

The challenges and perspectives in regional and local development

Sustainable Development for Local
Government through Social Business
Promotion

Local Government situation

- Local Government was organized in two levels
 - Municipalities 65)
 - Communes (308)
 - 12 Regions (Qarks)

New Administrative-Territorial Division

- There are 61 Municipalities
- 12 Regions
- LGUs are organized into constituent administrative units (former communes) as their administrative subdivisions. Tirana has 24 administrative units (11 municipal units and 13 former communes)
- From the urban planning viewpoint, municipalities will continue to be organized in towns and villages

Fiscal Autonomy

- LGUs, particularly the small ones, are heavily dependent on financial assistance from the State.
- Data on local budgets for 2012 reveal that the State Budget funded over 80% of the budget for 60% of the LGUs

Revenues

- The tax on infrastructure impact has dropped significantly (due to the decrease of construction activities)
- The property tax have become a robust and reliable source of local government revenues

Revenues (cont)

- Local fees are another important element of local revenue structure. Revenues from these fees have faced an extremely rapid growth and have almost doubled since 2005 and representing more than 45% of all own-revenues in 2013

Elected structure of LGU

- Lack of LGUs' accountability on spending of local budgets has led to failing trust among citizens and businesses, therefore, to the decline of revenues from local taxes and fees

Functions

- (i) infrastructure and public services i.e. roads, water supply, sewage systems, waste management, public transportation, public lighting, parks and public places
- (ii) local economic development as preparation of programs, regulation and functioning of public markets and trade networks, small business development, veterinary services and protection and development of local forests, pastures etc.

Functions (cont)

- (iii) social, cultural, and recreational functions, as preservation and promotion of local historical and cultural assets, management of relevant institutions, organization of recreational activities and social services, including orphanages, day care, homes for the elderly, etc, and,
- (iv) civil security

Social objective

- The major objective is to ensure the main role of LGUs in social services and welfare assistance. LGUs will be involved in implementation of the Social Re-integration Program and application of the “WORK INSTEAD OF WELFARE ASSISTANCE” for urban and rural areas

Social business

- ***“A charity dollar has only one life, a social business dollar can be invested over and over again” Prof. Yunus***

Why social business

- In the public sector, social entrepreneurship is related to an experimental turn in social policy and planning that has been taking place in European countries and the EU since the 1980s; we see this both in relation to urban planning (which is now emphasizing collaborative planning and local capacity building) and in participatory social policies

Why social business (cont)

- In social policy, the poverty programs launched by the EU pioneered, together with pilot programs in a number of European countries, the interest in making social policy more responsive to the participation of both street-level workers and ordinary citizens.

Why social business (cont)

- In the third sector, social entrepreneurship is related in Europe to a transition within non-profit organizations and voluntary associations, which evolve in the direction of becoming agents on a market and providers of welfare services, and in the USA to a dramatic growth in the impact of the third sector since the mid-1980s

In Albania



First objective

- **YAPS** was established in 2001 as a social business to employ and integrate young people in need: e.g. young offenders, disabled, Roma, orphans...

Activities and sustainability

- In 2001 they began with mail and parcel delivery activities
- Now they offer in addition cleaning and 24-hour repair service. They offer also skill training services
- 120 employees
- 180 clients, including embassies and international companies
- Break-even reached after the first 8 years

Activities and sustainability

- YAPS sponsor different social projects
- Employees gains financial independence,
- New skills, professional fulfillment and
- Self-esteem thanks to YAPS
- Goals: expand to other cities, acquire more customers and employ more young people

Church of “Kcira”

- Economic activity which changed the mentality of residents
 - *Padre, give me something for my children to*
 - *Padre, do you have any job for me?*

Wish for many questions

Thank you!