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Local Government Access to Funds—It Is about Who Your Friends and Party Are

ABSTRACT The competitive grants schemes, a financing mechanism established for achieving social welfare
as well as balanced and efficient territorial development, would have to be applied through a transparent and
objective competition process. However, political influence of the ruling party and informal networks with
central government decision-makers may influence access to competitive grants. This paper explores the ex-
tent to which the political affiliation and the personal informal connections/networks of the Municipalities
and Communes leaders influence the allocation of competitive grants in Albania. The study is based on their
perceptions and attitudes collected through the application of qualitative research instruments. We used a
semi-structured survey that targeted local government leaders in Albania during the year 2013-14. Research
shows that local government leaders are more likely to access grants from the central government if both
belong to the same political party/coalition, follow personal informal connections/networks, and can use
strong (political and/or bribing) lobbying with high-level decision makers. KEYWORDS competitive
grants, network, leadership, clientelism, Albania

1. INTRODUCTION
Beginning in the early 1990s, decentralization policies became a priority across post-socialist
countries during their transition from a strictly centralized economy and governance to de-
mocracy. The main rationale behind such policies was based on efficiency and equity con-
siderations; that is, decentralized units can better tailor public good provision to the needs of
the communities they serve and become accountable to their electorate (World Bank,
2004). However, the outcomes of such policies have shown mixed results.

Decentralized units often were unable to generate sufficient funds to perform their duties
and thus remained largely dependent on government transfers, which were often unequally
distributed (Levitas, 2011). Studies on transition countries point out that equalization of

Communist and Post-Communist Studies, Vol. 53, Number 1, pp. 135–150. ISSN: 0967-067X. e-ISSN: 1873-6920. © 2020 by the
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government transfers to local units depended on weak assignment of responsibilities to local governments, lack of policy transparency, bargaining power, and reelection prospects of local leaders (Merkaj et al., 2020; Slukhai, 2003; Sidorkin & Vorobyev, 2017).

Albania, in this respect, represents an interesting case study. It has gone through one of the toughest communist regimes (strictly centralized economy) in Europe, and it also faced a drastic transition into the market economy in the early 1990s. Albania is also considered one of the most corrupt countries in Europe. Furthermore, there have been several studies on the “political economy of elections” of Albania that show strong presence of corruption and clientelism in conjunction with elections that involve aggressive pre-election expansionary (economic) policies and that aim to impact perceived voters’ well-being and thereby also voting behavior (Merkaj et al., 2019; Imami et al., 2018a,b).

During the period 2000–10, the financial dependence of local government units (LGUs) from the central government continuously decreased in Albania. Still, LGUs could not fulfill their governing obligations without the central government’s transfers that typically cover more than 50% of their budgets (Merkaj et al., 2017). The transfers are allocated in the form of unconditional and conditional grants. As stipulated in Law No. 8652 (2002), “On the organization and functioning of local government,” unconditional grants are budget transfers given to LGUs for exclusive and shared functions, upon which LGUs have complete discretion and can use them for either expenditures or capital investments. Conditional transfers are state budget transfers allocated to LGUs for specific purposes to perform functions that central government delegates to local government, upon which LGUs do not have discretion in their use. As will be described later in this paper, parts of the conditional transfers are allocated as investment grants based on a competitive process, which has the sole purpose of improving LGUs’ performance in terms of infrastructure and services. The funding used separately for this purpose is named the Regional Development Fund (RDF). The latter type of government transfers has often been characterized by a lack of transparency, political favoring, and unequal distribution (Merkaj et al., 2017b). Thus, LGU leaders’ political affiliation and clientelistic relations play a crucial role in accessing funds from the central government.

This paper contributes to the literature by exploring specific Albanian patterns in defining informal factors that influence grant distribution based on previous experiences and perceptions of LGU leaders. The aim of this study is to explore the extent to which the political affiliation and the personal informal connections/networks of the Municipalities and Communes leaders influence the competitive grants provided by the RDF in Albania. The study provides evidence based on the LGU leaders’ revealed mind-set and critical approach toward investment grants management as well as the abilities and powers that leaders use to influence the allocation of these grants. In this study we argue that LGU leaders’ ability and incentives to deploy clientelistic strategies may vary, depending on two factors: (1) their political affiliation, which assumes that affiliation with the party in power provides higher attainability to the LGUs for accessing conditional funds; and (2) their ability to use network based on personal ties for accessing RDF grants. Hence, we examine the LGU leaders’ aptitude to deploy various tactics that rely on clientelistic relations, such as making use of their membership power in the local party branch and availing themselves of sporadic meetings with superiors.
within the party and other social abilities used for maintaining personal connections within the central political apparatus (Hilgers, 2011).

This study is based on semi-structured interviews with heads of LGUs. The questionnaire was developed on the basis of literature review as well as in-depth interviews with experts. The purpose of the survey was to explore any patterns that are specific to Albania in defining informal factors that influence RDF grant distribution based on experiences and perceptions of LGU leaders. Questions have been directed with the aim to find the main factors that influence the process of application and the final outcomes, as well as the abilities and powers that leaders use to influence the allocation of transfers.

The semi-structured questionnaire was designed to investigate the following issues: level and characteristics of the leader, LGUs’ resources, personal (political) power of the mayor, and perceptions and personal experience of the leaders with regard to the RDF allocation process. The sample includes 104 LGU leaders who were in office during the year 2013–14, making a sample size of more than a quarter of the total number of 374 LGUs that operated at the time of the survey. The design of the survey sample was based on four criteria: the region where the LGU was situated, the type of LGU (rural vs. urban), the LGU’s population as well as the LGU leaders’ political affiliation. The sample was designed to cover 12 regions of Albania and reflect the structure of LGU population: majority rural-dominant named as Communes, and minority urban-dominant named as Municipalities. Both types of LGUs are selected proportionally controlling for size of population and political profile distribution, aligned ones and unaligned ones, meaning, respectively, those voting for a leader whose party is leading the central government or for the leaders of the opposition coalition. All the interviews, except one, were conducted face-to-face with the LGU leaders.

The paper is developed in five sections. The subsequent section presents the theoretical background. The third section describes the process of intergovernmental transfers in Albania, whereas the fourth section analyzes the findings of the study. The final section wraps up the study with the main concluding remarks.

2. LITERATURE REVIEW

This paper analyzes the behavior of local government leaders in accessing public funding and investments, with a strong focus on their implications for elections and clientelism. There is a vast literature on clientelism (Babajanian, 2008; Muno, 2010; Larreguy, 2012; Piattoni, 2001). Piattoni (2001) explains that the essential characteristic of clientelism is the interest-maximizing exchange of resources for political support. The concept of clientelism is frequently used in informal political exchanges that significantly influence the formal rules and the relevant relational channels (see Collier & Mahon, 1993; Gerring, 1999), which is brought into proper use by the political economy of local government.

The relations between local and central government are frequently based on vote-buying, exchange of favors, and public rents that, as a result, benefit at least one of the parties. As Hilgers (2011 pp.167) describes it:

Candidates for public election buy votes; certain electoral districts benefit unfairly from public works programs based on their representatives’ bargaining power in various
governmental fora; citizens bribe officials; governing parties bribe members of the opposition; friends and supporters ... Citizens—individually or in groups—and their patrons build lasting relationships in which they exchange all manner of goods and services.

The author emphasizes the concept of clientelism as a series of interactions that goes beyond normal exchange of goods and services between two parties and is strongly based on trust and personal relationship.

In order to better reflect the possible channels of the influence of clientelism, we consider the position of LGUs within a more complex relation using a multitier/hierarchical approach (see Harmakorpi & Niukkanen, 2007; Samuels, 2003). In these structures, the relation between the patron (the party in power), the local government leader (the broker), and the client (the voter) is associated with political partisanship and animosity or opportunistic acquiring of votes in exchange of support.

This approach is similar to the principal agent relation scrutinized by Kitschelt and Wilkinson (2009) and complex hierarchical systems presented by Muno (2010). The party in power (here the patron) aims to channel the funding to those LGUs where a higher number of partisan voters exists (partisan approach) or where swing voters may divert their voting to the patron’s side (opportunistic approach). The voters’ choice may be influenced by the broker (the LGU leader in this case), who besides the political influences and extensiveness of these influences from the party in power (see Kitschelt & Kselman, 2011) also uses a strong personal rent-seeking relation with the voter in exchange for votes. The broker (here, the LGU leader) aims to maximize the grants derived from the central government in order to be reelected. LGU leaders are urged to play extensive channels of influence and exploit various sources and capabilities at both sides, meaning toward both voters and the central government. Surely, self-interested LGU leaders who are subject to higher funding from the central government have more inducements and means for influencing their voters. But they also use their personal capital to influence the central government.

The majority of the studies have neglected the role of LGU leaders toward the central government. Their high-powered incentives to be reelected lead to political opportunism and rent-seeking, as they seek funds from central government in exchange for their support and influence toward local voters. The entire relation with both voters and central government is better expressed by cronyism (Aligica & Tarko, 2014). Their relations with the voters are cronyistic, especially in small constituencies, where there is dense use of social capital created by personal and family ties (Khatri & Tsang, 2003). Also, their relations with the central government, in countries where institutions are weak, are also very personal—relations are neither reciprocal nor redistributive as cited by Bugra (1998) because the structure of the relations is not centrical (one leader-patron) but policentrical (various leaders-patrons).

This paper highlights that combining pork-barreling, clientelism, and networking is of high relevance for the successful performance in terms of access to financing and investments. These concepts became equally important although unattached in a highly unruled and relational base environment such as the local government-central government relations in Albania. Gerring (1999) calls for a dual situation in the exchange between central
government and local government, where pork-barreling as continually played by opportunistic governments is often associated with clientelism. Thus, someone in the receiving constituency, where LGU leaders have been actively contributing in favor of the central government party, is benefiting from an ideologically oriented policy such as competing grants, while making the relationship neither personal nor dependent on the recipient’s reciprocal actions.

The pork-barreling type of relation is associated with clientelistic relations between patron and broker (central government representatives and LGU leader) or clientelistic relations between the broker and the voter (here, the LGU leader treats personally and unequally selected citizens or citizens groups). In this case, clientelistic relations are often found at the low political level (LGU leaders–ministries representatives) and are conflating or complemented with other relations happening at the meso and upper levels of social and political organizations. In the meso and upper levels, the relations are systemic rather than personal, with limited opportunities for being altered into a continual and dyadic connection. This paper builds upon this coexistence and does focus on the relationship between the patron and the broker, assuming the role of voter as embedded in the microsociological domain, where the broker acts in relation to its constituency. Therefore, in the study we divide the results by comparing aligned LGUs (where leaders are aligned with the governing coalition) and unaligned LGUs (where leaders are selected from the opposition coalition).

3. OVERVIEW OF INTERGOVERNMENTAL TRANSFERS IN ALBANIA

The intergovernmental transfers system has experienced a continual change in the period 1992–2010. Prior to the decentralization reform carried out in 2000, the central government had total discretion on the amount, usage, and purpose of these grants (Merkaj et al., 2017a). The organic law of 2000 constituted a substantial change in the system of intergovernmental transfers. Based on this law, LGUs receive funds from the central government in the form of unconditional grants (funds given to the LGUs based on a formula, for exclusive functions) and conditional grants (grants allocated to LGUs for delegated functions with a specific purpose). Since 2009, LGUs have been able to compete to also receive Regional Development Funds (RDF), which are competitive grants allocated to LGUs for investments such as local infrastructure, education, public health, agro-food market buildings, water supply and sanitation, irrigation and drainage, and forestation.

The RDF grants are administered by the Council of Ministers based on a competitive process whereby LGUs apply with project proposals that are evaluated by a high-level commission following different criteria made public in the budget law. The RDF commission is made up mainly of line ministers and headed by the prime minister. The criteria and the scores used to allocate the RDF funds changed slightly each year during the early 2010s. The criteria for 2013 were (a) the degree of compliance of the project proposal with national and regional development strategies; (b) the degree of impact of the project proposal on reducing poverty and improving access to basic services; (c) the number of beneficiaries affected directly and/or indirectly by the project; (d) the rate of collection of local taxes and fees of the LGU applying for RDF; (e) the technical quality of projects proposal; and (f) the extent
to which the project benefits may impact the economic and social situation of more than one local unit.

RDF grants are one of the most contested grant schemes in Albania (CoPlan, 2012; Merkaj et al., 2017a). Although the competitive process characterizing the distribution of the RDF is based on a scoring system, the transparency and accountability of the project selection process is reported as very weak, hence leaving a great deal of room for discretion in the evaluation of proposed projects by LGUs. Under such circumstances, the incentive for informal influence in the selection process is high.

Intergovernmental grant transfers have been analyzed in previous studies (CoPlan, 2012; Merkaj et al., 2017b). However, to the best of the authors’ knowledge, there have been no scientific studies/publications casting light on the views of local government leaders on the influence of relations with the central government in the context of funds absorption from the central government (in general, and for RDF specifically).

4. ANALYSIS OF THE STUDY FINDINGS
4.1. Transparency of RDF transfers process

This section presents the results collected through the semi-structured interviews. Through a combination of descriptive analysis of survey findings and case studies, it casts light upon transparency, as well as how political affiliation and networking affect access to RDF transfers.

The interviews with LGU leaders found that governmental transfer schemes in Albania have been perceived/reported as nontransparent. Most LGU leaders do not have information on or an understanding of the extent to which the criteria for selecting winning projects are respected. Various LGU leaders said that they were doubtful about the objectivity of the committee in evaluating the criteria. These criteria are defined by Decisions of the Council of Ministers (DCM) each year, but their yearly records after receiving applications and selecting the winners are not made public, on either a cumulative or disaggregated level. The final publication of the RDF committee decisions show on only the budgetary figures for the winning projects for each LGU, lacking feedback or scoring levels resulting from the screening process. Moreover, reasons and scores are not made public for the nonselected projects.

The RDF commission amends and often changes the decisions over the course of the year. For instance, based on the reviews of the official publications, it found that in 2013 (the year when general elections took place), the commission changed the official list of funded LGU projects numerous times within a month. The amendments may be driven by the pre-electoral pressure and might have been performed deliberately to influence voting behavior in selected LGUs. The total lack of transparency in the ranking of project proposals, as well as the low success rate of some of the LGUs (often unaligned), has been a concern. Indeed, lack of transparency increases the risk that the political allocation of grants will incentivize the LGU leaders to make use of informal tactics to influence the distribution of funds.

The survey found that almost 90% of the interviewed leaders state that they have never received official motivations for the rejection of their project proposals (table 1). Some claim that they were not even informed about the rejection but found that out through the official decision published in the Official Journal. An LGU leader from the southern area of the country mentioned: “I wrote twice a letter waiting for a response and had no answer, while...
I got an answer by phone call. I was informed un-officially that the project was scored lower compared to other projects in the same regions.”

The mayors admit that informal channels, such as phone calls and meetings with MPs, ministers, and high-level representatives of the central government, are frequently used in order to get information regarding the reasons for rejection. The lack of transparency in the RDF allocation process not only makes it difficult for LGUs to improve the projects that are not funded, and have a better chance in subsequent RDF rounds, but also results in increased perceptions of manipulation and clientelism.

4.2. Political affiliation, networking, and access to RDF transfers

In the last two decades, there has been a surge of empirical research showing that regional distribution of intergovernmental grants is determined by political considerations (Ansolabehere & Snyder, 2006; Banful, 2011; Brollo & Nannicini, 2012; Khemani, 2003). That means that the incumbents (central governments) are more likely to provide funds to LGUs or LGU leaders that are politically affiliated—thus, political affiliation is crucial to influence the allocation of RDF funds. Asked about the main perceived reasons for failing to access RDF funds, LGU leaders state opposing views based on their political affiliation. The respondents affiliated with the party in power justify their failure mainly based on the technical criteria as well as the limited budget resources available for RDF, hence justifying and reasserting the positive role of the government under the economic constraints. Some also mentioned the fact that the LGU was a winner in previous mandates and that the RDF committee is guided to observe for previous investments. However, the unaligned LGU leaders view political affiliation as a key determinant factor in accessing such grants (table 2). It is the composition of the evaluation commission that makes some applicants (that is, LGUs) perceive that the allocation process is politically motivated along political party lines (as explained earlier, the composition of the RDF commission is mainly line ministers and it is headed by the prime minister).

Political affiliation of the LGU is perceived to be a very important determinant factor in fund allocation, far more important than the socioeconomic development aspect of the region. According to some LGU leaders, being in opposition with the central government is one constraint on accessing funds and investments while having a weak lobby is another major constraint. One respondent, mayor of an LGU affiliated with an opposition party,
mentioned that the communication with RDF members was in some cases aimed at creating disincentives for applying, since political lines are more important than eligibility. He stated: "In direct meetings after showing to the Minister the facts and the situation [of the LGU], despite the friendly welcome in the office I had an explicit message: do not waste time with project preparations—you will not get any funding during this term."

Box 1 provides a clear illustration of the limitation faced by unaligned LGUs in accessing grants.

**Box 1. Nonaligned Municipality A with weak lobbying and network**

Municipality A is located in South Albania and characterized by old architectural heritage. The municipality is well equipped with young and educated staff. Historically known for its left-wing inclination, Municipality A has in general suffered the lack of investments in the last two terms in office of the right-wing governments. The LGU applied for almost two dozen projects and managed to succeed with only three projects, over eight years (in full contrast to the case study shown in Box 3). This figure can be considered very low when taking into consideration the importance of the city as an economic center of the entire region as well as a potential spot for tourists. Smaller and less important LGUs in the region, but headed by right-wing mayors, had highly benefited from government funds, for example, one of them won 10 projects (during the period that the central government was right wing). Furthermore, investments in infrastructure that link these small right-wing (Democratic Party) LGUs with the main municipality of the region (of left wing) have been initiated from these small units, contrary to the drafted project proposal.

During the right-wing government, local government activity has been weakened considerably. Since 2009, Municipality A has operated with limited financial resources and a reduced local budget (both unconditional and conditional funds), facing increasing difficulties in performing daily functions which are expanded in terms of services and responsibilities. The central government has justified the reduction of transfers with the shrinking population recorded in the Census.

**Table 2. Stated reasons for not winning the project**

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<tr>
<th>Reasons</th>
<th>Aligned LGUs</th>
<th>Unaligned LGUs</th>
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<tbody>
<tr>
<td>Problems in meeting the criteria</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Limited budget</td>
<td>60%</td>
<td>14%</td>
</tr>
<tr>
<td>Do not have powerful network</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>My political affiliation</td>
<td>5%</td>
<td>56%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Authors’ survey results (as % of all responses).
After the general elections that resulted in a left-wing government, investments in infrastructure increased. However, the mayor emphasized that even after elections the municipality had been benefiting from relatively fewer projects when compared to other cities of the same profile, despite the fact that the local and central governments are now aligned. This is attributed to the weak lobbying from the region’s MPs (members of parliament). According to the mayor, the low importance of some MPs from the Socialist Party (ruling party) elected in the region is a major constraint for accessing grants from the RDF.

Source: Semi-structured interviews.

On the other side, there are LGUs, far smaller and less important, that are able to attract significant amounts of grants (transfers) from the central government. These are the cases in which the LGU leader is strongly connected with key leaders of a party in power (MPs or members of Council of Ministers) as reflected in box 2.

**Box 2. Small LGU B with strong personal tie to important political leader**

A small LGU (Commune B), located in central Albania, has won five out of six projects from the Regional Development Fund. The commune (LGU) had no qualified technical staff for writing project proposals. Furthermore, the leader himself had no knowledge about the application process and admitted to have done very little to win the projects. The special treatment made to this LGU is based on a very informal relation with the RDF commission members. Surprisingly, the technical commissions selecting the projects were those formulating the project proposals for the LGU. According to the LGU leader, this “tailored” service is due to the close collaboration with high-level politicians. The mayor of the LGU is a well-established person in his community with a large network of relatives and acquaintances. He was approached directly by the leader of the ruling party to run in the local elections, which implies a high attention offered by the central government, translated in various benefits. According to this particular LGU leader, the trust and the strong relations developed with the high-level politician have been the best donation to this community, for as long as the right-wing ruling party was in power.

With the change of central government (from right to left wing), the LGU did not submit a single application to and did not win a single project from the RDF. As the LGU leader admitted, the strong links with politics can be transformed into a liability when you are in opposition with the party in power.

Source: Semi-structured interviews.

Nevertheless, although political affiliation is perceived to be the key factor when LGUs are in opposition with the central government, it does not automatically guarantee high access to transfer funds. Box 3 represents another illustration of the importance of lobbying and personal networks, which go beyond party alignment.
Box 3. Aligned LGU C with strong lobbying and network

LGU (Commune) C is located in northwestern Albania. It is an agriculture-oriented commune with a fast-growing urbanization and increasing population (more than 20,000 inhabitants). Commune C was headed for four terms by the same mayor. The political management and networking abilities of the LGU leader were excellent. The government-funded projects were allocated mostly to infrastructure works. The commune actually has all the roads paved, an optimal system of water and sewerage, and a landfill for the management of solid wastes. The commune was a gravity center for most of the infrastructure interventions in this region. In the 2009–13 mandate, the commune applied for nine projects and won eight. This is a very high rate of success compared with other LGUs in the region. One LGU (commune) in northwestern Albania has been very successful in attracting—in addition to government funds—numerous donor-funded projects. Given that the LGU is rural-based, most of the donor funds have been allocated to agriculture, environment, and natural resource management projects, but also to civil society involvement and activism. The projects ranged from small scale to large ones such as EU funded projects. According to the mayor, the positive experiences and relations with the donors are the key factor for the successful achievements with respect to investment projects. The leader has a very wide network, high media presence (reflected by the number of articles and activities written in the media), and a very strong position in the governing party. In order to attract media presence, the LGU has organized cultural events and fairs for promoting the culinary resources of the areas. During his 20 years of political involvement, the mayor has changed political sides twice. For two terms, the mayor represented the left-wing Socialist Party (SP), being awarded a high number of projects for the community. In his third term he acted as an independent candidate and won with the indirect support of the right-wing Democratic Party (DP). The DP acknowledged the individual merits of the LGU leader and therefore supported him during the elections constrained by the fact that if the DP was not supporting him, then the Socialist Party would be more powerful in the region. The LGU leader seems to be very important in controlling the voting choices of the community. During the interview he revealed a personal orientation in building strong and direct relations with the community. His popularity is high in the region, and despite religious differences present in the area he knows how to support both communities (Christians and Muslims). In 2007 the LGU leader switched his political party officially and since then he has supported the Democratic Party and entered the elections as a DP representative. High-level representatives from the DP have supported the LGU leader in order to extend their votes’ margin against the SP. Before the 2013 elections, the LGU was visited by three ministers and the prime minister, six MPs, and a large number of other high-level representatives.

Source: Semi-structured interviews.
One important factor is the influence of certain ministers, party leaders, and members of parliament in the final decision. Both groups of LGU leaders, beyond their party affiliation, do perceive as very important the personal preferences of the RDF commission members (table 3). The importance is more revealed in the unaligned LGU leaders (72% of them think that personal preferences are very important compared to 53% of the aligned LGU leaders), mainly due to the stronger effects they have on the lack of informal support. Personal connections are generally undertaken in cooperation with the elected members of parliament (MP) in the respective area. If the MP aims to be reelected, this increases his/her efforts to lobby to bring as many projects to the community as possible and often makes the lobbying successful. A mayor of an important municipality described that winning projects were in some cases granted due to networking through MPs or even directly by a minister rather than taken by the RDF committee. In extreme cases, the invisible hand of the policy leaders acts as the decisional power by omitting legal procedures. One small-size LGU leader emphasized the fact that he even got a winning project without applying for a project.

Personal preferences are also closely related to party affiliation since preferences and contacts are developed through party membership and power position in the party regional offices. The meetings with the regional party structure are sometimes an open race to influence the granting of an RDF project. One mayor from Central Albania stated: "Once I mentioned the numbers of votes during the Party meeting, the Party leadership gave more focus to the commune: even in the worst year I got two roads [projects]."

Even within the same party, some LGU leaders feel that there is a dearth of powerful MPs in the region able to advocate and lobby for their rights. Some of them also mention the lack of indirect contacts with central administration bureaucrats running the RDF as a disadvantage. One LGU leader affiliated with the ruling party expressed dissatisfaction with the success rate of project acquisition. According to him, the MP representing the region where the municipality is located is apathetic to lobbying in the national parliament or network for the evaluation commission. He stressed that "party affiliation is not important without a strong and lobbying MP." Such an attitude/response can also hide or justify the inability of the LGU leader to navigate himself/herself through the political network. Indeed, some LGU leaders report a satisfying amount of fund acquisition and attribute their success to their individual efforts to lobbying directly with party leaders at the center as well as by being on

<table>
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<tr>
<th>Level of importance</th>
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<tr>
<td>Not important</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>More or less important</td>
<td>41%</td>
<td>18%</td>
</tr>
<tr>
<td>Very important</td>
<td>53%</td>
<td>72%</td>
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Source: Authors' survey results (as % of all responses per group).

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good terms with political actors. One LGU leader stated: “I go often to Tirana to meet ‘friends’ who are more important than a carefully written project proposal package: spending time and energy in offices and sometimes in bars... Serious talks are held over coffees.”

“Meeting people” refers usually to meeting ministers and others who can influence fund allocation. A respondent stated that after he held meetings with the core members of party leadership, he was awarded 6 projects and grants amounting to over a million dollars (the LGU is a small one). More than 10 respondents mentioned the “occasional” meeting with a powerful member of the party as the start of a successful period of projects. Empathy for the sake of the region, the charming quality of the LGU leader, or a nice experience during a weekend visit were “occasional” conditions for the start of strong relations with party leaders. One mayor stated: “The leader of Municipality Z is strong since he can gather around a lunch table 3 ministers visiting the LGU.” Another LGU leader who is aligned with the opposition parties follows the same line of reasoning, pointing out: “There are many public investments in the neighbouring LGU which gave their votes for the MP Mr. X who later became a Minister, while proposals from my LGU that has a population 5 times larger than that one were disregarded.”

Networking is often embedded or channelled through family and kinship lines. In the case of the Albanian culture, there is a strong emphasis on family ties, as well as regional territorial social networks related to birth origin. Most interviewees stated that it enhances chances to access RDF funding if LGU is the birthplace of powerful politicians (table 4). Aligned LGUs are relatively more prone to rate this factor compared to unaligned ones.

Among the diverse sets of instruments available to LGU leaders, bribing is also used in increasing access to investment funds from the central government. Mayors frequently mentioned the fact that a percentage of the investment amount (circa 5%) was paid. Bribes were usually generated through contractors, who implemented the investment and also often facilitated the corruption arrangements—but there were cases when politicians, such as MPs, were involved directly. A few mayors mentioned having been engaged personally in bribing, while most mayors who highlighted bribe as a factor (in accessing funds) were referring to other mayors’ stated experiences. Some of them mentioned that at the beginning of their term this tactic was difficult to use because of the missing connections and trust relations that are necessary to channel bribes and take

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<th>Category</th>
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<td>1 Not at all</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>3</td>
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<td>4</td>
<td>30%</td>
<td>18%</td>
</tr>
<tr>
<td>5 Very much</td>
<td>31%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: Authors’ survey results (as % of all responses).
time to develop. One mayor said: “The bribe opens any door that before was closed, but again you need to find trustful intermediaries to do it.” Another mayor of a mountainous commune pointed out: “Once you are into bribing (once you have developed the channels of bribing), it is easier—you have more support and friends.” Still another mayor clearly described his tactic by saying: “I never invested effort to lobby and network, because I was not able to pay ‘gifts’ to benefit preferential treatment.”

Thus, lobby and network served as the basis for political clientelism as well as corruption. These factors are even more highlighted when considering the insufficiency of available funds to be distributed to all LGUs across the country. The LGUs that share similar characteristics in terms of networking and lobbying power would then need to utilize other aspects that would differentiate them from and give them a comparative advantage to other LGUs such as qualified staff and technical capacities. Quality of project proposals is influenced by human resources capability in preparing the supporting data for project proposals as well as by the professionalism of the engineering company that is subcontracted.

5. CONCLUSION

This study brings a contribution to the existing, yet scarce, literature on clientelism in conjunction with local government fund transfers in transition countries, looking into the case of Albania. Albania has gone through one of the toughest communist regimes (strictly centralized economy) in Europe, and it also faced drastic transition into the market economy in the early 1990s. It is also considered one of the most corrupt countries in Europe, which is reflected deep in the relations between citizens and state actors through bribing, clientelism, pork-barreling, and networking, which impact voters’ (perceived) well-being and thereby also voting behavior.

This paper sheds light on the role of LGU leaders and network in this context. It does so by assessing the personal power and the informal network of local government leaders in maximizing access to these funds. The behaviors and perception of LGU leaders is neglected by studies carried out in the sphere of the political economy of the intergovernmental transfers or is assumed as attached to overall incumbent attitude. The authors follow the theoretical lines and arguments based on the works of various authors focused on clientelism and networking, mainly Babajanian (2008), Harmakoee and Niukkanen (2007), and Hilgers (2011) as well as Kitschelt and Wilkinson (2009).

The analysis pointed out several factors, not exclusively related to the RDF project submission procedures, that may influence the distribution of competing grants. The views of the interviewed mayors show that the process of the RDF grants competition and allocation is, in all stages, far from being transparent and uninfluenced. Official procedures are not oriented to create transparency from the publication of the criteria up to the publication of the successful projects. Many LGU leaders do not completely understand the use of criteria and do not perceive it as being applied in an objective manner.

Political influence and patronage signs are evident and ranked as primary factors for unaligned LGUs. While political affiliation may represent an important advantage to accessing central government funds, this advantage can be best capitalized if LGU
leaders are able to network directly with political leaders or RDF members or via MPs (political affiliation may represent an open door, when in the same line with the central government), and to have the technical and human capacities to write, for instance, good project proposals.

These results are confirmed by the LGU leaders’ responses about the factors that they perceive to be important in accessing funds from the RDF. The relevance and quality of the project proposals is perceived by most of them to be the most important factor toward accessing a successful project. On the one hand, the managerial and leadership capabilities of the mayor are perceived to be relevant for the absorption of grants from central government. On the other hand, political and networking factors, such as the affiliation and individual power of the mayor as well as having good relationships with the parliamentary members affiliated with the region, are found to be important too.

As predicted from the networking literature (see Harmaakorpi & Niukkanen, 2007; Kostiainen & Sotarauta, 2003), networking factors are of significant importance. A typical case of an aligned LGU leader with a powerful position in relation to both parties in power, capable of creating enduring individual relations with high-level elites, is the most successful profile. Narratives and facts highlight that an isolated presence combined with an opposing political position is scarcely representing the winners.

Bribing is also used to increase access to investment funds from the central government. Mayors frequently mentioned that a bribe was paid based on the amount of the investment grant. Thus, lobby and network served as the basis for political clientelism as well as corruption. These phenomena are part of the same puzzle in the division of power on determining the allocation of funds, and their use is embedded in the complexity of relations provided by LGU leaders.

The results of the study provide insight into the mechanisms that may improve relational and structural problems of local governance in order to bring depoliticization. Attempts of developed countries in the last two decades to reduce politicians’ leverage to reward supporters or punish opponents (through financial instruments) have brought forward reforms for changing the recruitment process, electoral process, and terms of reference for LGU leaders and councils (Bae & Feiock, 2004). That is best done by separating (to the extent possible) the policy-making process (guided from elected officials) from the technical implementation (which can be managed from appointed technocrats).

The findings illustrate the need for the establishment of independent bodies for the management of the RDF grants. The membership of the RDF should be depoliticized with representatives from various technical bodies or communities, including the academic one, possibly following the example of the Central Bank supervisory/advisory board, which in some transition countries has been dominated by reputable academics/experts with no political affiliation.

Reforms are needed at the central governance level, vis-à-vis the empowerment and professionalization of municipality councils (which in the past often had a weak role). Although municipality council members tend to be politically affiliated, by default, its decision-making process would be more consultative and balanced when compared to a powerful politicized mayor in the context of a mayor-centered system.
ACKNOWLEDGMENT

This paper is based on a research project supported by a grant from CERGE–EI Foundation Global Development Network Program. All opinions expressed are those of the authors and have not been endorsed by CERGE–IE or the GDN.

REFERENCES


