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POLICY BRIEF

CHALLENGES THAT HAMPER THE PROMOTION OF INTEGRITY CULTURE IN LOCAL GOVERNANCE

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PURPOSE AND OBJECTIVES OF THE POLICY BRIEF

The integrity culture acts as an indicator of the local self-government units' commitment to anti-corruption policies and increasing citizens' trust and confidence in the delivery of local public services in accordance with the applicable legislation and the principles of integrity, transparency and accountability. In general terms, most local self-government units express a commitment to strengthening local integrity, but there is often inconsistency between policy statements and how local government representatives act to strengthen integrity and achieve objectives and anti-corruption measures at the local government level.

This document presents the findings of the analysis and assessment of integrity risks identified in the integrity plans adopted by 21 local self-government units (LGUs) with a special focus on the analysis of challenges confronting LGUs in terms of strengthening the culture of integrity in local governance.

Specifically, through the identification of challenges that promote the culture of integrity in local governance, this policy brief seeks to offer specific recommendations in terms of adequately addressing the identified challenges and promoting the culture of ethics and integrity in all functional areas of LGUs. At the same time, this document will offer concrete recommendations intended to boost local institutions' proactivity with regard to implementing strategic obligations for drafting local integrity plans and strengthening anti-corruption mechanisms at this level.

The scope of the analysis for the purpose of this policy brief encompasses the risks identified by groups working to develop integrity plans at the local level in all functional areas of the municipalities, specifically:

1. Financial management
2. Human resource management;
3. Control, audit and anti-corruption mechanisms;
4. Public services;
5. Asset administration and management;
6. Territorial planning, administration and development
7. Archiving, storage and administration of documents as well as of electronic information and documents.

LEGAL FRAMEWORK

The local-level integrity plans have been developed in compliance with the national legal framework on local self-governance as well as in pursuance of the objectives of the National Cross-Cutting Strategy against Corruption (NCSC) 2015-2020, and the measures of its Action Plan 2018-2020 and 2020-2023. Hence, Objective A11 of the NCSC *“Adoption of anti-corruption policies at local government level”*, provided for the drafting and adoption of local integrity plans as instruments that seek to prevent corruption and strengthen integrity.

Following this legal and strategic framework, 21 municipalities developed integrity plans as a strategic and operational document, which build on the identification of risks according to areas of their activity, an analysis of their vulnerability, an assessment of local government units’ exposure to unethical and corrupt practices. They also introduce the necessary measures to strengthen LGUs’ integrity and increase citizens’ trust and confidence in the public services provided by each LGU.

IDENTIFIED CHALLENGES

A. LACK OF CAPACITIES AND RESOURCES REQUIRED TO IMPLEMENT LOCAL INTEGRITY PLANS

The analysis to date shows that municipalities have generally been working to develop integrity plans, but they lack adequate capacities and resources to implement them. At the same time, the lack of planning of budgetary funds required to implement the measures provided for in the integrity plans thwarts any effort undertaken to achieve the objectives specified in these plans and the management of risks at the local level with negative consequences in strengthening the integrity of local government and in increasing the public trust. Drafting any integrity plans will not bring the desired outcomes at the local level given the absence of measures for their enforcement. To this end, increasing the level of applicability of integrity plans and strengthening their monitoring mechanisms constitute a challenge LGUs encounter within the framework of strengthening the integrity culture promoted through the measures provided for in the respective plans.

B. INTEGRITY PLANS HAVE NOT BEEN EXTENDED TO PREFECTURE AND COUNTY LEVEL

Regardless of LGUs' commitment to approving integrity plans at municipality level to date, the lack of involvement of the second tier of governance (prefectures and counties) in this process narrows the scope of local integrity assessment only within the jurisdiction of the municipalities. Narrowing this scope only at this level may jeopardize the capability to follow/implement an integrated approach in the fight against corruption at the local level and may also hamper the identification of the risk of corruption and integrity in terms of local administration at county or prefecture level.

C. LIMITED HUMAN RESOURCES AFFECTING WORK EFFECTIVENESS AND OVERLOADING EXISTING STAFF

An analysis of the integrity plans adopted by 21 municipalities highlighted the challenge confronting LGUs in terms of achieving their mission to ensure effective and efficient governance and closest to citizens because of vacancies in the functional units of the municipalities and limited technical capacities in specific sectors, such as management of public contracts, administration of assets under the LGUs' jurisdiction, urban planning, local public procurement, planning of budget funds, etc. Even in cases where these vacancies have been announced, applications are quite limited for certain positions, such as surveyor, architect or engineer due to the low salaries paid by LGUs. Deficient human resources of the municipalities constitute another challenge faced by the LGUs taking into consideration the impact it brings on the effective exercise of the functions and powers and the fulfillment of tasks by local government bodies in accordance with the Law "On Local Self-Government". At the same time, limited human resources make it difficult to implement local public services to meet the needs of citizens according to the standards of good governance, transparency, and protection of public interests at the local level.

D. INADEQUATE BUDGET RESOURCES AND LACK OF BUDGET EXPENDITURE PLANNING BASED ON ANALYSIS

LGUs' public budget expenditure planning should be based on a preliminary analysis of the situation and needs to allocate budget funds available to the municipality in accordance with the priority needs and strategic goals for each budget year. The lack of this analysis has led to ineffective planning of budget expenditures that are required for ongoing funding of basic local services, thus leading to LGUs' failure to deliver public services in the long term. At the same time, municipalities' lack of an revenue planning

methodology has made some of them to make unrealistic forecasts of revenue generation, which has also resulted in insufficient budget funds for the realization of services at the end of the respective budget year.

E. LACK OF A METHODOLOGY FOR MONITORING PUBLIC SERVICES PROVIDED BY THE MUNICIPALITY

The monitoring of local public service delivery is based on guaranteeing the principles of transparency, good governance, and local accountability, as important principles that guarantee the local governance's integrity culture. An analysis conducted within this policy paper shows that regardless of LGUs' commitment in terms of predicting public service delivery in local strategic documents (local plans), the lack of a clear methodology regarding the monitoring of their implementation based on specific performance indicators makes it impossible to measure the performance of local public services, the implementation of planned measures as well as the provision of recommendations needed for an effective and sustainable public service delivery by municipalities.

F. DEFICIENT INFORMATION ON THE PART OF LOCAL ADMINISTRATION OFFICIALS ON INTEGRITY MECHANISMS AND ON THE FIGHT AGAINST CORRUPTION

Informing local administration officials about the mechanisms of integrity and the fight against corruption is important to instill a culture of integrity in each and every employee of the local administration. Irrespective of the continuous efforts on the part of the local government bodies to provide adequate measures and draft internal acts against corruption, local staff's lack of awareness of these instruments and measures affects not only their effective implementation, but also lead to failure to achieve positive results vis-à-vis local-level integrity index. A local administration informed and aware of the mechanisms and legal framework against corruption, prevention of conflict of interest, and the protection of whistleblowers creates a solid foundation for the identification of

integrity risks and situations of conflict of interest and helps respective local

G. LIMITED TRANSPARENCY OF LOCAL SELF-GOVERNMENT UNITS' ACTIVITY

The transparency of local self-government units' activity enables a more complete monitoring by the public regarding local decision-making in conformity with the principle of local citizen accountability and improving local public authorities' accountability. An analysis of the data of integrity plans reveals that some municipalities face challenges in terms of setting up adequate mechanisms and implementing specific measures to increase the transparency of local self-government bodies, especially in terms of meeting all requirements and updating the transparency program, hiring or assigning a coordinator for the right to information, drafting annual transparency reports, publishing their draft acts in the register of public notices in pursuance of the obligations provided for in Law No. 146/2014, "On public consultation".

H. LOW PARTICIPATION OF CITIZENS IN THE LOCAL DECISION-MAKING PROCESS AND THE DEVELOPMENT OF LOCAL PLANS

A high level of citizen participation in local decision-making processes is an important indicator in terms of the adoption of local government decisions based on participation and broad acceptance. Also, citizen participation in local decision-making is the result of a governance process framed by ethical principles and a culture of integrity in local governance. In this context, the indicator of low citizen participation is one of the challenges that will have to be better managed by local government units in order to make decisions that reflect citizen needs and are widely accepted by the public.

I. LACK OF INTERNAL REGULATORY ACTS ON THE PREVENTION OF CONFLICT OF INTEREST AND ON THE FIGHT AGAINST CORRUPTION

Law No. 9367/2005, "On the Prevention of Conflict of Interests in the Exercise of Public

Functions”, as amended, seeks to guarantee impartial and transparent decision-making in the best possible interest of the public and its trust in public institutions. This law provides for the prevention of conflict between the public and private interests of an official in the exercise of his/her functions. However, regardless of the legal provisions, the adoption of internal rules on the prevention of conflict of interest is important in terms of creating a necessary mechanism, which ensures that municipal employees and municipal councilors have the necessary knowledge and support to recognize and provide an efficient response to possible cases of conflict of interest. The lack of internal rules on the conflict of interest is accompanied by chilling effects related to the declaration, timely prevention, and reporting of cases of conflict of interest. This lack leads to inefficient and inadequate management of integrity in local governance.

J. LACK OF INTERNAL RULES TO STRENGTHEN THE ETHICS AND BEHAVIOR OF LOCAL ADMINISTRATION OFFICIALS

In the course of exercising its functional powers, the local administration is faced with various dilemmas in terms of attitude towards corrupt actions of municipal officials, management of cases of conflict of interest, action against the disclosure of confidential or private information, treatment of the appearance of discrimination etc. The existence of codes of ethics or clear and coherent internal rules on strengthening the ethics and conduct of local administration officials in the exercise of their duties improve the integrity culture at municipal level. In this regard, it is worth underlining that regardless of municipalities’ initiatives or will to instill a culture of integrity among municipal officials, the lack of codes of ethics or the existence of outdated rules on ethics and behavior make it difficult or thwart any efforts to enforce this culture at the local level.

K. LACK OF LONG-TERM STRATEGIES ON THE ADMINISTRATION AND MANAGEMENT OF MUNICIPAL ASSETS

In the area of asset administration and management, it is important to manage the challenges related to the need to design strategies on the administration of municipal assets and the creation of an electronic asset inventory that includes all property (legal, contractual, financial) information in possession of the Municipality in order to provide the most transparent service to the community and to the benefit of an efficient administration of assets owned by or granted to the municipalities. An analysis to date reveals that a complete inventory of municipality’s assets is still missing. On the other hand, municipal assets are not mortgaged due to the lack of funds for this purpose. Lack of funding conditions the development of strategies on the management of local public assets.

RECOMMENDATIONS

Taking into account the challenges identified in the above paragraphs in all functional areas of local self-government units' responsibilities, this policy brief recommends the following:

- a. LGUs will need to take measures to *implement and monitor integrity* plans by assigning a designated staff member in the capacity of Integrity Coordinator with the function of following up on the implementation of measures provided for in the integrity plans. In addition, the allocation of sufficient budget by the local self-government units to implement measures and achieve the objectives foreseen in these plans should be deemed important. It is also necessary to take measures to prepare integrity plans in all other municipalities in order to ensure that all LGUs have adopted integrity plans.
- b. It is important to extend local integrity plans to second-tier units of local governance. In this regard, prefectures and counties need to take measures to identify their integrity risks and *develop integrity plans* to address them.
- c. To improve work processes and increase the efficiency of local self-government units in terms of providing public services, it is necessary that LGUs take measures to *fill their human resource vacancies* in all sectors.
- d. All municipal structures will need to coordinate in the course of planning their annual budget in order to forecast realistic expenses based on strategic priorities and the needs identified by the preliminary analysis. Realistic planning of local public expenditures will create the basis for the implementation of priorities and addressing identified needs at each tier of local governance.
- e. It is important to increase the cooperation and coordination of LGUs with the Minister of State for Standards and Services in terms of drafting *a clear methodological framework regarding the monitoring of public services provided by the municipality*, based on specific performance indicators and with the aim of measuring the performance of local public services and the implementation of planned services.
- f. LGUs will need to take measures to *increase the level of information provided to local administration officials on the mechanisms of integrity* and the fight against corruption by adopting employee training plans the legal and regulatory framework on aspects of ethics and integrity in the public sector as well as training plans in specific areas and the implementation of informational activities in cooperation with central government bodies and the Albanian School of Public Administration (ASPA).
- g. LGUs will need to take specific measures to *increase the transparency of the municipality's activity*, especially in terms of meeting all requirements and updating the transparency program, assigning a coordinator for the right to information, preparing annual transparency reports, and publishing draft acts in the register of public notices in pursuance of obligations stipulated in Law No. 146/2014, "On Public Consultation".
- h. An increase in citizen participation in local decision-making will require Municipal Councils to undertake efforts to increase awareness of all citizens within their local jurisdiction to ensure their participation in *public hearings* for each draft act/decision under deliberation and approval by local councils. Increased public participation will impact the adoption of decisions that reflect citizen needs and

are broadly accepted by citizens. Also, municipalities need to take measures *for the timely publication of draft acts/decisions* in order to inform and consult them with citizens across the LGU's jurisdiction.

- i. Municipalities need to take measures to *update their internal regulatory framework with specific rules on the conflict of interest* and establish special mechanisms in this direction with the aim of ensuring timely action of local public authorities regarding the declaration, prevention, and reporting cases of conflict of interest for the purpose of efficient and adequate management of integrity of local governance.

- j. LGUs need to take effective measures *for drafting and approving codes of ethics or updating existing rules to strengthen the ethics and behavior of local administration officials* in the exercise of their duties in order to improve the integrity culture at the municipal level. Also, the determination of clear criteria and procedures for the dual employment of local administration officials is very important to ensure transparency and effectiveness of the municipal administration.

- k. Finally, it is important for LGUs to take measures *for the development of strategies on the administration of municipal assets and the creation of an electronic inventory of assets* owned by the municipality in order to deliver transparent services to the community and to efficiently administer properties owned by or in possession of municipalities.