITICAL CONTEXT OF THE REFORM

By **Decision No. 75/2025**, the Parliament of the Republic of Albania established the Special Commission on Administrative-Territorial Reform (KRAT). Its mandate is to prepare an analytical document containing recommendations and legislative proposals on the new territorial organization, the system of local government finances, access to public services, and related issues, all in alignment with European Union legislation. The current mandate of the Commission extends until July 2026. The most recent territorial reform became operational in 2015. The preceding reform of 2014 was adopted exclusively by one political party, with the main opposition boycotting the process. This boycott prevented the articulation of opposition views on the drafts, consultations, and the final product. The outcome of the reform also reflected last-minute political compromises with several smaller parties and lobbying groups, which ultimately joined the parliamentary majority.

II.1 Reform as a comprehensive political-institutional process

Political consensus does not, in itself, guarantee the success of a law or a reform; however, it significantly enhances legitimacy, broadens participation, strengthens public trust, and ensures longer-term sustainability.

a. The absence of political consensus in 2014 constituted a major weakness of the reform.

This shortcoming was further compounded when the opposition boycotted the 2019 local elections—the second electoral process conducted under the new territorial framework—creating a substantial gap in representation, local democracy, and public expectations regarding the reform. The consolidation of power by a single political party at both central and local levels revived memories of the 1996 experience, albeit with a notable difference: the local elections of October 1996 were not boycotted, thus preserving a degree of proportional representation for the political opposition.

b. In 2022, Parliament accepted the opposition's request to establish a new commission on administrative-territorial reform. However, this initiative was effectively stalled from the outset, as the majority's political stance was clearly opposed to substantive change, resulting in a political vote against reform. At the same time, the opposition appeared more focused on advancing its own political objectives—particularly the expansion of its influence in local government—than on pursuing a reform aimed at improving the shortcomings of the 2014 model. Consequently, public **debate gravitated toward political competition over the assessment of the first reform and the number of municipalities**, rather than addressing the core issues related to the concept of local government, its role within the broader political system, representative democracy, service delivery, and standards of good governance.

II.II Prognosis and public expectations

Can the commission realistically complete all stages of a comprehensive, transparent, and inclusive reform within the available timeframe of five to six months? And is genuine political consensus achievable for a new reform?

- a. The parliamentary majority currently holds 86 mandates (83 from the Socialist Party and 3 from the Social Democratic Party), providing the votes required to approve legislation on administrative-territorial reform. In the 2023 local elections, the Socialist Party secured 43% of the vote, indicating that while the **opposition lacks veto power**, it nonetheless retains a meaningful presence and influence within Albania's local governance landscape.
- b. Based on prevailing political rhetoric, the prospects for consensus remain fragile. Nevertheless, the Institute of Political Studies (ISP) maintains that one of the key lessons from the 2014 reform is the **necessity of adopting transformative political and societal reforms through the broadest possible political and social consensus**. From the perspective of political legitimacy, such reforms should not be designed to serve a single legislative term, but rather to endure for at least 15–20 years. Accordingly, decision-making should be guided by a long-term vision for Albania's development, rather than by short-term political calculations.
- c. The Institute for Political Studies (ISP) supports the position that a functional and long-term reform **requires an extensive and comprehensive process of consultation, analysis, debate, and decision-making**. Such reforms typically require more than two to three years. Reform is not merely a geographic or mechanical adjustment in the number of administrative units; rather, it constitutes a package of laws, by-laws, budgeting measures, and coherence in infrastructure priorities, alongside the adaptation of strategies and an action plan covering all functions and responsibilities of local governance in Albania over the next two decades. Good practices from European Union member states support this approach.
- d. In the current Albanian context, implementing a reform within a reasonable timeframe would likely postpone its full enactment until 2031, which appears to lack both political and public support. Nevertheless, the argument that **"changes should be made in view of the 2027 local elections"** is incomplete and insufficient. There is no guarantee that short-term changes would lead to improvements in local governance. Our decision-making tradition — identifying a problem and immediately addressing it by passing a new law — appears likely to dominate in this case as well.

An emergency solution? To compensate for the very limited time available in relation to the substantial need for a genuine and functional reform, more than political will is required. The reform commission would need to work in parallel through several subcommittees and working groups addressing all issues, laws, and by-laws affected by the territorial reform. The

government should also provide comprehensive executive and budgetary impact assessments to support the options under consideration by the reform commission.

II.III Consensus on reform versus consensus on priorities

There is broad agreement among major political actors—including the Prime Minister, the President of the Democratic Party, parliamentary group leaders, heads of major municipalities, associations of local government units, international experts and partners, monitoring bodies, and evaluation reports—on the need for a new, comprehensive reform of territorial and local governance. This represents a positive development. However, consensus on the necessity of reform does not automatically translate into consensus on priorities.

- a. The reform process is unfolding in the context of forthcoming local elections, meaning that every decision carries electoral implications and political incentives. In parallel, the Special Commission on Electoral Reform continues its work under the same representational structure, decision-making rules, mandate, and expectations for outcomes.
- b. Albania may miss the opportunity to apply the well-established guidance of the Venice Commission, which advises that **electoral reforms should not be undertaken during the final year before elections or within the immediate context of upcoming electoral processes**. However, this would not be an unprecedented situation, nor is there any guarantee that it would be the last. One may nonetheless hope that political leadership is not driven exclusively by electoral considerations, but also by a commitment to durable solutions—recognizing that such reforms are intended as long-term investments for citizens and the country as a whole.
- c. **The principal risk and challenge facing this reform lies not in the technical work of the commission itself, but in the political and parliamentary climate surrounding it.** Political tensions and parallel developments have had, and continue to have, a negative impact on initiatives of this nature—particularly when rival political forces are required to operate simultaneously in a context of daily confrontation and also a structured dialogue on reforms. A constructive supporting recommendation would be to encourage the commission’s leadership to “*depoliticize*” the rhetoric related to its work and also a moderated and stewardship role by the Assembly would be essential in safeguarding reform consensus, irrespective of day-to-day parliamentary dynamics.

II.IV Scope and institutional overlaps

The final politically sensitive element concerns the breadth of the reform and the level of its substantive ambition.

- a. Parliament has established a new commission to undertake the reform, and there is broad consensus on the need for revision, twelve years after the adoption of the previous model. The commission has been granted a nine-month mandate, with the expectation that it will produce concrete proposals within the current parliamentary session (by July 2026), to be adopted either at the close of that session or during the autumn session. The next local elections are scheduled to take place between April - May 2027, approximately 15–16 months after the launch of this process.
- b. Key substantive questions remain open:
 - whether the reform will reassess the current territorial organization or reduce institutions widely perceived as bureaucratic, such as the district level, or alternatively strengthen this institution within the framework of strategic territorial coordination.
 - whether a regional model of organization will be introduced,
 - whether local government will derive greater benefit from the resources it contributes to the national economy,
 - local democracy will be restricted or expanded;
 - whether the reform will address recurring challenges related to leadership mandates in local government (as illustrated by the cases of Tirana in 2025–2026, Himara in 2023, and Shkodra in 2019–2022).
 - the practice of partial local elections will be replaced by a more effective and economical approach—such as filling vacant mandates through municipal council votes
 - the concept of local governance will uphold the principle that candidates and elected officials must be genuine residents of the communities they seek to represent or lead.
- c. In this context, it is equally important to **prevent overlapping or parallel initiatives during the reform process**, including the transfer of competences between levels of authority, tendencies toward recentralization, or initiatives such as the proposed maritime prefect, all of which may significantly affect the organizational framework and functioning of local government following the 2026–2027 reform.
- d. Consideration should also be given to the ongoing **constitutional initiative to reform parliamentary representation**, including proposals to reduce the number of members of Parliament and to reassess the formula of representation based on territorial division, which remains a core constitutional principle.

II.V The principle of minority protection

Albania has undertaken international obligations and achieved broad political consensus on the need to guarantee recognized national minorities the right to representation within specific local government units. In exceptional cases, such units may be established outside standard statistical criteria and organizational norms applicable to other municipalities.

III. LEARNING FROM EXPERIENCE: REFORM MUST BE BUILT WITH CITIZENS

The 2014 territorial-administrative reform, reconsidered for amendments in 2022 and once again placed on the agenda in 2026, has been in force for only 10–12 years and has encompassed three local electoral cycles (2015, 2019, and 2023, of which only two were genuinely competitive). From a statistical and institutional consolidation perspective, this remains a relatively short period to justify a far-reaching intervention in the number of local government units, their territorial configuration, and the scope of their competencies. Nevertheless, where a reform proves sustainable and effective, temporal metrics become secondary to the intrinsic quality of the reform and to the overarching objective of ensuring good governance.

- I. **Albania does not belong to the group of countries where territorial reforms typically emerge through bottom-up dynamics.** On the contrary, the Assembly (central parliament) determines the structure and organization of municipalities and municipal councils (local representative bodies). In this process, the executive branch acts as initiator, facilitator, and principal beneficiary, while local government institutions themselves are at once stakeholders and actors potentially exposed to conflicts of interest. Undertaking a profound territorial reform on the eve of a local electoral campaign risks reshaping the parameters within which elections and re-elections are contested. It may also affect electoral strategies through the distribution of public investments, the structural advantages of incumbency, and the potential to delineate territorial units more closely aligned with political ambitions or—even when well-intentioned—with a particular developmental vision for the communities concerned.
- II. **Reforma** The 2014 reform was subject to an **evaluation in 2017 within the framework of the Council of Europe**. The assessment identified as a positive factor the strong and consistent support provided by the international donor community throughout the stages of preparation, public consultation, and implementation. At the same time, it reflected expert criticism that the drastic reduction in the number of local government units constituted a radical step. Concerns were also expressed that such a profound

transformation could generate social and service-delivery challenges, particularly for residents of remote mountainous areas with low population density, limited transport infrastructure, and increased difficulty in accessing the newly established municipal centers.

- III. **One of the report’s principal criticisms**—highly pertinent to the current debate—**was the very limited availability, during the preparatory phase, of robust professional performance data.** Such evidence would have been essential to better assess institutional capacities, public expectations, and the prospective impacts associated with the various territorial reorganization scenarios under consideration.
- a. **The weakness of statistical data and the absence of in-depth studies** were identified as typical constraints for countries such as Albania, where statistical services are less developed and analytical traditions remain limited³. The authors underlined that, in their absence, reliance was placed on analyses and reports prepared by the government using simplified methodologies, leading to less robust conclusions. One example cited is the assessment that the majority of small local government units possessed very limited capacity to generate revenues and deliver services; similarly, the use of minimal waste-collection fee revenues as a proxy led to the conclusion that this service was not being provided in those units.
 - b. The report further notes the **lack of qualitative information and comprehensive analysis** necessary to determine the extent to which limited service delivery capacity was attributable to small territorial size, as opposed to other structural factors such as peripheral location, weak transport infrastructure, low population density, or the general level of socio-economic well-being in local communities. Such distinctions would have been crucial in forecasting the degree to which territorial reform alone could realistically contribute to improving service provision.
 - c. The report also observes that the analytical process and the broader reform discourse focused **predominantly on the economic and administrative performance of local government units**, while giving insufficient consideration to concerns regarding potential impacts on local democracy. Anticipated effects—such as declining interest in electoral participation or the disproportionate representation of certain local communities within the councils of larger municipalities—were not substantively integrated into the debate or policy analysis.

³ Council of Europe (2017). *Territorial reforms in Europe: Does size matter?*. Paweł Swianiewicz, Adam Gendźwiłł, (University of Warsaw) and Alfonso Zardifor (CELG): Case study – territorial reform in Albania (2014/2015), pp. 94.99. See more: <https://rm.coe.int/territorial-reforms-in-europe-does-size-matter-territorial-amalgamatio/168076cf16>

- d. Another key lesson emerging from the 2014 reform was that a significant portion of the discussion centered **on the criteria for defining the boundaries of the new units**, with priority given to the concept of functional areas around municipal centers. Less emphasis was placed on other relevant parameters, such as minimum population thresholds, maximum distance from administrative centers, and similar considerations.

The 2014 Balance Sheet? It is never a matter of black and white. The reform has produced both achievements and shortcomings; it is not a process that should be judged in extremes. For instance, the reform strengthened the larger municipalities that serve as the main contributors to Albania’s economy, curbed the extreme fragmentation of territory, and enabled the implementation of major economic and strategic projects. Inclusive initiatives such as the expansion of national infrastructure corridors, internationally significant development projects from Sazan to Durrës, the “mountain package,” the new judicial map, and the digitalization of public services are all processes interconnected with it. Moreover, many of the arguments advanced by the governing majority in 2014 and by the opposition in 2022 remain, in essence, valid and deserving of consideration in 2026. Migration trends have also altered the distribution of parliamentary seats across regions, a reality that must be taken into account.

Reflections on lessons learned. Drawing on the experience of the 2014 reform, a central requirement remains the institutional capacity to conduct professional, multidimensional, and inclusive analyses encompassing all components of the current local governance system — its structural weaknesses, operational challenges, public expectations, constraints, and forward-looking projections — within the broader context of Albania’s projected development trajectory over the next one to three decades. At this stage of the work of the Special Parliamentary Commission, such analytical reports should ideally already have been prepared and made publicly accessible, thereby enabling a shift from closed internal deliberations toward the commencement of a structured and substantive first phase of public consultation.

- I. One of the core standards for ensuring that a reform of this magnitude is both effective and sustainable is adherence to the principle of **“reform for citizens, with citizens.”** The very foundation of local governance lies in the provision of services to citizens and in their democratic representation in decision-making; any administrative or political reconfiguration must respect and reinforce this principle. Viewed in light of this standard, the 2014 experience suggests that the Assembly of the Republic of Albania did not fully uphold this approach. The reform process commenced in November–December 2013; a parliamentary commission was established in January 2014; public consultations were conducted in March–April; the new territorial map was published in May; additional consultations on the proposal continued in May and June; and the new territorial-

administrative division was adopted in July. The law entered into force in September 2014, with local elections taking place nine months later. Overall, the process lasted approximately twelve months, of which only three to four months were allocated to public consultation. **Are we in the same situation?** Can we reasonably expect that the same approaches will produce different results?

- II. The 2022 process was similarly characterized **by limited timeframes for hearings, consultations, and study visits, including those undertaken in Croatia**. Given that effective local governance is indispensable for ensuring the delivery of high-quality public services in a transparent, accountable, and sustainable manner, a 2025 SIGMA manual for the Western Balkans identifies a set of qualitative and quantitative indicators that may be used to assess the performance and institutional practices of local government units. According to this guidance, an independent, data-driven analytical process designed to inform political decision-making requires a minimum timeframe of six to twelve month⁴.
- III. **The 2026 reform process is likewise expected to unfold under significant time constraints**. Nevertheless, the approach to consultation and public debate at every stage should reflect the standards of a country that has drawn lessons from past shortcomings and aspires to measure itself against the benchmarks applicable to a candidate country for membership in the European Union. Experiences across EU Member States are diverse and shaped by distinct political and administrative traditions. Albania may draw valuable lessons both from regional experiences (such as Croatia and Slovenia) and from more consolidated Western European models (including, for example, the Netherlands and Denmark).
- IV. Finally, we have never applied local referendums or other forms of direct democracy in matters concerning territorial organization or issues directly affecting citizens. (The referendums of 1994 and 1998 concerned the Constitution, while the 1997 referendum addressed the form of governance in Albania.) One recommendation would be to break with this tradition by permitting and supporting alternative forms of direct democracy—such as citizen voting or voting through expanded local assemblies—as well as by strengthening the link between political initiatives and strategic projects and the views and support of local communities. The administrative-territorial reform can and should address this dimension.

IV. RECOMMENDATIONS ON THE PHASES OF PUBLIC CONSULTATION

Public consultation and decision-making processes do not follow a single uniform model; however, established European good practices provide an important normative reference

⁴ SIGMA & OECD (2025). *Toolkit for analysis of local governments in the Western Balkans*, May 2025. See more at: <https://www.sigmaweb.org/content/dam/sigma/en/documents/2025/Toolkit-for-analysis-of-local-governments-in-the-Western-Balkans.pdf>

framework. Drawing on comparative assessments of territorial and local government reforms undertaken across approximately twenty EU Member States, the standard of effective consultation generally includes the following components:

- I. Analytical phase (evidence-based assessment and scenario development)**
 - In-depth studies on financial capacities, services, distances, and demography;
 - Simulations for optimal commune size;
 - Transparent publication of alternative data and scenarios.
- II. Transparent prior information**
 - Publication of reform scenarios and the data supporting them;
 - Explanation of the effects of the changes on services, finances, administration, representation, and local identity.
- III. Dialogue with local authorities and institutions**
 - Consultative meetings before, during, and after drafting with municipalities/municipal councils;
 - Effective consultations with independent institutes and expert groups;
 - Consultations with independent institutions (justice, the Bank, etc.) and international ones;
 - Consultation with business groups, local associations, local media, and universities;
 - Participation of representative structures (associations of municipalities);
- IV. Debates, involvement of social actors, and qualitative information**
 - Public debates at municipal and regional level;
 - Regional technical meetings on boundaries, functions, and services;
 - Hearings in three phases where communities can express their views;
 - Manuals for citizens: “What changes for my services?”;
 - Public surveys, mainly in municipalities that are being divided/merged;
 - Online platform for citizen comments;
 - National information campaign.
- V. Reporting after the conclusion of the consultation**
 - Publication of the findings from the consultations;
 - Publication of the extent to which they have been taken into account (or rejected) by the parliamentary committee;
 - Transition office in each key municipality (where changes are expected)
- VI. Reporting after the conclusion of the consultation**
 - Publication of the final draft of the territorial map and its interpretation;
 - Publication of the data for each element of the decision-making process;
 - Final consultation by the Assembly through parliamentary instruments.

PART II: ANALYSIS – LOCAL DEMOCRACY, KEY CHALLENGES AND PERSPECTIVES

V. TECHNICAL DIMENSIONS OF THE REFORM

Current trends in the local governance sector across many developed and developing countries point to an increasing reliance on own-source revenues and a corresponding reduction in dependence on central government grants. It has been accompanied by a growing interest in local governance reforms, with a particular focus on restructuring and reorganization.

The consolidation of local government has constituted a key element of the decentralization process and of administrative reform in Albania as well. The implementation of a consolidation or merger process, aimed at increasing efficiency and deepening decentralization, required the adoption of concrete measures to stimulate and support this process.

The size of local government units has increasingly become a key issue attracting growing attention in contemporary policy debates. What size of municipality is more efficient and capable of using its resources in an adequate and effective manner? Should local governance be organized around smaller or larger municipalities? Current realities demonstrate that the size of local government varies significantly across countries. On the one hand, countries such as England, the Nordic states, and the Netherlands are characterized by relatively large municipalities. On the other hand, France is divided into approximately 40,000 very small local government units.

The form of territorial organization can determine key characteristics of the local government system, such as the allocation of functions and relationships with central government⁵. Keating⁶ notes that the debate on the optimal size of local government typically focuses on four core functions:

- I. **Economic efficiency:** which level of organization delivers the greatest volume of services at the lowest cost?
- II. **Democracy:** which structure is best able to ensure effective citizen oversight and accountability of local governance?
- III. **Distribution:** which structure can achieve the most equitable distribution of services and fiscal burdens?
- IV. **Development:** which structure is best equipped to promote economic growth?

⁵ Page, E., and Goldsmith, M. (Eds.) (1987). *Central and Local Government Relations*. London, UK: Sage.

⁶ Keating, M. (1995). "Size, Efficiency and Democracy: Consolidation, Fragmentation and Public Choice". In Judge, D. Stoker, G., and Wolman, H. (Eds.). *Theories of Urban Politics*. London–Thousand Oaks–New Delhi: Sage.

VI. Arguments in favor of consolidation (merger)

The entire debate surrounding large municipalities is grounded in considerations of efficiency. Below are some of the key benefits that may result from the merger of smaller municipalities:

- a. Economies of scale exist in many local services. The unit cost of service provision is lower when services are delivered at larger scale and in greater volumes.
- b. Small local units may generate costs for larger local government units. To a certain extent, this implies that taxpayers residing in urban centers subsidize those living outside city boundaries, as part of the population in surrounding areas benefits from services produced in the urban core.
- c. Larger local governments are able to provide a broader range of functions, which contributes to higher public interest and greater participation in local politics. A wider scope of functions stimulates citizen engagement and participation, while also attracting higher-quality candidates for local councils. Moreover, as noted by Goldsmith and Rose⁷, the power and prestige associated with senior public positions tend to be greater in larger administrative units.
- d. Territorial consolidation and competition create greater space for the representation of diverse interest groups. In larger communities, it is easier to limit nepotism and other forms of political clientelism. Goldsmith and Rose⁷, further suggest that larger local governments—particularly when they adopt more liberal orientations—tend to provide better representation of diverse groups, including ethnic and socio-economic groups.
- e. Larger local governments offer greater opportunities for a vibrant civil society. Larger communities are more likely to support broader and more developed networks of non-profit organizations.
- f. Large local governments facilitate the promotion and development of local economies. Greater scale enables more effective strategic planning and facilitates the financing of infrastructure investment projects, which constitute a fundamental precondition for sustainable economic development.

All of these arguments point to the greater capacity of larger local government units to effectively perform their assigned functions. In countries that have embarked on decentralization processes, territorial reform is therefore indispensable. It is not feasible to devolve responsibilities to local governments if they lack the necessary capacity and resources to carry them out effectively. Consequently, the consolidation or merger of local government units—particularly where such units are too small to perform their functions adequately—

⁷ Goldsmith, M., and Rose, L. (2000). "Constituency, Size and Electoral Politics: A Comparison of Patterns at Local Elections in Norway and the UK". Paper presented at the IPSA World Congress, Quebec, Canada, 1–5 August 2000.

becomes a necessary condition for the proper functioning and overall success of the decentralization process.

V.II Arguments against consolidation (merger)

According to Denters,⁸ these arguments incorporate the principles of localism and public choice theory, the conclusions of which may be succinctly captured in the expression “*small is beautiful*,” as outlined below:

- a. In smaller local communities, interaction between elected representatives and citizens is more direct, and politicians tend to have a stronger voice within their local constituencies. According to this argument, *social trust is rooted in strong personal ties within small communities; any decline in social trust resulting from increased scale is likely to be reflected in a decline in political trust*⁹.
- b. Smaller communities tend to be more homogeneous, making it easier to design and implement policies that reflect the preferences of a large share of citizens.
- c. In small communities, citizens are more inclined to participate because an individual’s vote or voice “*carries greater weight*.” Small governments are also less bureaucratic. In certain policy areas, the advantages of economies of scale may be offset by coordination and management challenges inherent in larger units.
- d. The argument of economies of scale may be less applicable where responsibility for service provision can be separated from actual service delivery. The fact that many services can be contracted out to the private sector reduces the importance of scale-related efficiencies.
- e. Territorial fragmentation or decentralized structures can stimulate competition among local units in attracting capital to locations where it can be used most productively, thereby enhancing overall efficiency.
- f. Fragmentation creates opportunities for experimentation and innovation. In contexts with multiple small local governments, it is easier to pilot new approaches in one or a few units and subsequently use these experiences as models for others (pilot actions).

All of the arguments outlined above should be considered only to the extent that they relate directly to the size of local government, as some of them are not intrinsically linked to it. For example, it is true that many small local governments operate within weak media environments or are characterized by poorly informed interest groups. However, this

⁸ Denters, B. (2002). “Size and Political Trust: Evidence from Denmark, The Netherlands, Norway and the United Kingdom”. *Government & Policy C: Environment and Planning*.

⁹ Denters, B. (2002). “Size and Political Trust: Evidence from Denmark, The Netherlands, Norway and the United Kingdom”. *Government & Policy C: Environment and Planning*.

situation is often more closely associated with the rural nature of these communities rather than with their size as local government units. In such cases, what may appear to be a negative consequence of small-scale governance is in fact more strongly related to the social characteristics of the community concerned than to its territorial or administrative size.

VII. WHY IS THE TERRITORIAL REFORM BEING RECONSIDERED TODAY?

The Administrative–Territorial Reform of 2014 was conceived as a structural response to extreme territorial fragmentation, weak administrative capacities, and the inability of small local government units to exercise meaningful development functions. Its objective was to establish larger municipalities, theoretically more sustainable and functional, by bringing to an end a dispersed, costly, and largely ineffective model of local self-government.

Ten years later, the reform has returned to public debate not as a nostalgic or purely political issue, but as a necessity shaped by new demographic, economic, and institutional realities. Continuous population decline (*for more, see Annex A: Ranking of municipalities by average population size in European countries*), territorial polarization, mounting pressure on major urban centers, and increasingly demanding requirements for high-quality services and the absorption of European funds have highlighted the limitations of the current model.

Today’s discourse is no longer confined to the question of whether the 2014 reform was right or wrong. The fundamental question is whether the current territorial and functional architecture of local self-government remains fit for purpose in addressing the challenges of the coming decade. In this sense, territorial reform should be approached as a process of reflection and adjustment, rather than as a one-off political act or a platform to obscure day-to-day political agendas and challenges.

VIII. EXPECTATIONS FOR THE FUTURE

In April 2023, Albania adopted the Intersectoral **Strategy for Decentralization and Local Governance 2023–2030**¹⁰, which represents the country’s principal policy framework for deepening decentralization over the coming decade. The Strategy aims to strengthen the role of local government as a driver of local economic development, increase own-source revenues of local government units, digitalize public services, promote open governance, and align local policies with the European integration agenda. In parallel, it seeks to build institutional capacities at both local and central levels in order to ensure more effective, transparent, and inclusive governance.

The Strategy is structured around **six core objectives** which, in essence, also define the key expectations that any future administrative–territorial reform should address:

¹⁰ <https://qeverisjavendore.gov.al/wp-content/uploads/2024/06/Vendim-i-KM-nr.-252-date-20.4.2023.pdf?>

- **First**, it promotes sustainable local development by empowering local government units to make more effective use of natural, economic, and cultural resources. This objective implies the need for a functional territorial structure, composed of units with sufficient critical mass, administrative capacity, and fiscal base to pursue meaningful development policies.
- **Second**, the Strategy seeks to improve the quality and efficiency of local services by clarifying legal and institutional overlaps between central and local levels of government. This highlights one of the structural weaknesses of the current territorial model: functional fragmentation and ambiguities in the allocation of competencies, which often render local governance more administrative than development-oriented
- **Third**, the Strategy prioritizes the expansion of digital governance, with the aim of delivering public services that are more transparent, efficient, and accessible to citizens. However, digitalization as a process requires a rational territorial organization and sustainable human and financial capacities—conditions that are not evenly available across all existing municipalities.
- **Fourth**, the Strategy aims to increase local financial autonomy through the consolidation of municipal revenue systems and the strengthening of the financial base of local self-government units. It is precisely in this area that one of the document's main limitations emerges: while the objective of financial autonomy is clearly articulated, the concrete mechanisms for achieving it remain relatively weak and heavily dependent on intergovernmental transfers. This situation underscores the need for a more thorough review of the territorial and fiscal model, so that financial autonomy does not remain merely a normative aspiration.
- **Fifth**, the Strategy focuses on strengthening local democracy and advancing European integration through improved governance, enhanced transparency, and anti-corruption measures. These objectives are directly linked to the functionality of local government units and their capacity to ensure genuine accountability to citizens—a challenge that cannot be addressed solely through procedural instruments, but also requires a more rational and balanced territorial organization.
- **Finally**, the Strategy underscores the importance of developing administrative capacities at both levels of government, including human resource management, training, and support for European integration processes. This objective likewise places the territorial dimension at the center of reform, as administrative capacity is closely linked to the size, complexity, and institutional sustainability of local government units.

Within this framework, a **future Administrative–Territorial Reform** should not be conceived as a purely technical exercise of boundary revision, but rather as a process of reflection and structural improvement, grounded in the lessons learned since 2015 and aligned with the ambitions set out in the 2023–2030 Strategy. If approached in this manner, territorial reform can become a genuine instrument for strengthening local democracy, increasing the efficiency of local governance, and preparing the country for the long-term challenges of development and European integration.