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How to decentralize: A Practical Guide for Policy Makers



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Dr. Achim Lang
Leiter Fachstelle Local, Regional & Collaborative Governance
ZHAW School of Management and Law
Institut für Verwaltungs-Management
Gertrudstrasse 8
Postfach
8401 Winterthur
Schweiz

Dr. Valbona Karakaçi, Strategic advisor
Voltana Ademi, Expert on preschool education services
Projekti “Bashki të Forta”
Helvetas Swiss Intercooperation, Albania

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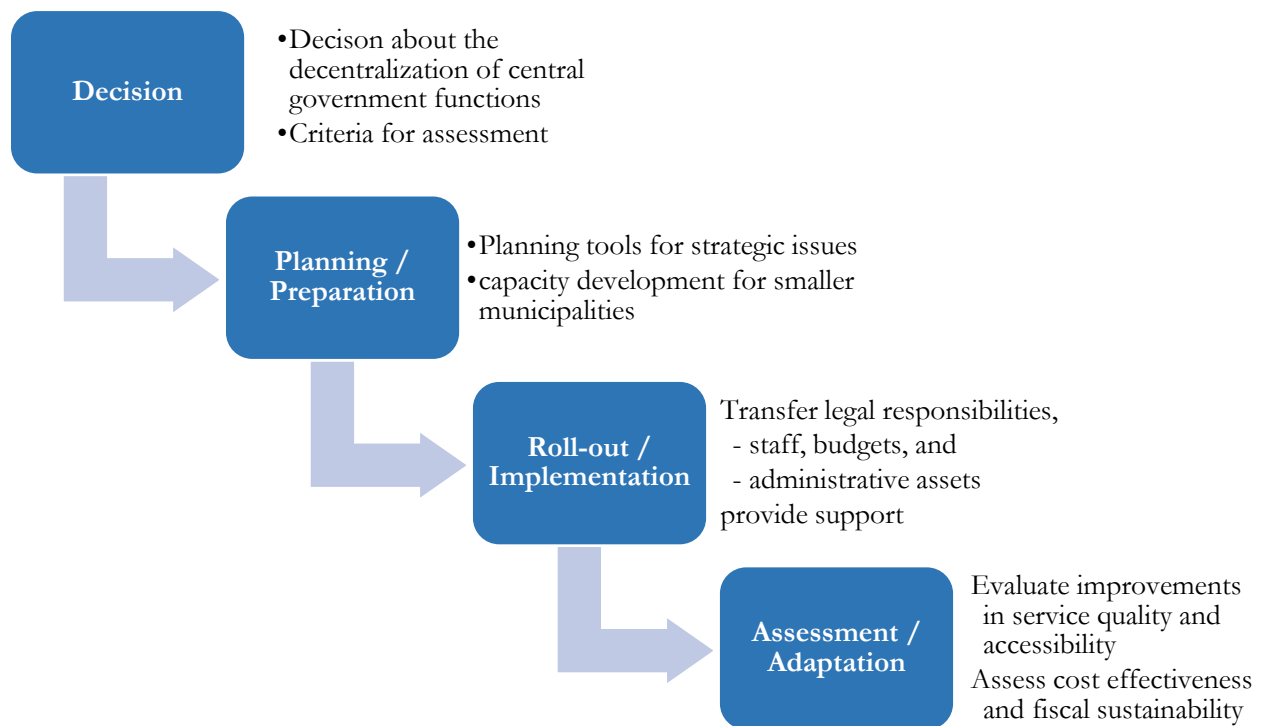


HOW TO DECENTRALIZE: RECOMMENDATIONS FOR POLICY MAKERS

Decentralization refers to the transfer of authority, responsibility, and resources from central government to lower levels of government or other actors. It is a governance reform aimed at bringing decision-making closer to citizens in order to improve efficiency, accountability, responsiveness, and democratic participation. Decentralization can take several forms. Political decentralization strengthens elected local governments and enhances citizen participation in local decision-making. Administrative decentralization redistributes planning, management, and service delivery functions to subnational authorities. Fiscal decentralization assigns revenue-raising powers and expenditure responsibilities to local governments, enabling them to finance their functions independently (Rondinelli, 1981; World Bank, 2001).

The underlying rationale is that local governments are better positioned to understand local needs and preferences, leading to more tailored and effective public services. However, successful decentralization requires adequate financial resources, institutional capacity, and clear legal frameworks. Without these conditions, decentralization can result in inefficiencies or inequalities across municipalities. When properly designed, decentralization strengthens local autonomy, accountability, and service quality while maintaining national coherence.

Figure 1: Decentralization steps.



The Annex provides a detailed case study of the preschool function in Albania. The analysis was developed in cooperation with NAMA, with contributions from experienced representatives of four participating municipalities.

DECISION ON DECENTRALIZATION OF A CENTRAL GOVERNMENT FUNCTION

Not every public function is suitable for decentralization. Functions need to be evaluated according to the concept of subsidiarity which is fundamental in the discourse about decentralization (Council of Europe 1985). This concept suggests that responsibilities ought to be assigned to the lowest level of government capable of handling them effectively. Therefore, decentralization works best when tasks are locally relevant, when preferences among municipalities vary, when economies of scale in service provision are limited, and when local governments have the skills and resources to operate effectively. Centralization is preferred when challenges like spillover effects from one municipality to another, coordination needs, equity issues, or efficiency advantages require national oversight. The following table provides an overview of the different factors to consider:

- Economies of Scale
- Externalities
- Heterogeneous Preferences
- Equity / Minimum Standards
- Accountability & Citizen Voice
- Coordination Needs
- Fiscal Capacity & Finance
- Local Administrative Capacity

Table 1 presents a conceptual decision framework for assigning public functions to different levels of government and reflects key arguments from decentralization theory, particularly the principle of subsidiarity and the theory of fiscal federalism. It illustrates the conditions under which a public function should be centralized at the national or decentralized to the local level.

Table 1: Criteria for the decision to decentralize

Heterogeneous Preferences + Accountability & Citizen Voice

		Yes	No
Negative Externalities + Economies of Scale	Yes	Consider other criteria <ul style="list-style-type: none"> • Equity / Minimum Standards • Coordination Needs • Fiscal Capacity & Finance • Local Administrative Capacity 	centralize
	No	decentralize	Consider other criteria <ul style="list-style-type: none"> • Equity / Minimum Standards • Coordination Needs • Fiscal Capacity & Finance • Local Administrative Capacity

At the top of the , two table important arguments in favor of decentralization are highlighted: heterogeneous preferences and accountability and citizen voice. According to decentralization theory, local governments are often better able to respond to diverse local needs and preferences. When preferences vary between regions (for example regarding education services, infrastructure priorities, or social services) local authorities can design policies that better reflect these local circumstances. Decentralization can also strengthen democratic accountability, as citizens have easier access to local decision-makers and can more directly influence public policies.

On the left side of the table, externalities and economies of scale are presented as arguments in favor of centralization. Externalities occur when decisions made in one municipality affect neighboring jurisdictions or the country as a whole. In such cases, decentralized decision-making may lead to coordination problems, and national-level regulation may be more appropriate. Similarly, when economies of scale are significant—meaning that services can be delivered more efficiently in larger administrative units—centralization may reduce costs and improve efficiency.

The central part of the diagram introduces additional criteria that influence the decision between centralization and decentralization. These include equity and minimum standards, coordination needs, fiscal capacity and finance, and local administrative capacity. Even when decentralization offers advantages in terms of responsiveness and accountability, these factors may justify a stronger role for the central government. For example, national governments may need to define minimum service standards to ensure equal rights and service quality across regions. Likewise, if municipalities lack sufficient financial resources or administrative expertise, decentralization may lead to uneven service provision.

Overall, the table demonstrates that decentralization is not a simple binary choice but rather a balancing process between competing governance considerations. In practice, this often leads to multi-level governance arrangements, where responsibilities are shared between national and local governments. The central government may define legal frameworks, standards, and funding mechanisms, while local governments are responsible for implementing services and adapting them to local conditions.

The decentralization process should start with clearly defined goals, such as enhancing service quality, boosting efficiency, promoting local democracy, or improving accountability. Well-articulated objectives guide the design of institutions and serve as benchmarks for future assessment. If goals are not clearly stated, the process of decentralization could turn out to be primarily symbolic without real impact. Possible goals are:

Institutional dimension

- Clearly defined responsibilities between national and local governments without overlaps, duplication of functions, and accountability gaps
- Functioning intergovernmental coordination, to ensure coherent policymaking

Financial dimension

- Ensure adequate and sustainable financing of decentralized functions
- Aligning responsibilities with reliable revenue sources and transfer mechanisms
- Improve fiscal autonomy and accountability of municipalities
- Reduce territorial disparities in service provision

Administrative dimension

- Sufficient administrative capacity at the local level
- Functioning administrative structures and workflows
- Develop monitoring systems, to assess the effectiveness of decentralized governance.

Service provision dimension

- Improve the quality and accessibility of public services.
- Ensure compliance with national service standards.
- Promote innovation and responsiveness in service delivery.

Table 2: Criteria for assessing the suitability of government functions for decentralization

Criterion	Explanation	Relevant questions	Source
Economies of Scale	Some public services can be delivered more efficiently on a larger scale since fixed costs can be spread over a bigger population. In these cases, splitting services among different municipalities might lead to significantly higher costs.	<input type="checkbox"/> Are cost advantages from large-scale provision limited? <input type="checkbox"/> Is the service delivery efficient at small scale? <input type="checkbox"/> Would fragmentation significantly increase costs?	World Bank 2001a, 2001b; OECD 2014, 2019
Negative Externalities	Actions taken locally can influence neighboring areas or the broader national context, and decentralization can sometimes create challenges in coordination. Decentralization is recommendable only if the effects are mainly local and if spillovers between municipalities can be managed efficiently.	<input type="checkbox"/> Are the effects primarily local? <input type="checkbox"/> Are cross-municipal spillovers minimal? <input type="checkbox"/> If spillovers exist, are coordination mechanisms feasible?	World Bank 2001a, 2001b; Faguet 2014
Heterogeneous Preferences	Decentralization is particularly beneficial when local communities have different needs and priorities. Local governance allows for policies and services to be tailored to unique local circumstances, thus enhancing overall welfare compared to uniform national regulations.	<input type="checkbox"/> Do local populations have differing needs or preferences? <input type="checkbox"/> Would uniform national rules reduce welfare? <input type="checkbox"/> Is local adaptation beneficial?	Bardhan & Mookherjee 2006
Equity / Minimum Standards	Decentralization might worsen municipal inequalities if local governments have very different resources or capabilities. Centralized rules might be essential to ensure equal rights and set uniform minimum service levels across the country.	<input type="checkbox"/> Would decentralization risk municipal inequalities? <input type="checkbox"/> Are national minimum standards required? <input type="checkbox"/> Are equalization mechanisms available?	World Bank 2001a, 2001b; Faguet 2014
Accountability & Citizen Voice	Decentralization can boost political accountability because it allows citizens to have easier access to decision-makers and enables them to more directly influence outcomes.	<input type="checkbox"/> Does decentralization enhance political accountability? <input type="checkbox"/> Can citizens meaningfully influence outcomes locally? <input type="checkbox"/> Are performance metrics transparent?	UNDP 2009; Bardhan & Mookherjee 2006
Coordination Needs	Some activities require a strong consistency at the national level or demand significant collaboration both vertically and horizontally. In such cases, decentralization might result in high coordination costs or inconsistent implementation.	<input type="checkbox"/> Does the task require national uniformity? <input type="checkbox"/> Is strong vertical or horizontal coordination necessary? <input type="checkbox"/> Can coordination costs be managed locally?	OECD 2014, 2019; World Bank 2001a, 2001b
Fiscal Capacity & Finance	Decentralization is feasible if revenue sources are sufficient, if the transfers are clear and easy to comprehend, and if the funding corresponds with the assigned tasks.	<input type="checkbox"/> Is funding responsibility clearly defined? <input type="checkbox"/> Do municipalities have stable revenue sources? <input type="checkbox"/> Are intergovernmental transfers adequate?	UNDP 2009; OECD 2014, 2019
Local Administrative Capacity	Decentralization can only occur if municipalities have the necessary knowledge, staff, and institutional structures to manage responsibilities effectively. A lack of adequate capacity can lead to poorer service quality and accountability.	<input type="checkbox"/> Do municipalities have adequate expertise? <input type="checkbox"/> Is staffing and institutional capacity sufficient? <input type="checkbox"/> Are oversight and compliance systems in place?	UNDP; World Bank 2001a, 2001b

PLANNING AND PREPARATION

Institutional dimension

Specifying legal obligations and responsibilities between government levels

Decentralization requires a clear legal framework that assigns responsibilities to avoid overlaps, duplication, or gaps in accountability. Laws must specify which governmental level is in charge of legislation, funding, execution, and supervision.

Development of frameworks for intergovernmental coordination

Coordination organizations or official discussion platforms are typically set up to manage communication between national and local governments. These networks assist in sharing information, aligning policies, and resolving disputes. Effective coordination prevents disconnection and ensures consistency across various municipalities.

Table 3: Principles and checklist for the institutional dimension regarding planning

Principle	Checklist
Specifying legal obligations and responsibilities between government levels	Responsibilities have to be clearly defined in <ul style="list-style-type: none">• national law• subsequent orders regarding the following thematic areas: <ul style="list-style-type: none">• Who sets the policy• Who decides on the standards• Who is responsible for oversight, financing, and service provision• Who produces the service• Who monitors and evaluates service delivery
Development of frameworks for intergovernmental coordination	For each of the shared functions and sub-functions, there are institutional mechanisms in place for: <ul style="list-style-type: none">• Consultation/co-ordination• Burden sharing• Conflict resolution

Financial dimension

Costing of the function

Responsibilities should be accompanied by a clear estimation of the real costs of delivering the decentralized service. Costing mechanisms must identify the financial requirements for sustainable service delivery.

Creating fiscal frameworks

The financial setup is crucial for effective decentralization. Responsibilities should align with reliable and sufficient revenue sources, such as local taxes or intergovernmental transfers. Equalization strategies may also be necessary to stop municipal inequalities from increasing.

Establishing financial transfer mechanisms

Updated or new financial arrangements among governments are often required to facilitate decentralized responsibilities. This can include grants based on certain formulas, shared tax revenues, or conditional transfers. Well-defined and dependable transfer systems aid in stabilizing local budgets and help to reduce fiscal imbalances.

Equalization mechanisms

Fiscal equalization mechanisms are necessary to reduce disparities between richer and poorer municipalities. Without equalization systems, decentralization may increase territorial inequalities in service provision.

Table 4: Principles and checklist for the financial dimension regarding planning

Principle	Checklist
Costing of the function	<p>Costing must be clearly defined regarding the following aspects:</p> <ul style="list-style-type: none"> • Identification of the full operational cost of the function • Calculation of costs per service unit (e.g., per child, per facility, per service) • Separation of cost components (staff, infrastructure, materials, etc.) • Identification of fixed and variable costs • Projection of long-term investment and maintenance costs • Consideration of territorial differences (e.g., rural vs. urban service costs)
Creating fiscal frameworks	<p>Financial frameworks should define:</p> <ul style="list-style-type: none"> • The share of national and local revenues allocated to the function • The balance between own-source revenues and intergovernmental transfers • Fiscal rules governing local government borrowing and spending • Mechanisms ensuring fiscal discipline and transparency • Financial reporting and auditing procedures • Long-term fiscal sustainability of decentralized responsibilities
Establishing financial transfer mechanisms	<p>Transfer mechanisms should specify:</p> <ul style="list-style-type: none"> • The type of transfer (unconditional, conditional, earmarked) • The allocation formula used for distributing funds • Indicators used in the formula (population, service users, geography, etc.) • Frequency and predictability of transfers • Procedures for adjusting transfers based on demographic or policy changes • Monitoring of transfer effectiveness and service outcomes
Equalization mechanisms	<p>Equalization systems should address:</p> <ul style="list-style-type: none"> • Differences in municipal fiscal capacity • Differences in service demand • Mechanisms to compensate disadvantaged municipalities • Monitoring territorial disparities in service provision • Periodic revision of equalization formulas

Administrative dimension

Organizing data and oversight systems

Monitoring systems are important for accountability and should systematically collect information regarding decentralization objectives and the standards. Reliable data systems enable benchmarking across municipalities and support evidence-based policymaking.

Capacity building

Administrative capacity is essential for decentralized governance. Subnational governments must have sufficient professional staff, technical expertise, and institutional capabilities to manage decentralized responsibilities effectively.

Process maps and organigrams

Clear administrative structures are necessary to implement decentralized responsibilities. Process maps define workflows and responsibilities within public administrations, while organizational charts clarify reporting lines and management structures.

Links to other functions

Decentralized services should be integrated with other policy areas. For example, education services often need coordination with social services, health systems, or regional development policies to ensure coherent governance.

Table 5: Principles and checklist for the administrative dimension regarding planning

Principle	Checklist
Organizing data and oversight systems	Oversight systems should define: <ul style="list-style-type: none">• Procedures for monitoring compliance with standards• Mechanisms for reporting and corrective action• Coordination between national inspection bodies and local authorities
Capacity building	Capacity-building policies should address: <ul style="list-style-type: none">• Training programs for local government staff• Technical assistance from central government or specialized agencies• Access to expertise and advisory services• Strategies for strengthening institutional capacity
Process maps and organigrams	Administrative organization should specify: <ul style="list-style-type: none">• Organizational structures of responsible institutions• Reporting lines between departments and levels of government• Workflow processes for service delivery• Coordination between administrative units• Documentation of administrative procedures
Links to other functions	Coordination mechanisms should ensure: <ul style="list-style-type: none">• Integration with related policy sectors (e.g., education, social protection)• Cooperation between national agencies and municipalities• Horizontal coordination between municipal departments• Shared information systems across sectors

Service dimension

Establishing service standards

National service standards define minimum requirements for service delivery (e.g., infrastructure standards, staff qualifications, service accessibility). These standards ensure that decentralization does not create major inequalities in service quality.

Table 6: Principles and checklist for the service dimension regarding planning

Principle	Checklist
Establishing service standards	Service standards should define: <ul style="list-style-type: none">• Minimum infrastructure requirements• Staffing ratios and qualifications• Quality indicators for service delivery• Safety and operational standards• Procedures for periodic review and updates of standards

IMPLEMENTATION / ROLL-OUT

During the implementation phase, the process of decentralization goes into effect.

1. Pilot projects or phased implementation

Rather than implementing decentralization nationwide at once, governments often begin with pilot municipalities or a gradual rollout. This allows policymakers to test institutional arrangements, identify implementation challenges, and make adjustments before full-scale expansion. Phased implementation reduces risk and supports institutional learning.

The full-scale roll out consists of the following tasks:

2. Transferring responsibilities to local governments

The decentralization reform is enacted through legal or administrative approaches that formally grant new powers to local authorities. This may require modifications to laws, executive directives, or written agreements between governing bodies. Maintaining accurate records of the transferred responsibilities ensures legal clarity and accountability.

3. Shifting staff, budgets, and administrative assets

Effective decentralization necessitates more than merely shifting tasks; it also involves reallocating essential human, financial, and material assets. Staff may be reassigned to local administrations, and the accompanying budgets must go along with the transferred duties. Physical assets, information systems, and infrastructure might also need to be conveyed to guarantee seamless operations.

4. Providing support

When new responsibilities are transferred to local governments, they often require additional guidance, technical assistance, and institutional support to effectively perform their new functions. Central governments should therefore establish support mechanisms such as training programs, advisory services, and operational guidelines. In addition, peer-learning networks and knowledge-sharing platforms between municipalities can facilitate the exchange of good practices and accelerate institutional learning.

5. Monitoring and evaluation during implementation

The OECD stresses that decentralization reforms should include mechanisms to monitor the implementation process. Governments should track whether responsibilities, resources, and capacities are effectively transferred and whether local governments can perform their new functions. Monitoring helps identify problems early and allows policymakers to adapt the reform design when necessary.

Table 7: Principles and checklist for the service dimension regarding implementation

Principle	Checklist
Pilot projects or phased implementation	<p>Piloting prior to decentralization should consider:</p> <ul style="list-style-type: none"> • Pilot municipalities are selected to test the decentralized function • The criteria for selecting pilot municipalities are clearly defined • Implementation challenges are systematically documented during the pilot phase • Lessons learned from pilot municipalities are incorporated into reform design • A timeline for gradual nationwide rollout is established
Transferring responsibilities to local governments	<p>Responsibilities should be transferred through:</p> <ul style="list-style-type: none"> • Amendments to national legislation defining the decentralized function are in force • Also issuance of implementing regulations, ministerial orders, or executive directives • Formal agreements between central and local government institutions <p>The legal framework should clearly specify:</p> <ul style="list-style-type: none"> • Responsibilities are transferred to municipalities • The scope of local decision-making authority is clearly stated • Reporting obligations and accountability mechanisms are clear <p>Operational clarity should ensure:</p> <ul style="list-style-type: none"> • Documentation of transferred responsibilities and sub-functions • Procedures for coordination between government levels in place • Mechanisms for resolving conflicts between institutions
Shifting staff, budgets, and administrative assets	<p>Human resource transfers should address:</p> <ul style="list-style-type: none"> • Reassignment of staff from central institutions to local administrations • Clarification of employment contracts and reporting structures • Training programs for transferred staff is in place <p>Budget transfers should ensure:</p> <ul style="list-style-type: none"> • Allocation of sufficient financial resources for the decentralized function • Clear rules governing the transfer of budgets to municipalities • Integration of transferred budgets into municipal financial management systems • Monitoring of the use of transferred funds <p>Asset transfers should include:</p> <ul style="list-style-type: none"> • Transfer of infrastructure and facilities related to the function • Transfer of equipment, materials, and operational resources • Transfer or integration of relevant information systems and databases • Documentation of ownership and maintenance responsibilities
Providing support	<p>Support mechanisms are in place:</p> <ul style="list-style-type: none"> • Training programs for municipal staff responsible for the new function • Operational guidelines explaining legal and administrative procedures • Technical assistance from central government institutions • Advisory services for financial management and service planning

Monitoring and evaluation during implementation	<p>Monitoring systems ensure:</p> <ul style="list-style-type: none">• Collection of comparable data across municipalities• Tracking of transferred responsibilities, resources, and capacities• Performance indicators for decentralized service delivery• Regular reporting from municipalities to central government <p>Evaluation mechanisms assess:</p> <ul style="list-style-type: none">• Whether municipalities can perform their new responsibilities• Whether service delivery is disrupted during implementation• Whether financial resources match assigned responsibilities• Whether coordination between government levels functions effectively <p>Adaptation mechanisms should allow:</p> <ul style="list-style-type: none">• Adjustments to the reform design when problems emerge• Revision of legal or financial arrangements if necessary• Additional support for municipalities facing implementation challenges
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ASSESSMENT AND ADAPTATION

The evaluation phase assesses the extent to which decentralization achieves its intended objectives. It is critical to ensure that decentralization does not inadvertently lead to increased inequalities or a deterioration in service quality. The following assessments are required

Institutional dimension

Clarifying overlapping responsibilities

Assessments may find that responsibilities between government levels are unclear or repeated. Legal or administrative changes can redefine roles to lessen inefficiencies and improve accountability.

Table 8: Checklist for the institutional dimension regarding assessment and adaptation

Principle	Checklist
Clarifying overlapping responsibilities	<ul style="list-style-type: none">• Responsibilities between central and local governments are clearly defined in legislation• Overlaps between institutions have emerged during implementation• Administrative procedures do not cause duplication of work between gov. levels• Accountability for decisions and outcomes is clearly assigned• Legal provisions reflect the actual division of responsibilities• Coordination mechanisms between government levels function effectively

Financial dimension

Cost effectiveness

Decentralization should ideally yield efficiency improvements by better aligning services with local needs or reducing layers of administration. Evaluations look at whether services are provided at lower or more reasonable costs in relation to their outcomes. Cost analysis across municipalities can highlight productivity variations.

Fiscal sustainability for local governments

Evaluations take into account whether municipalities can support their new responsibilities without incurring unmanageable debt. Indicators involve budget balance, revenue stability, and reliance on inter-governmental transfers. Long-term fiscal sustainability is vital for sustaining decentralized systems.

Updating fiscal equalization formulas

If differences arise, the Albanian government could change how funds are distributed to improve financial balance among municipalities. Reforms aimed at equalization seek to guarantee similar service levels even when local revenue differs.

Table 9: Checklist for the financial dimension regarding assessment and adaptation

Principle	Checklist
Cost effectiveness	<ul style="list-style-type: none"> • Service costs differ significantly between municipalities • The cost per service unit (e.g., per child, per service user) is known and monitored • Decentralization has reduced administrative costs or improved productivity • Benchmarking across municipalities is used to identify efficiency differences
Fiscal sustainability for local governments	<ul style="list-style-type: none"> • Municipal budgets remain balanced and sustainable after decentralization • Municipal debt levels remain sustainable • Local governments can finance services without accumulating arrears • Revenue streams are stable and predictable • Municipalities rely excessively on intergovernmental transfers • Local governments have sufficient fiscal autonomy to adjust expenditures
Updating fiscal equalization formulas	<ul style="list-style-type: none"> • Fiscal disparities between municipalities have increased or decreased • Equalization mechanisms adequately compensate municipalities with weaker fiscal capacity • Transfer formulas reflect real service costs and population needs • Allocation criteria are transparent and predictable • Equalization mechanisms support comparable service levels across municipalities

Administrative dimension

Strengthening minimum national standards

When decentralization results in uneven service delivery, national minimum standards should. These standards ensure fairness while allowing local authorities some freedom in how they are applied. This protects fundamental rights and service quality across the country.

Providing additional training and support to weaker municipalities

Capacity issues found during evaluations can be tackled with focused training, counseling, or technical help. Supporting weaker municipalities helps to stop structural inequalities from worsening.

Differences between municipalities

The assessment must identify whether decentralization has either widened or diminished disparities among municipalities. Variations in service quality, fiscal resources, or infrastructure development are thoroughly observed. If inequalities grow significantly, corrective actions may be required.

Table 10: Checklist for the administrative dimension regarding assessment and adaptation

Principle	Checklist
Strengthening minimum national standards	<p>Assess whether:</p> <ul style="list-style-type: none"> • Minimum national service standards exist and are clearly defined • Municipalities comply with these standards • Inspection or monitoring bodies regularly evaluate compliance • Standards are updated when service needs change • National standards balance uniform quality with local flexibility
Differences between municipalities	<ul style="list-style-type: none"> • Service quality differs significantly between municipalities • Infrastructure and service availability vary across regions • Fiscal capacity differences influence service provision • Rural and urban municipalities face different implementation challenges • Policy interventions are needed to reduce territorial disparities

Service dimension

Improvements in service quality

Assessments check whether decentralization has enhanced accessibility, responsiveness, and overall quality of public services. Criteria may include service coverage, processing times, and adherence to established standards.

Citizen approval and accountability

Reforms are evaluated based on whether local decision-making fosters citizen involvement and perceived responsiveness. Surveys, complaint channels, and participation levels assist in measuring satisfaction and democratic accountability. Stronger local accountability is a key normative rationale for decentralization.

Indicators of administrative performance

Performance management tools such as output indicators, benchmarking, and audits assess administrative efficiency. These measures help to pinpoint implementation gaps and areas needing improvement. Clear performance data supports adjustments based on evidence.

Table 11: Checklist for the service dimension regarding assessment and adaptation

Principle	Checklist
Improvements in service qual	<ul style="list-style-type: none"> • Access to services has improved • Service coverage has expanded • Service delivery times have improved • Service quality indicators have improved • Municipalities adapt services to local needs
Citizen approval and accountability	<ul style="list-style-type: none"> • Citizens are satisfied with local service delivery • Complaint mechanisms exist and are used • Citizen participation in decision-making has increased • Public trust in local institutions has improved
Indicators of administrative performance	<ul style="list-style-type: none"> • Performance indicators exist for decentralized services • Benchmarking between municipalities is used • Administrative performance data is publicly available • Monitoring results inform policy adjustments

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ANNEX – CASE STUDY: PRESCHOOL IN ALBANIA

PLANNING AND PREPARATION

Institutional dimension

Table A1: Principles and checklist for the institutional dimension in the planning phase:

Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
<p>Specifying legal obligations and responsibilities between government levels</p>	<p>Responsibilities have to be clearly defined in</p> <ul style="list-style-type: none"> • national law • subsequent orders regarding the following thematic areas: <ul style="list-style-type: none"> • Who sets the policy • Who decides on the standards • Who is responsible for oversight, financing, and service provision • Who produces the service <p>Who monitors and evaluates service delivery</p>	<p>Responsibilities were defined in</p> <ul style="list-style-type: none"> • In the Law on Local Self-Government and the Law on Pre-University Education. • The secondary legislation required for the transfer of the function was not fully in place at the outset and was developed progressively during implementation. regarding the following thematic areas: <ul style="list-style-type: none"> • Core policies and standards are determined by the central level. The Consultative Council served as one of the coordination instruments applied. However, some standards remained undefined, and some standards or legal obligations approved by the central level were not adequately consulted with local government. • Municipalities are the main actors responsible for the organization, financing, and administration of public kindergartens, as clearly established by the Law on Local Self-Government. • Actual service delivery is carried out by kindergartens and their staff under the administration of municipalities. • Monitoring and evaluation is fragmented, with overlaps between municipalities, the Ministry of Education and Sports, and deconcentrated structures. • By 2025, the framework is functional, but the operational division of competences is still not fully clear.
<p>Development of frameworks for intergovernmental coordination</p>	<p>For each of the shared functions and sub-functions, there are institutional mechanisms in place for:</p> <ul style="list-style-type: none"> • Consultation/coordination • Burden sharing • Conflict resolution 	<p>For each of the shared functions and sub-functions, there are institutional mechanisms in place for:</p> <ul style="list-style-type: none"> • Coordination mechanisms exist between municipalities, the Ministry of Education and Sports, Local Education Offices (ZVAPs), and other structures, but they remain partial and insufficiently standardized. Over the years of implementation by municipalities, these mechanisms have gradually been supplemented and improved. • In principle, the division of responsibilities has been established: the central government formulates policies and standards, while municipalities deliver and finance the service. In practice, however, overlaps and gaps remain in planning, monitoring, reporting, and staff development. • Clear and unified mechanisms for dispute resolution and for sustained inter-institutional coordination are still lacking.

Financial dimension

Table A2: Principles and checklist for the financial dimension regarding planning:

Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
Costing of the function	<p>Costing must be clearly defined regarding the following aspects:</p> <ul style="list-style-type: none"> • Identification of the full operational cost of the function • Calculation of costs per service unit (e.g., per child, per facility, per service) • Separation of cost components (staff, infrastructure, materials, etc.) • Identification of fixed and variable costs • Projection of long-term investment and maintenance costs • Consideration of territorial differences (e.g., rural vs. urban) 	<ul style="list-style-type: none"> • By 2025, a unified costing methodology for preschool education in Albania had still not been established. • Actual operating costs are not fully identified, as the financing framework does not clearly distinguish preschool expenditures from those related to basic education. • The main cost components are recognized in practice such as staff, maintenance, materials, food, and support for vulnerable children, but they are not calculated in a standardized way per unit of service. • Fixed and variable costs are not clearly separated in the current system. • Long-term investment and maintenance costs are not fully reflected in the existing financing formula. • Territorial differences remain significant, particularly in rural areas, where small class sizes and greater distances increase the cost-of-service delivery.
Creating fiscal frameworks	<p>Financial frameworks should define:</p> <ul style="list-style-type: none"> • The share of national & local rev.ues allocated to the function • The balance between own-source revenues and intergovernmental transfers • Fiscal rules governing local government borrowing/spending • Mechanisms ensuring fiscal discipline and transparency • Financial reporting and auditing procedures • Long-term fiscal sustainability of decentralized responsibilities 	<p>Financial frameworks:</p> <ul style="list-style-type: none"> • Preschool education is financed through a combination of central government transfers and municipalities' own revenues from both the state budget and municipal budgets. Municipalities have gradually increased the use of their own funds, but the system remains highly dependent on national transfers. • The fiscal framework for decentralization has not fully matched the expansion of responsibilities with equivalent financial capacity at the local level. • Transparency and accountability are weakened by the fact that preschool financing remains combined with the broader budget programme for "Basic and Preschool Education." • This makes it difficult to ensure accurate function-specific reporting, conduct audits by function, and assess the long-term fiscal sustainability of decentralized responsibilities.

Principles	Checklist	Case Study: Preschool Service in Albania
Establishing financial transfer mechanisms	<p>Transfer mechanisms should specify:</p> <ul style="list-style-type: none"> • The type of transfer (unconditional, conditional, earmarked) • The allocation formula used for distributing funds • Indicators used in the formula (population, service users, geography, etc.) • Frequency and predictability of transfers • Procedures for adjusting transfers based on demographic or policy changes • Monitoring of transfer effectiveness and service outcomes 	<p>Transfer mechanisms:</p> <ul style="list-style-type: none"> • Since 2019, the function has been financed primarily through the Unconditional Sectoral Transfer, which is intended to support pre-school education while allowing municipalities flexibility in its use. • The allocation formula is based 40% on the number of teachers and 60% on the number of enrolled children. • The current formula does not sufficiently account for factors such as geographic costs, support staff, teaching and learning materials, and maintenance needs. • Transfers have been relatively predictable, but not always sufficient and not fully responsive to changes in actual service needs. • Stronger mechanisms are still needed for the periodic review of the formula and for monitoring the effectiveness of transfers in relation to service quality.
Equalization mechanisms	<p>Equalization systems should address:</p> <ul style="list-style-type: none"> • Differences in municipal fiscal capacity • Differences in service demand • Mechanisms to compensate disadvantaged municipalities • Monitoring territorial disparities in service provision • Periodic revision of equalization formulas 	<p>Equalization systems should address:</p> <ul style="list-style-type: none"> • In practice, the current equalization mechanisms are not sufficient to compensate for differences among municipalities. • Municipalities with stronger revenue bases are able to contribute more of their own resources, while fiscally weaker municipalities remain constrained. • This results in unequal levels of funding per child and disparities in infrastructure, staffing, and materials. • Rural areas and municipalities facing geographic disadvantages incur higher costs and often experience weaker service coverage. • A stronger equalization formula, greater transparency, and periodic review of allocation mechanisms are needed to prevent the further deepening of territorial inequalities.

Administrative dimension

Table A3: Principles and checklist for the administrative dimension regarding planning:
Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
Organizing data and oversight systems	<p>Oversight systems should define:</p> <ul style="list-style-type: none"> • Procedures for monitoring compliance with standards • Mechanisms for reporting and corrective action <p>Coordination between national inspection bodies and local authorities</p>	<p>Oversight systems:</p> <ul style="list-style-type: none"> • Monitoring of compliance with standards exists, but remains fragmented and non-uniform. • Municipalities often lack standardized tools for measuring service quality and rely heavily on self-reporting by kindergarten managers. INSTAT also collects data validated by municipal staff through a national system, although this does not yet cover all standards. • Reporting remains dispersed and is not always linked to clear corrective measures. • Coordination between the Ministry of Education and Sports, Local Education Offices (ZVAPs), inspectorates, and municipalities remains partial, with legal and information gaps as well as overlapping roles. • An integrated information system linking national and local institutions is still lacking.
Capacity building	<p>Capacity-building policies should address:</p> <ul style="list-style-type: none"> • Training programs for local government staff • Technical assistance from central government or specialized agencies • Access to expertise and advisory services <p>Strategies for strengthening institutional capacity</p>	<p>Capacity-building policies:</p> <ul style="list-style-type: none"> • By 2025, the coverage and frequency of training for local government staff and educators had increased. • Technical assistance has been provided primarily through national programmes and donor-supported initiatives, including BtF. TALGA was established in 2025, whereas a dedicated academy for local government did not exist in 2015. • Access to practical expertise has improved through guidelines and process models, although a comprehensive and standardized national system is still not in place. • Institutional capacities have strengthened to some extent, yet many municipalities continue to face shortages of preschool education specialists, psychologists, social workers, and trained assistant teachers.
Process maps and organigrams	<p>Administrative organization should specify:</p> <ul style="list-style-type: none"> • Organizational structures of responsible institutions • Reporting lines between departments and levels of government • Workflow processes for service delivery • Coordination between administrative units <p>Documentation of administrative procedures</p>	<p>Administrative organization:</p> <ul style="list-style-type: none"> • Most municipalities have established dedicated structures for the administration of preschool education, but the role of municipal education units is not always clearly reflected in organizational acts. • Reporting lines between municipalities, local education offices (ZVAPs), and the central level remain partly unclear. • Work processes have been documented to some extent, particularly through the BtF process analysis handbook, but standardized national and local guidance is still lacking across municipalities and across the full range of processes. • Coordination between administrative units remains uneven and depends largely on local capacities. • Procedural documentation exists only partially and has not yet been unified at the national level.
Links to other functions	<p>Coordination mechanisms should ensure:</p>	<p>Coordination mechanisms:</p>

	<ul style="list-style-type: none"> • Integration with related policy sectors (e.g., education, social protection) • Cooperation between national agencies and municipalities • Horizontal coordination between municipal departments <p>Shared information systems across sectors</p>	<ul style="list-style-type: none"> • Links with other functions have gradually strengthened over the years, particularly in the areas of child protection and the involvement of psychosocial structures and multidisciplinary commissions. In 2015, municipalities were largely unprepared in this regard. • The system remains fragmented across education, social protection, health, and other sectors. • Cooperation between national agencies and municipalities exists, but is not always formalized or mandatory. • Horizontal coordination within municipalities has improved in some cases through child protection units and intersectoral groups, but remains uneven. • Integrated cross-sectoral information systems are still lacking, limiting comprehensive analysis and planning for children aged 3–6. This area has improved as a result of growing municipal engagement since 2015. Integration with related policy sectors (e.g., education, social protection)
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Service dimension

Table A4: Principles and checklist for the service dimension regarding planning:

Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
<p>Establishing service standards</p>	<p>Service standards should define:</p> <ul style="list-style-type: none"> • Minimum infrastructure requirements • Staffing ratios and qualifications • Quality indicators for service delivery • Safety and operational standards <p>Procedures for periodic review and updates of standards</p>	<p>Service standards:</p> <ul style="list-style-type: none"> • Certain national standards exist and municipalities have been informed of them since 2015; however, a unified and fully measurable national standard for preschool service delivery is still lacking. • Requirements related to infrastructure, safety, hygiene, and accessibility were defined following the decentralization of the function in 2017 (VKM nr.159/2017) and are recognized in principle, but implementation varies significantly across municipalities, particularly between urban and rural areas. • Staff ratios and qualifications have been, and continue to be, problematic due to shortages of assistant teachers, psychosocial staff, and dedicated preschool specialists. • Quality indicators and their monitoring remain fragmented, with a lack of standardized tools and limited comparability across municipalities. The Agency for the Support of Local Self-Government and local governments produced comparative performance indicators for the first time in 2024. • Safety and operational standards exist, having been established in 2017, but actual conditions related to safety, equipment, and teaching and learning materials remain uneven.

IMPLEMENTATION / ROLL-OUT

Table A5: Principles and checklist for the service dimension regarding planning:
Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
Pilot projects or phased implementation	<p>Piloting prior to decentralization should consider:</p> <ul style="list-style-type: none"> • Pilot municipalities are selected to test the decentralized function • The criteria for selecting pilot municipalities are clearly defined • Implementation challenges are systematically documented during the pilot phase • Lessons learned from pilot municipalities are incorporated into reform design <p>A timeline for gradual nationwide rollout is established</p>	<p>Piloting prior to decentralization:</p> <ul style="list-style-type: none"> • In the Albanian case of preschool education, decentralization was not accompanied by a formal piloting phase with officially designated pilot municipalities. • The process took place gradually, evolving from a shared function into a fully decentralized local function. • The period 2015–2018 served as a transitional phase, during which responsibilities, financing, and administrative functions were progressively transferred. • Lessons from implementation were drawn mainly from the practical experience of municipalities and from assessments carried out during and after several years of reform implementation. • Nationwide rollout occurred in practice following the entry into force of the reform and its operationalization from 2017 onward.
Transferring responsibilities to local governments	<p>Responsibilities should be transferred through:</p> <ul style="list-style-type: none"> • Amendments to national legislation defining the decentralized function are in force • Also issuance of implementing regulations, ministerial orders, or executive directives • Formal agreements between central and local government institutions <p>The legal framework should clearly specify:</p> <ul style="list-style-type: none"> • Responsibilities are transferred to municipalities • The scope of local decision-making authority is clearly stated • Reporting obligations and accountability mechanisms are clear <p>Operational clarity should ensure:</p> <ul style="list-style-type: none"> • Documentation of transferred responsibilities and sub-functions • Procedures for coordination between government levels in place <p>Mechanisms for resolving conflicts between institutions</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> • The transfer was grounded in Law No. 139/2015, Law No. 69/2012. • The legal framework defined preschool education as a local government function and municipalities as the main providers of the service. <p>The legal framework:</p> <ul style="list-style-type: none"> • Responsibilities for financing, staffing, and kindergarten administration were transferred to municipalities. • However, by 2025, overlaps in competences with the Ministry of Education and Sports and deconcentrated structures still persist. • Reporting and accountability obligations exist, but are not always supported by a clear operational division of roles. <p>Operational clarity:</p> <ul style="list-style-type: none"> • Coordination and dispute-resolution mechanisms remain partial.
Shifting staff, budgets, and administrative assets	<p>Human resource transfers should address:</p>	<p>Human resource transfers:</p> <ul style="list-style-type: none"> • Municipalities assumed responsibility for teachers' salaries, staff administration, and kindergarten management.

	<ul style="list-style-type: none"> • Reassignment of staff from central institutions to local administrations • Clarification of employment contracts and reporting structures • Training programs for transferred staff is in place <p>Budget transfers should ensure:</p> <ul style="list-style-type: none"> • Allocation of sufficient financial resources for the decentralized function • Clear rules governing the transfer of budgets to municipalities • Integration of transferred budgets into municipal financial management systems • Monitoring of the use of transferred funds <p>Asset transfers should include:</p> <ul style="list-style-type: none"> • Transfer of infrastructure and facilities related to the function • Transfer of equipment, materials, and operational resources • Transfer or integration of relevant information systems and databases <p>Documentation of ownership and maintenance responsibilities</p>	<ul style="list-style-type: none"> • Clarifying and defining management structures within municipalities proved challenging, as municipalities were initially underprepared and roles were not clearly defined. The same applied to the employment contracts of transferred staff. <p>Budget transfers should ensure:</p> <ul style="list-style-type: none"> • Financing was initially transferred through a specific transfer, and later through the unconditional sectoral transfer. • Financial resources were transferred, but they have remained insufficient to cover actual costs. <p>Asset transfers should include:</p> <ul style="list-style-type: none"> • Municipalities also inherited responsibility for infrastructure, assets, maintenance, and the kindergarten network. • In some cases, asset inventories were incomplete, and assets were transferred without formal ownership documentation. • Information systems and databases related to assets and staffing were not fully integrated.
Providing support	<p>Support mechanisms are in place:</p> <ul style="list-style-type: none"> • Training programs for municipal staff responsible for the new function • Operational guidelines explaining legal and administrative procedures • Technical assistance from central government institutions <p>Advisory services for financial management and service planning</p>	<p>Support mechanisms:</p> <ul style="list-style-type: none"> • Municipalities received relatively good information from the central level regarding standards and legal changes. • Training and technical assistance were provided, particularly through international support programmes such as BtF, UNICEF, Save the Children, and USAID. • Support for administrative processes, organizational charts, benchmarking, and operating models was more limited, particularly in the early phase, despite initiatives such as the STAR project (2015–2016). • Advisory support for service planning and performance improvement has been available through Agency for the Support of Local Self-Government, but has not yet been delivered consistently across all municipalities.
Monitoring and evaluation during implementation	<p>Monitoring systems ensure:</p> <ul style="list-style-type: none"> • Collection of comparable data across municipalities • Tracking of transferred responsibilities, resources, and capacities • Performance indicators for decentralized service delivery • Regular reporting from municipalities to central government 	<p>Monitoring systems ensure:</p> <ul style="list-style-type: none"> • Monitoring has improved over time, but remains fragmented and not fully comparable across municipalities. • Many municipalities report having specialist units, regular contact with kindergartens, improvement plans, and data collection practices in place.

	<p>Evaluation mechanisms assess:</p> <ul style="list-style-type: none"> • Whether municipalities can perform their new responsibilities • Whether service delivery is disrupted during implementation • Whether financial resources match assigned responsibilities • Whether coordination between government levels functions effectively <p>Adaptation mechanisms should allow:</p> <ul style="list-style-type: none"> • Adjustments to the reform design when problems emerge • Revision of legal or financial arrangements if necessary <p>Additional support for municipalities facing implementation challenges</p>	<ul style="list-style-type: none"> • However, integrated information systems and fully harmonized performance indicators are still lacking. • Municipalities have assumed the leading role in implementing the reform, but continue to face difficulties related to financing, capacity, and coordination. <p>Evaluation mechanisms:</p> <ul style="list-style-type: none"> • There is no evidence that the function has been interrupted or withdrawn by government, although inequalities in service quality and standards persist. <p>Adaptation mechanisms:</p> <ul style="list-style-type: none"> • Costing remains necessary and, consequently, so does the revision of the financing formula, the clarification of competences, including revision of the Law on Pre-University Education in relation to preschool education, and additional support for municipalities with weaker implementation capacities.
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ASSESSMENT AND ADAPTATION

Institutional dimension

Table A6: Checklist for the institutional dimension regarding assessment and adaptation:

Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
<p>Clarifying overlapping responsibilities</p>	<ul style="list-style-type: none"> • Responsibilities between central and local governments are clearly defined in legislation • Overlaps between institutions have emerged during implementation • Administrative procedures do not cause duplication of work between gov. levels • Accountability for decisions and outcomes is clearly assigned • Legal provisions reflect the actual division of responsibilities • Coordination mechanisms between government levels function effectively 	<ul style="list-style-type: none"> • The core legislation defines municipalities as the main providers of the service, but the division of responsibilities with the Ministry of Education and Sports, Local Education Offices (ZVAPs), and other agencies is not yet fully clear. Further clarification of competences is required, including a revision of the Law on Pre-University Education with regard to preschool education, as well as improvements to the 2027–2030 Education Strategy so that preschool education is addressed as a distinct policy area with clear objectives and a national action plan. • During implementation, overlaps have been identified in planning, monitoring, reporting, staff development, and quality oversight. • In some administrative processes, such as teaching and learning materials, licensing of private kindergartens, and pedagogical monitoring, fragmentation and duplication of roles persist. • Accountability remains partly unclear, as municipalities are responsible for administration but do not always have full authority over all key processes, including, for example, academic staff. • Legal provisions do not always reflect the actual division of responsibilities in practice, creating gaps between the legal framework and implementation. • Coordination mechanisms exist, but they function only partially and are not standardized across the territory.

Financial dimension

Table A7: Checklist for the financial dimension regarding assessment and adaptation:

Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
Cost effectiveness	<ul style="list-style-type: none"> • Service costs differ significantly between municipalities • The cost per service unit (e.g., per child, per service user) is known and monitored • Decentralization has reduced administrative costs or improved productivity • Benchmarking across municipalities is used to identify efficiency differences 	<ul style="list-style-type: none"> • Service costs vary significantly across municipalities, particularly between large urban municipalities and smaller or rural ones. • The cost per child is not known or monitored in a standardized manner, due to the absence of a unified costing methodology. • Decentralization has increased local autonomy and led to broader use of municipal funds, but there is no clear evidence that it has reduced administrative costs uniformly. • Comparative assessment of efficiency across municipalities remains limited due to the lack of comparable data and standardized costing.
Fiscal sustainability for local governments	<ul style="list-style-type: none"> • Municipal budgets remain balanced and sustainable after decentralization • Municipal debt levels remain sustainable • Local governments can finance services without accumulating arrears • Revenue streams are stable and predictable • Municipalities rely excessively on intergovernmental transfers • Local governments have sufficient fiscal autonomy to adjust expenditures 	<ul style="list-style-type: none"> • Fiscal sustainability varies according to the size and capacity of municipalities; larger municipalities tend to be more resilient, while many small and medium-sized municipalities face difficulties. • The main concern relates less to municipal debt levels than to fiscal stress and the insufficiency of resources allocated to the function. • Revenue sources are relatively predictable through sectoral transfers, but are often insufficient to cover actual costs. • Municipalities continue to depend heavily on intergovernmental transfers. • Fiscal autonomy has increased to some extent, but remains constrained by the current financing formula and by the need to cover costly functions with unequal local capacities.
Updating fiscal equalization formulas	<ul style="list-style-type: none"> • Fiscal disparities between municipalities have increased or decreased • Equalization mechanisms adequately compensate municipalities with weaker fiscal capacity • Transfer formulas reflect real service costs and population needs • Allocation criteria are transparent and predictable • Equalization mechanisms support comparable service levels across municipalities 	<ul style="list-style-type: none"> • Fiscal and territorial inequalities remain high and, in some cases, risk deepening further. • Existing equalization mechanisms do not adequately compensate municipalities with weaker fiscal capacity or higher service delivery costs. • The current transfer formula is based mainly on the number of teachers and children, but does not fully reflect actual costs, geographic factors, and additional needs. • Allocation criteria are relatively clear, but not sufficiently responsive to real inequalities and to the standards established for municipalities in service delivery. • As a result, the existing mechanisms do not yet ensure comparable levels of service provision across municipalities.

Administrative dimension

Table A8: Checklist for the administrative dimension regarding assessment and adaptation:
Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
Strengthening minimum national standards	<p>Assess whether:</p> <ul style="list-style-type: none"> • Minimum national service standards exist and are clearly defined • Municipalities comply with these standards • Inspection or monitoring bodies regularly evaluate compliance • Standards are updated when service needs change • National standards balance uniform quality with local flexibility 	<ul style="list-style-type: none"> • National minimum standards exist in part, but they are not yet fully unified, clearly measurable, or comprehensive across all dimensions of preschool service delivery. • Compliance with these standards varies from one municipality to another due to differences in financial capacity, staffing, and infrastructure. • Monitoring of compliance exists, but remains fragmented, with a lack of standardized tools and integrated data systems. • The need to update standards is evident in light of changing requirements related to inclusion, support staff, safety, and service quality. • A balance between national standards and local flexibility exists in principle, but in practice municipalities have limited room to adapt standards to local conditions.
Differences between municipalities	<p>Assess whether:</p> <ul style="list-style-type: none"> • Service quality differs significantly between municipalities • Infrastructure and service availability vary across regions • Fiscal capacity differences influence service provision • Rural and urban municipalities face different implementation challenges • Policy interventions are needed to reduce territorial disparities 	<ul style="list-style-type: none"> • The quality of services varies significantly across municipalities, particularly in relation to teaching and learning materials, support staff, and the conditions under which services are delivered. • Infrastructure and service availability vary across municipalities, with more pronounced gaps outside major urban centers. • Differences in fiscal capacity directly affect funding per child, investment levels, and the quality of service delivery. • Municipalities with rural administrative units face higher relative costs, smaller class sizes, and greater challenges in access and staffing compared to urban municipalities. • Policy intervention is needed in the areas of costing, fiscal equalization, standards, and capacity support in order to reduce territorial inequalities.

Service dimension

Table A9: Checklist for the service dimension regarding assessment and adaptation:

Case study of the Preschool Education Service in Albania

Principles	Checklist	Case Study: Preschool Service in Albania
Improvements in service qual	<ul style="list-style-type: none"> • Access to services has improved • Service coverage has expanded • Service delivery times have improved • Service quality indicators have improved • Municipalities adapt services to local needs 	<ul style="list-style-type: none"> • Access and coverage have improved following decentralization, and the service has become more broadly available at the local level. • There are improvement in certain quality-related elements, such as staff training and the establishment of multidisciplinary commissions • Municipalities have greater scope to adapt services to local needs, but this flexibility has also led to significant differences in quality and organization across municipalities.
Citizen approval and accountability	<ul style="list-style-type: none"> • Citizens are satisfied with local service delivery • Complaint mechanisms exist and are used • Citizen participation in decision-making has increased • Public trust in local institutions has improved 	<ul style="list-style-type: none"> • Citizen satisfaction is not measured systematically, while the participation of parents and the wider community remains limited and inconsistent. • Structures such as parent councils or parent boards exist and functional, but they often play a symbolic rather than a functional role in decision-making. • Complaint and accountability mechanisms do not appear to be strong or standardized across the country. • Public trust and accountability have improved, while transparency and participation remain ongoing challenges.
Indicators of administrative performance	<ul style="list-style-type: none"> • Performance indicators exist for decentralized services • Benchmarking between municipalities is used • Administrative performance data is publicly available • Monitoring results inform policy adjustments 	<ul style="list-style-type: none"> • Some efforts exist, notably by Agency for the Support of Local Self-Government and IN-STAT, to monitor and report on performance; however, performance indicators are not yet complete, unified, or comparable across municipalities. • Comparisons across municipalities remain limited due to the lack of integrated databases and standardized measurement methods. • Administrative data are not always public, harmonized, or suitable for national benchmarking. • Monitoring results are used to some extent to support improvements, but the absence of a unified system limits the ability to adjust policies on the basis of evidence.