

STATUS REPORT

LOCAL PUBLIC FINANCES

2022



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A project of the Swiss Agency for
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LOCAL PUBLIC FINANCES **STATUS REPORT** **2022**

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SUMMARY

The Local Public Finances – Status Report 2022 provides a detailed overview of local revenues and expenditures, indicators of decentralisation and the events that characterised local self-government during 2022. The performance of local public finances will be analysed and intertwined with information from other sources to present the factors that may have contributed to developments in the indicators for local revenues and expenditures. Amid debates on the revision of territorial boundaries, the revision of the strategy on decentralisation and local self-government and under the pressure of local elections (May 2023), financial developments at the local level for 2022 stimulate the interest of policymaking, policy-makers and citizens.

The importance of local government in general governance appears to be volatile. The upward trend noted since 2015 started

to slow down during 2022, evidenced by the decline of local revenue and expenditure indicators compared to general government revenues and expenditure and nominal GDP. In terms of revenues, all 61 municipalities in the country have had more financial resources to exercise their mandated functions and competencies during 2022. The increased financial resources available to municipalities extended to revenues from their own resources, unconditional transfers, and shared taxes. However, the positive contribution of revenues from own sources should be noted, was determined by an increase in revenues generated from the infrastructure impact tax from new constructions in the municipality of Tiranë. Structurally, the dependence of local budgets on intergovernmental transfers continues to be high, performance driven by a limited number of local taxes and charges and developments in a limited number

of large municipalities in the country. Differences and inequalities in the fiscal capacities of municipalities continue to significantly condition their path towards the development visions set out in their strategic documents. Local government (the 61 municipalities) occupies a small share vis-a-vis the general government (about 9% of the total expenditures of the general government). Indicators of decentralisation on the expenditure side in 2022 slowed down, although total expenditures increased. Coverage of current expenditures (personnel, operating and other expenses) continues to absorb substantial resources (with own and conditional funding). The investment component of expenditures is highly volatile depending on the contribution from conditional investment funds (including RDF). In contrast, despite annual growth, the share of investments made with municipalities' own funds

registered low levels over the last two years (recording the lowest historical levels since the TAR).

The Local Public Finances Report - Status Report 2022 is part of a series of periodic quarterly reports summarising the developments in revenues and expenditures made by 61 municipalities in Albania. The report is structured in two main sections: (i) section 2, which presents a detailed analysis of funding sources of 61 municipalities in the country, in total and by municipality; (ii) section 3, presenting an analysis of how available financial resources were allocated by the 61 municipalities in the country. The main findings from the Status Report for 2022 are presented in the final part of this document. The annexes attached to this report contain the methodology for data classification and indicators used in this analysis.

1 MUNICIPAL FUNDING RESOURCES

Municipalities represent the level of government closer to the citizens and are potentially capacitated to better address the needs of the communities they represent than the central government. Based on the information advantages that municipalities enjoy over the central government, the supply of public goods and services can be better tailored to the needs - preferences of citizens. To this end, municipalities collect revenues directly from taxpayers (households, businesses and institutions) and obtain funding from other levels of government (such as the central government) to cover

the cost of local public service delivery. Based on the potential benefits theory, starting in 2014, local self-government underwent a multidimensional transformational process, termed decentralisation, aiming to empower the local self-governance by establishing conditions and capacities to provide qualitative and efficient local public services.¹ In addition to the efforts made to achieve the intended goals, **the room for improvement remains large, as summarised in the vision and goals of the Cross-Cutting Strategy for Decentralization and Local Governance 2023-2030.**

Box 1. Cross-Cutting Strategy for Decentralization and Local Governance, 2023-2030²

The vision for local government and decentralisation during 2023-2030 is *"a local government that promotes democratic values and is oriented towards economic growth."* In this spirit, the strategy aims to consolidate the decentralization process, to empower local government for sustainable economic development towards European standards. The long-term vision will be fulfilled through 6 policy goals broken down into 22 specific objectives.

Policy goal 1: Encourage and strengthen sustainable local development by reaching the following specific objectives:

- Specific objective 1.1: Improve strategic economic planning and use local schemes and incentives for economic development towards businesses and non-governmental organizations, including revision of the legal framework.
- Specific objective 1.2: Integrated management of assets and local natural resources.
- Specific objective 1.3: Strengthen agricultural and rural development.
- Specific objective 1.4: Support strengthening of tourism and cultural heritage facilities.

Policy goal 2: Improve the quality, standards and provision of local services by reaching the following specific objectives:

- Specific objective 2.1: Consolidate the role of LGUs in exercising their functions, clarifying legal and institutional deficiencies, overlaps, and financing mechanisms.
- Specific objective 2.2: Efficient implementation of LGU functions.

- Specific objective 2.3: Improve the efficiency of services following national and local standards.
- Specific objective 2.4: Substantive and financial promotion of local government performance strengthening.

Policy goal 3: Expand digital governance at the local level to provide government services and programs more efficiently, transparently and cost-effectively.

- Specific objective 3.1: Inform decision-making and the journey of the levels and stakeholders involved in the Digital Transformation of Local Government.
- Specific objective 3.2: Digitization of local service delivery and integration in the e-Albania portal.

Policy goal 4: Increase local financial autonomy by consolidating own-source revenue systems.

- Specific objective 4.1: Increase the local revenue capacity to enable the provision of quality and standard services.
- Specific objective 4.2: Improve the level of predictability and sustainability of intergovernmental transfers and improve the legal and regulatory framework for funds transferred for local functions or capital projects in strategic sectors for LGUs.
- Specific objective 4.3: Increase the capacity of local financial resources to fund capital projects at the local level.
- Specific objective 4.4: Strengthen public finance management systems and financial information at the local level.

Policy goal 5: Improve local democracy and advance the European integration agenda at the local level.

- Specific objective 5.1: Strengthen local democracy, ensuring a comprehensive approach to good governance at the local level.
- Specific objective 5.2: Promote anti-corruption policies at the local level and further consolidate achievements on integrity.
- Specific objective 5.3: Advance the European integration agenda at the local level.

Policy goal 6: Develop and strengthen local and central capacities and ensure comprehensive functional governance coordination of decentralization actors.

- Specific objective 6.1: Improve human resources management and increase administrative capacities to enhance local government efficiency and effectiveness.
- Specific objective 6.2: Strengthen the coordinating role of the Ministry of the Interior with the LGUs, as well as the monitoring role of the decentralization agenda.
- Specific objective 6.3: Assess and determine local, regional and central prerogatives in local and regional development.
- Specific objective 6.4: Review the role of the Prefect's Institution, strengthen monitoring and increase cooperation with territorial branches.
- Specific objective 6.5: Increase cooperation with Local Self-Government Associations.

The 2023 – 2025 Action Plan, in line with the provisions under the 2023 - 2030 Cross-Cutting Strategy for Decentralization and Local Governance, carries a **total cost of about ALL 10 billion**. In terms of financing, about 85% of the costs are expected to be covered in the MTBP 2023-2025, about 11% of them through foreign funding, leaving a financial gap of about 4% (to be covered). By economic nature, about 72% of the 2023-2025 Action Plan costs will go for capital expenditures.

The importance of local government is assessed as volatile (although with an increasing trend), based on the performance of the indicators of local financial resources (available and from own sources) to the nominal GDP in the last five years. Beyond quantitative indicators, the important role of municipalities in the life of communities was clearly underlined following the confrontation with two consecutive natural disasters in 2019-2020 (Toto, Toska, Shutina, Farrici, & Limaj, 2020). The ratio of revenues generated from own local sources to nominal GDP has shrunk by 0.1 percentage points from 1.6% in 2021 to around 1.5% at the end of 2022 (base effect of GDP growth). Compared to

the level recorded in 2015 (of about 0.9%), the performance of this indicator is assessed to have been influenced by two main factors: (i) local tax increase (especially the infrastructure impact tax generated from new constructions (IIT) and the building tax³); (ii) local fees and charges increase and improvement in collection rates particularly in urban areas (using water utilities as tax agents). It is also worth highlighting that this improvement does not apply to all municipalities in the country but is somewhat guided by the revenue collection rates recorded in the municipality of Tirana and, more specifically, revenues from the infrastructure impact tax for new constructions.

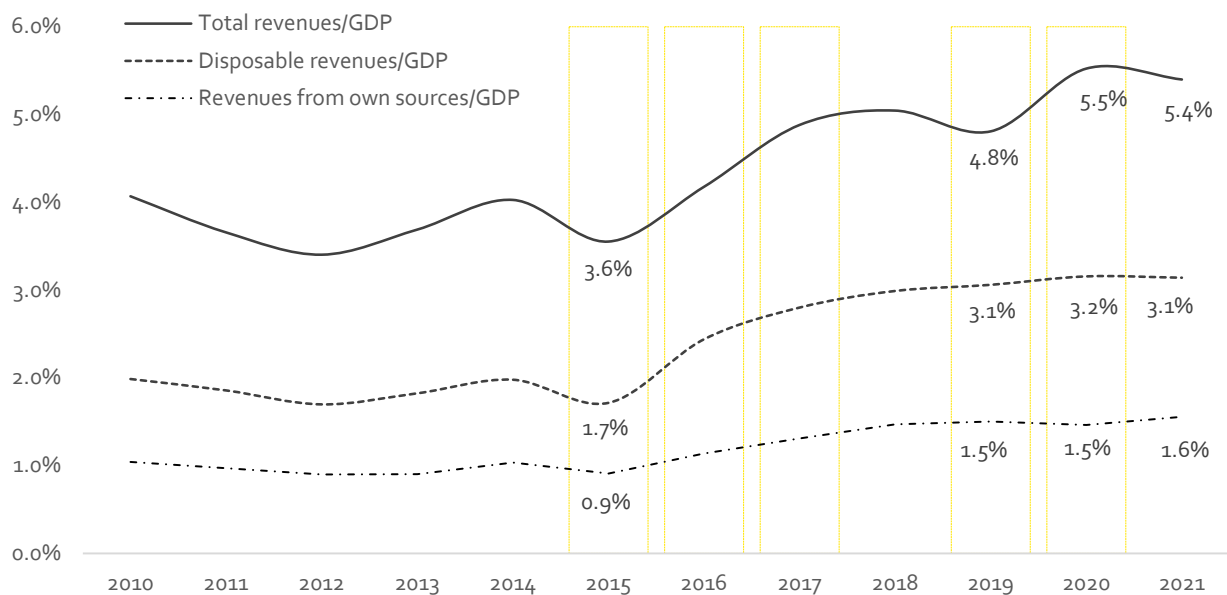


Chart 1. Indicators of revenues to GDP

Source: Authors' processing based on MoFE data & www.financatvendore.al

The indicator of disposable revenues to the nominal GDP also turns out to have improved from 2015, although in the last two years, it has stopped at 3.1% of the nominal GDP. The stabilization and increase in general and sectoral unconditional transfers have broadly determined developments under this indicator. The mitigation measures implemented for categories in need following natural disasters experienced in 2019-2021 triggered an increase in the indicator of total financial resources to nominal GDP from about 4.8% at the end of 2019 to about 5.5% in 2020. Although the support from the Ministry of Health and Social Welfare for economic assistance and disabilities continued

throughout 2021,⁴ the ratio of total financial resources to GDP followed a downward trend, marking a level of about 5.4% at the end of 2021 and about 5% at the end of 2022.

The size of local self-government vis-a-vis the general government has been increasing since 2015. However, this trend has been curbed in the last two years, as measured by the indicators of own source and disposable revenues to general government revenues (presented in chart 2).⁵ In 2022, the ratio of revenues from own local sources to the general government revenues registered about 5.5%, down by about 0.3 percentage points compared to the previous year.

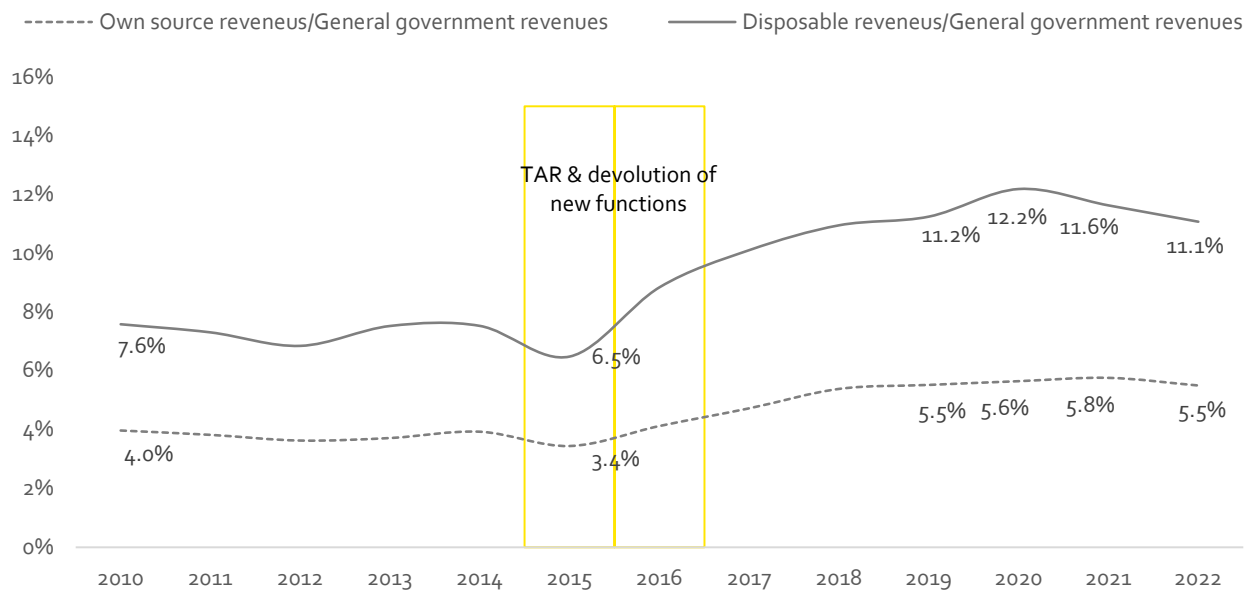


Chart 2: Indicators of revenues to general government revenues

Source: Authors' processing based on MoFE data & www.financatvendore.al

1.1. Revenues from own local sources

Revenues from own local sources (revenues from taxes, charges and other revenues) constitute an essential element for municipalities' good and independent governance. The increase and consolidation of revenues from this source was considered

essential within the decentralization reforms undertaken in 2015-2018 and continues to be one of the main pillars of the National Cross-Cutting Strategy for Decentralization and Local Governance 2023-2030.⁶

Box 2. Financial autonomy of municipalities according to the 2023-2030 NCSDLG⁷

Strengthening local financial autonomy remains an ongoing challenge for good governance. In the 2023-2030 NCSDLG, the increase of local financial autonomy through the consolidation of its own revenue system constitutes policy goal number 4, broken down into four specific objectives.

Specific objective 4.1: Increase local revenue capacity to provide quality services in line with standards. The fiscal and financial autonomy of municipalities is expected to be guided by three essential elements:

- (i) Increasing revenues generated from immovable property taxes (agricultural land, urban land and buildings);
- (ii) Increasing the share in revenues generated from shared taxes through an increase in the percentage of municipalities' participation in the revenues generated by them (as in the case of revenues generated from the natural resources rent - particularly minerals). In this regard, it is worth highlighting the discussion initiated on the possible division of revenues generated from profit tax and value-added tax (as shown from other countries' experience);
- (iii) Generation of revenues from the economic activity of municipalities through the use of local assets.

Specific objective 4.2: Improve the level of predictability and sustainability of intergovernmental transfers and improve the legal and regulatory framework for funds transferred for local functions or capital projects in strategic sectors for LGUs. This objective entails:

- (i) Revision of the criteria used for fiscal equalization as an instrument for local equity (to mitigate differences in fiscal capacity and spending needs) and as a supporting instrument for fiscal decentralization;
- (ii) Increasing the level of unconditional transfers (at a level comparable to the countries of the region) and expanding sectoral transfers (especially in functions of a social character such as social protection, education and health).

Specific objective 4.3: Increase local financial capacities to finance capital projects (investments) by:

- (i) Financing through investment grants, although an instrument under the decision-making of the central government and bearer of the risk that it does not reflect the needs of the municipalities and their investment priorities;
- (ii) Financing through local borrowing (defining a limit for this instrument) as an instrument which can pave the way for significant investments (which go beyond the financing capacities of local budgets).

Specific objective 4.4: Strengthen public finance management and financial information systems at the local level.

- (i) The Local Financial Management Information System (LFMIS) as a system connected with the Albanian Government Financial Information System (AGFIS), the Integrated Planning System Information System (IPSIS), the External Assistance Management Information System (EAMIS) and the Human Resources Management Information System (HRMIS).
- (ii) Improvement of the budgeting processes, including piloting the development of the Medium Term Budget Program (MTBP) and the Annual Budget in three municipalities. In this model, budget programs have been re-organized based on budgeting at the output and cost level and the development of the local budget for less than 20 budget programs (than they currently are).
- (iii) Consolidation of the accounting system, budget classification and financial reporting to improve the supervision of public finances of LGUs by the local council.
- (iv) Creation of individual sub-accounts of LGUs in the single treasury account at the Bank of Albania. This way, LGUs will always have a clear picture of available liquidity, avoiding restrictions and channelling local expenditures.

Revenues from own local sources (revenues from taxes, charges and other revenues) constitute an essential element for municipalities' good and independent governance. On average, this category of revenues represented about 27% of the total financial resources of municipalities during 2010 - 2021. At the end of 2022, revenues from own local sources represented about 31% of total resources, about 4 percentage

points above the long-term average and about 2 percentage points higher than one year ago. In nominal terms, 61 municipalities in the country collected about ALL 32 billion in 2022, an increase of about 7% compared to revenues collected in 2021. Excluding the municipality of Tiranë (which collected about 45% of revenues from its own local sources in 2022), this revenue category increased by about 14% annually.

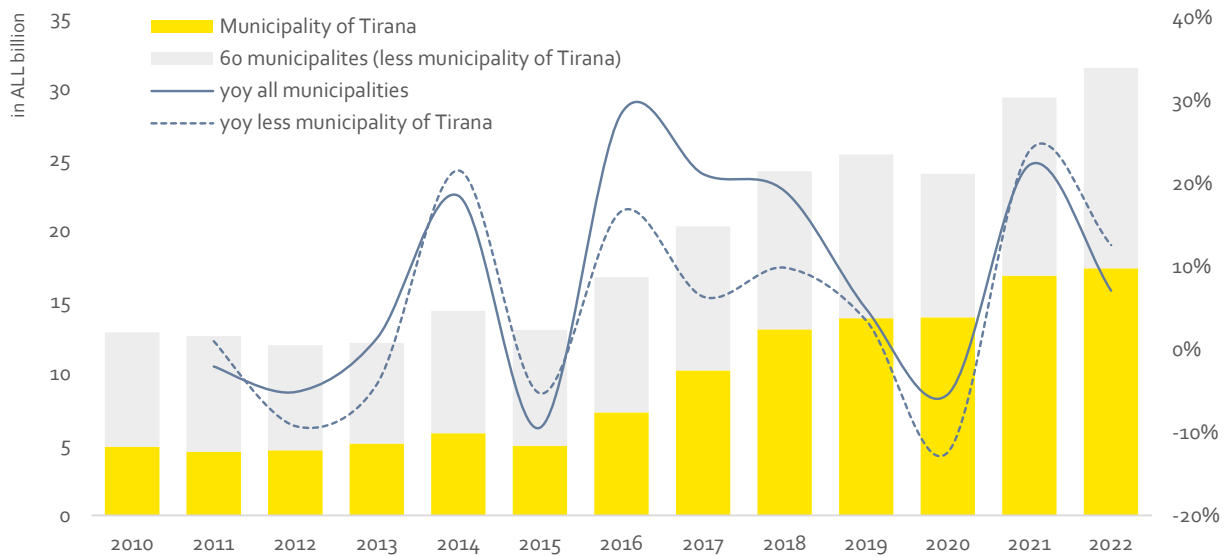


Chart 3. Performance of revenues from own local sources

Source: Authors' processing based on MoFE data & www.financatvendore.al

Expansion of revenues from own local sources has occurred in about 67% of municipalities (or 40/61 municipalities), fluctuating from about +0.5% to +279%. Among them, in about 75% of municipalities (30/40), the revenue growth is over 10% annually. Specifically:

- The municipalities of Përmet, Memaliaj and Kukës marked the most significant increase in revenues from their local sources, followed by the municipalities of Libohovë, Skrapar and Mat.
- In the municipalities of Fushë Arrëz, Klos and Pukë, the growth rate of local revenues was over 50% during 2022.
- In the municipalities of Pogradec, Librazhd, Shijak, Prrenjas, Sarandë, Vlorë, Poliçan, Kolonjë, Kamëz, Kavajë, Belsh, Gjirokastër, Berat and Shkodër, the growth rate of revenues from own local sources fluctuates in the range of 20-40%.

- The annual growth of revenues from own sources in the municipalities of Bulqizë, Korçë, Peqin, Himarë, Vorë and Maliq fluctuates in the range of 10% - 19%.

In contrast, revenues from own local sources decreased in 20 out of 61 municipalities in the country, marking the highest annual contraction in Patos at -47% and the lowest in Delvinë at about -0.05%.





Chart 4. Revenues from own sources at the municipal level (year-on-year changes)

Source: Authors' processing based on data from www.financatvendore.al

Box 3. Collection revenues arrears - novelties in the regulatory framework

The consolidation of the system of revenues generated from the municipalities' own sources continues to be a priority in the 2023-2030 NCSDLG. However, collecting local taxes and charges faces quite a few difficulties, preventing full utilization of the fiscal space available to municipalities. Although the level of these charges is unknown (no public data is available), the Ministry of Finance and Economy and the Ministry of the Interior have taken steps to improve the collection of revenues generated from local taxes and fees. The latter was materialized in a Joint Instruction of the Minister of Finance and Economy and the Minister of the Interior no. 17, dated 20/06/2022, "On determining the minimum uniformity of procedural standards for collecting local taxes and charges".⁸

The instruction aims to standardize tax collection procedures from local taxpayers (companies, households and institutions) and regulate mutual cooperation between Albania's central and local tax administrations. The legislation in force provides municipalities with the authority and competence to collect tax liabilities (a tax which has not been paid within the deadlines and where the right of appeal has not been exercised and has passed the stages of administrative and judicial review) based on the basic regulation (which is approved by the Mayor). In this regard, the Mayor, the authorizing officer and the head of the responsible tax unit in the municipality (when organized as a separate spending unit) initiate the procedures for collecting local taxes and charges, applying coercive measures. Also, the instruction provides for the collection of detailed tax debt data for all categories of local taxpayers.

Applying coercive measures starts with submitting a notice and a written request to pay the dues (for local taxes and charges). If payment is not reached within the deadlines defined in the instruction, the Directorate of Local Taxes and Charges is obliged to take coercive measures to collect them. These measures include asset sale blocking, the confiscation of not less than 50% of the daily turnover within the overdue amount and up to penal prosecution. The order to freeze the taxpayer's bank accounts is a notification and request for payment that the tax administration can use for taxpayers who have not paid local taxes and charges in the specified amount and term. If, even after blocking the accounts of the debtor taxpayer, the obligations are still unpaid, the local tax administration continues with the implementation of tax liability insurance measures (general notice of tax liability insurance published on the official website of the municipality, notice on the imposition of the lien mortgage and notification of insurance lien placement). If, following these measures, the tax liability is still unpaid, the tax administration can collect the unpaid tax liability through the sequestration and subsequent confiscation of the property owned by the insured taxpayer in favour of the municipality/local tax administration. The compulsory collection of the tax debt by the local tax administration is prescribed after 5 years from when the tax obligation had to be paid, in cases where the liabilities have been remitted by law, after the declaration of the obligation as uncollectible by the tax administration.

The revenue increase generated from local sources resulted from positive developments in all the constituent items. In this regard, the main contribution was the revenues generated from local fees and charges (+4 percentage points), which represented about 38% of the revenues from own local sources and recorded an annual increase of about 12% in 2022. Revenues from local

taxes represented about 59% of revenues from local sources, recorded a slight annual growth of 2% and contributed about 1 percentage point to the growth of revenues from local sources in 2022. The increasing share of revenues from other local sources made a positive contribution to the overall performance of the revenues created from own local sources.

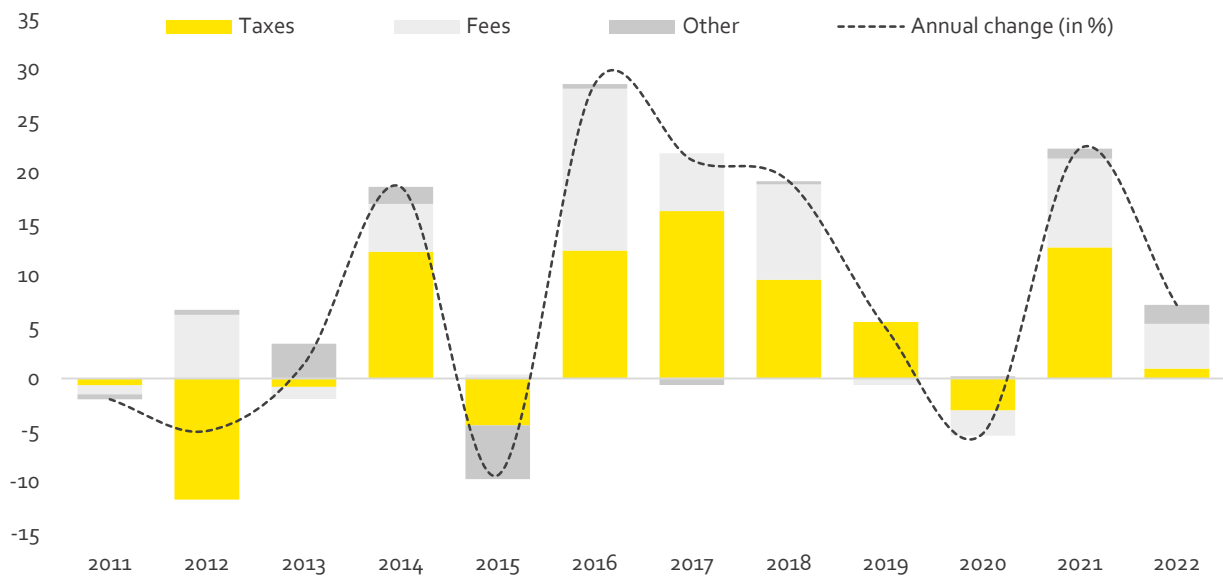


Chart 5. Contribution by category (in p.p.) in the annual change of own-source revenues (in %)

Source: Authors' processing based on data from www.financatvendore.al

The structure of revenues from own local sources by sub-category seem to differ among the 61 municipalities in the country (presented in Chart 6). To identify these differences, municipalities will be classified according to the number of resident population in their territory (Census 2011), as follows: (i) small-size municipalities with a population of up to 40 thousand inhabitants (43/61 municipalities are classified as small-size); (ii) medium-

size municipalities with 40,001 to 100,000 residents (11/61 municipalities are classified as medium-size), and (iii) municipalities with over 100,000 inhabitants (6/61 municipalities are classified as large-size). As the population of the municipality of Tiranë outnumbers other municipalities with over 100,000 inhabitants, for analysis purposes, it has been given a particular spot apart from large-size municipalities (see Annex 4).

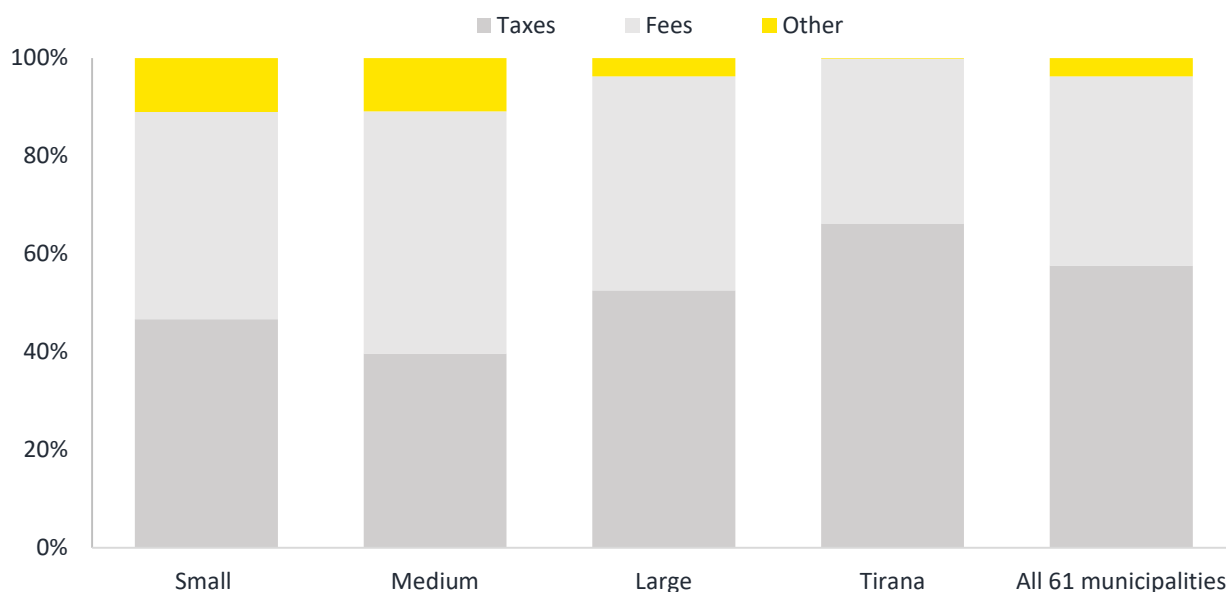


Chart 6. Revenue structure by municipality size

Source: Authors' processing based on data from www.financatvendore.al

On average, in 61 municipalities in the country, revenues from local taxes represent about 59% of revenues from own local sources, revenues from charges about 38% and other revenues about 3%. The revenue structure in large-size municipalities is the one that presents the lowest differences compared to the average of 61 municipalities. In large-size municipalities, local tax revenues represent about 53% of the total, about 4 percentage points less compared to the average of 61 municipalities. In medium-size municipalities, revenues from fees and charges account for the majority of revenues from their own local sources, representing about 49% (about 10 percentage points above the average of 61 municipalities). Similarly, but at a higher level, in the municipality of Tiranë, local tax revenues represented about 66% of revenues from own local sources. The fluctuation of shares by the categories in revenues generated from own sources clearly indicates a sharp difference between the fiscal capacities of municipalities and the different opportunities to generate revenues. At the municipal level, the differences in

the structure of revenues from own sources are even more pronounced (as presented in Chart 7). In some municipalities such as Roskovec, Vorë, Shijak, Lushnjë, Finiq, Fier, Durrës, Vlorë, Patos, Prrenjas, Sarandë, Kamëz, Himarë, Kavajë and Tiranë, local tax revenues represent more than 50% of total revenues in the category of own local sources. In contrast, in the municipalities of Bulqizë, Skrapar, Dibër, Has, Kuçovë, Përmet, Fushë Arrëz, Vau Dejës, Kurbin etc., revenues from local charges occupy over 50% of revenues generated from own local sources.

The analysis of revenues by municipalities for 2022 shows that about 70% of revenues from own local sources are collected by 6 municipalities (see Chart 8). About 57% of these revenues were collected in the municipality of Tiranë, followed by the municipalities of Durrës (about 4%), Vlorë (about 4%), Shkodër and Kamëz (about 3% respectively), and Elbasan (about 2%). The same trend is observed in the share of municipal revenues generated from local taxes and charges. About 63% of local tax

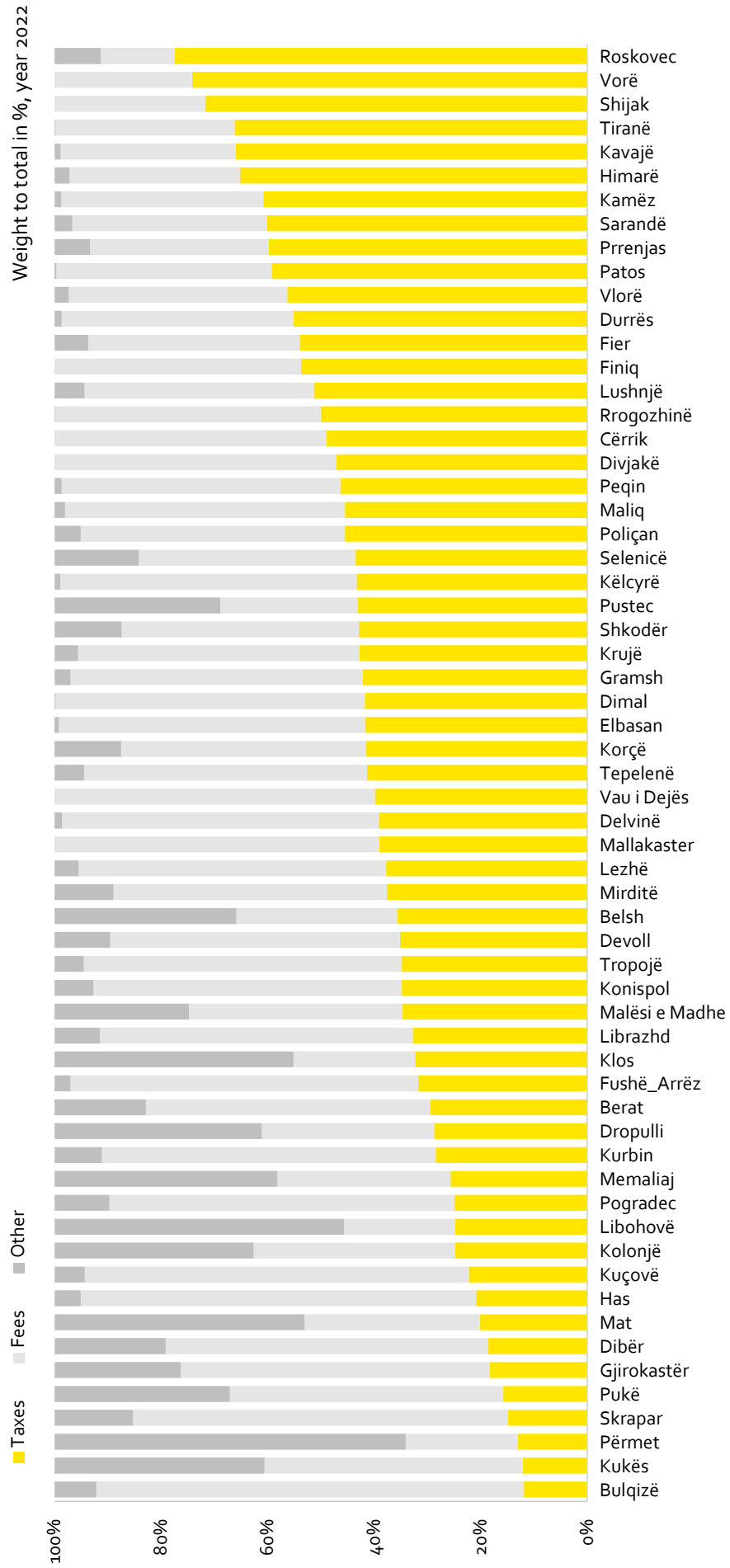


Chart 7. Structure of revenues by size for 61 municipalities
 Source: Authors' processing based on data from www.financatvendore.al

revenues are generated in the municipality of Tiranë, the largest municipality in the country with the highest number of companies and population, followed by the municipalities of Vlorë and Durrës (around 4% respectively), Kamëz (around 3%) and Himarë (around 2%). About 48% of revenues from local charges are generated in the municipality of Tiranë, followed by the municipalities of Durrës (5%), Elbasan and Vlorë (about 4% respectively), Korçë (3%) etc.

While responsible for the same (symmetrical) functions and competencies, the municipalities in the country present very different fiscal and financial capacities, as highlighted by a detailed analysis of the revenue structure from own sources (taxes, charges and others) at the municipal level. Results show that several clusters of municipalities have naturally emerged, as follows: (i) the municipality of Tiranë, operating and presenting significant differences from the other 60 municipalities; (ii) large-size municipalities with some similarities among one another, but very different from the municipality of Tiranë; (iii) medium-size municipalities presenting similarities among one another, but also displaying significant differences from the municipality of Tiranë and large-size municipalities; (iv) small-size municipalities sharing similarities, but significantly different from all other municipalities. **Financial capacity differences (which essentially reflect the concentration of population and businesses in the territory) condition and impact the ability of municipalities to deliver the local public services they are legally responsible for.**

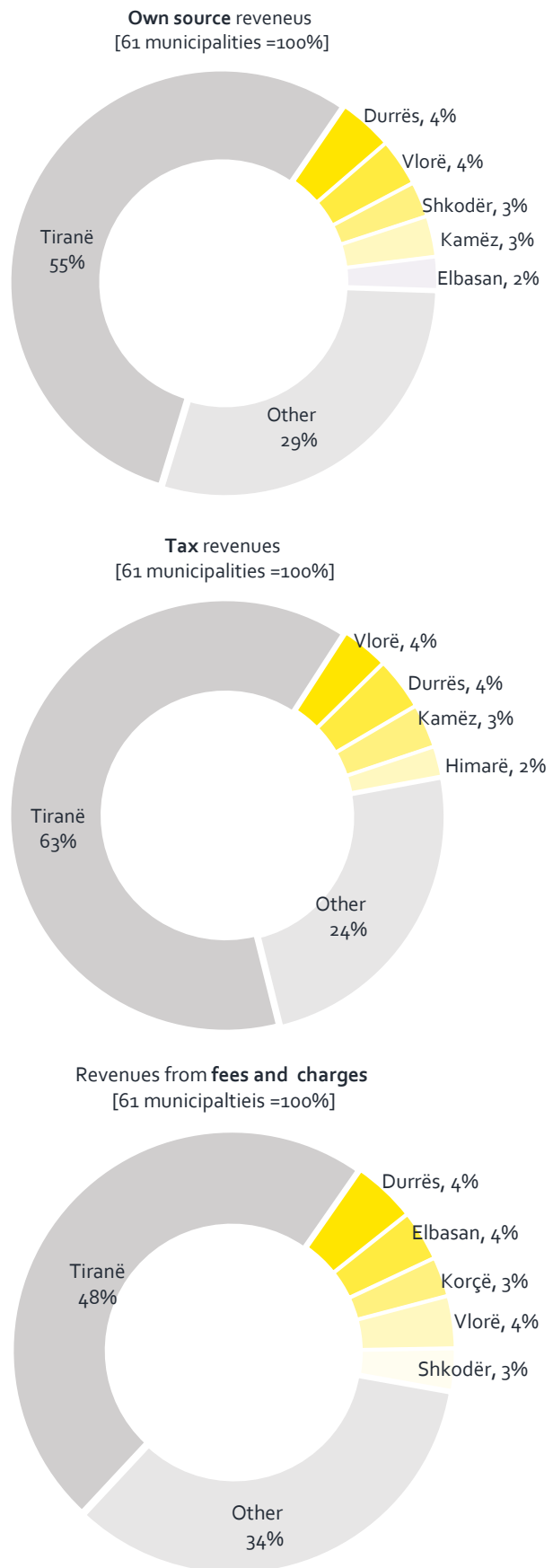


Chart 8. Revenues by category in 61 municipalities
Source: Authors' processing based on data from www.financatvendore.al

1.1.1 Revenues from local taxes

Tax revenues are an important source in the structure of revenues from own sources, although the municipality's taxing powers are assessed to be relatively low (Co-PLAN, 2022). In 2022, the share of this item to the total revenues generated from own local sources was about 59%, with this ratio being about 5 percentage points below the long-

term average (of about 64%) and estimated at 1% of GDP. In nominal terms, local tax revenues contributed about 19 billion to the local budget, marking an increase of about 20% compared to one year ago. The growth rate of local tax revenues resulted in 5% if we are to exclude the total revenues collected in the municipality of Tirana.

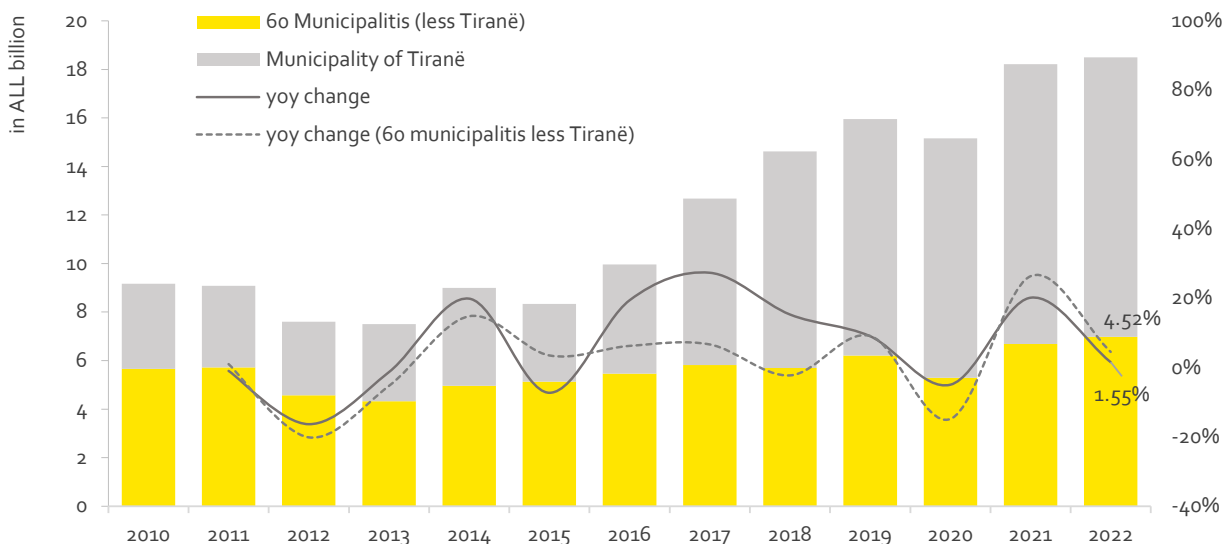


Chart 9. Performance of tax revenues

Source: Authors' processing based on data from www.financatvendore.al

Local tax revenues are still dominated by the contribution of revenues generated from two main types of taxes: infrastructure impact tax for new constructions and revenues from immovable property tax (buildings, agricultural land and urban land). Jointly here,

these two types of taxes represented about 88% of total local tax revenues (increasing by 2 percentage points compared to the previous year). In contrast, the share and contribution of the simplified small business profit tax and other taxes remained low.

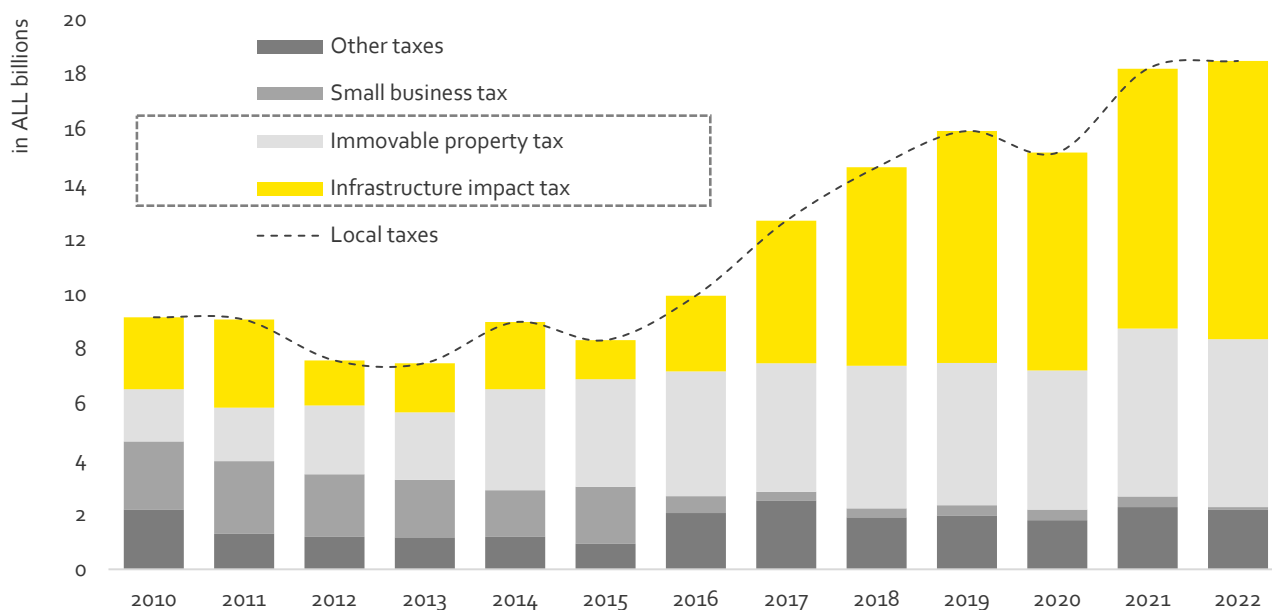


Chart 10. Tax revenues by item

Source: Authors' processing based on data from www.financatvendore.al

Revenues generated from *immovable property taxes and related transactions* (especially the building tax) have generally followed an upward trend over the years, albeit at moderate rates. About 5 years from the property tax reform (the building tax), ownership-related issues and a lack of cadastral registries, among others, hinder the potential of this tax to be fully unlocked.⁹

Also, the increase in the number of building permits granted and in the construction area were expected to positively contribute to the revenues generated from this tax. In the last three years, revenues generated from this tax have been estimated at an average of 0.3% of nominal GDP, a ratio significantly lower than the average of SEE countries of about 0.6% of GDP for 2019 (NALAS, 2020).

Box 4. Long-term expectations for property tax according to the 2023-2030 NCSDLG

The immovable property tax is considered a stable current revenue in local budgets. In the case of the 61 municipalities in Albania, issues encountered in implementing property taxation after the reform process in 2007 were numerous. In the 2023-2030 NCSDLG, an increase in revenues generated from immovable property tax is aimed at 0.5% of nominal GDP. The improvement in the amount of revenues created from this tax is expected to come as a result of the following:

- revision of the current tax rate;
- taxation of agricultural land and urban land at market value (similar to buildings);
- adding categories of immovable properties subject to taxation;
- increasing the number of immovable properties registered in the fiscal cadastre;
- expanding the tax base through good fiscal administration.

In 2022, revenues generated from immovable property taxes and respective transactions were about ALL 6.1 billion, almost at the same level as during the previous year,

representing about 33% of local tax revenues and about 19% of revenues generated from own local sources.

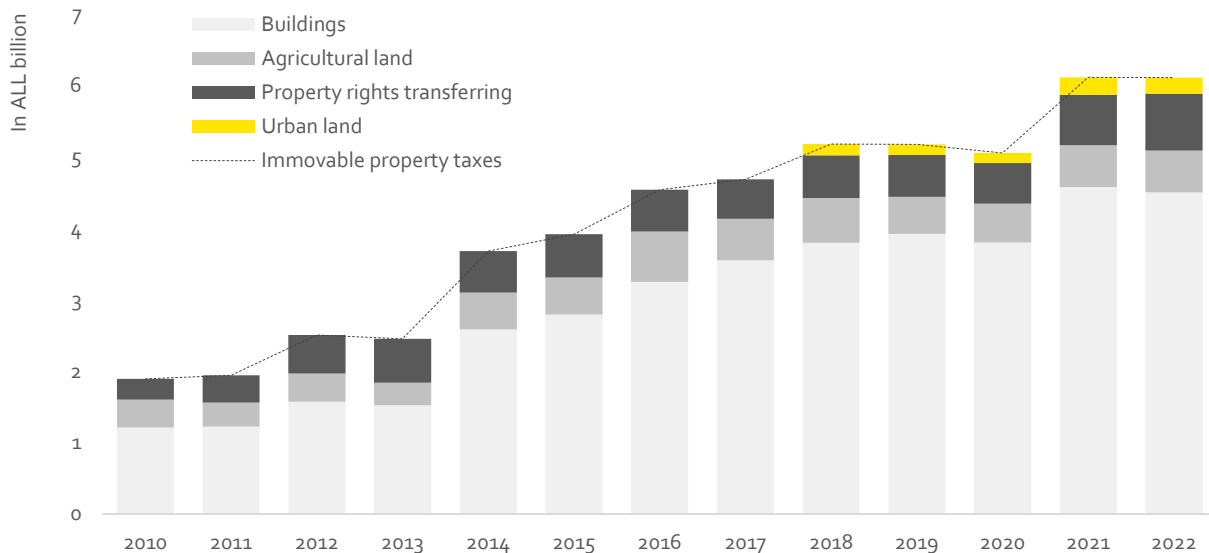


Chart 11. Revenues generated from immovable property tax

Source: Authors' processing based on data from www.financatvendore.al

The annual performance of revenues generated from immovable property tax presents positive developments in 30/61 municipalities in the country (see chart 12). The highest increase in revenues generated from this tax was recorded in the municipalities of Kavajë (+39%), Himarë (+51%), Kamëz (+30%), Maliq (+24%), etc. In contrast, in 31/61 municipalities such as Mallakastër (-51%), Mirditë (-37%), Peqin (-21%), Durrës (-20%), Librazhd (-17%), Rrogozhinë (-15%) etc., such revenues have seen a decrease.

By municipality, about 46% of the revenues created from immovable property taxes are collected in the municipality of Tiranë due to the concentration of a high number of houses and buildings in this territory. The municipality of Durrës ranked second in

terms of the share of revenues collected from immovable property tax, with about 5% of the total for the period under consideration, followed by the municipalities of Fier, Elbasan and Vlorë.

By constituent items, the performance of revenues generated from immovable property taxes is driven by developments in the *building tax* revenues (on average 75% in the last three years). In 2022, building tax revenues accounted for about ALL 4.5 billion, a slight decline of about 2% annually. About 50% of the total building tax revenues were collected in the municipality of Tiranë followed by the municipalities of Durrës (5% of the total), Shkodër and Vlorë (4% of the total, respectively). By municipality, building tax revenues marked an increase in 30/61 municipalities in the country,



Chart 12. Revenues from immovable property taxes by municipality (1)

Source: Authors' processing based on data from www.financatvendore.al

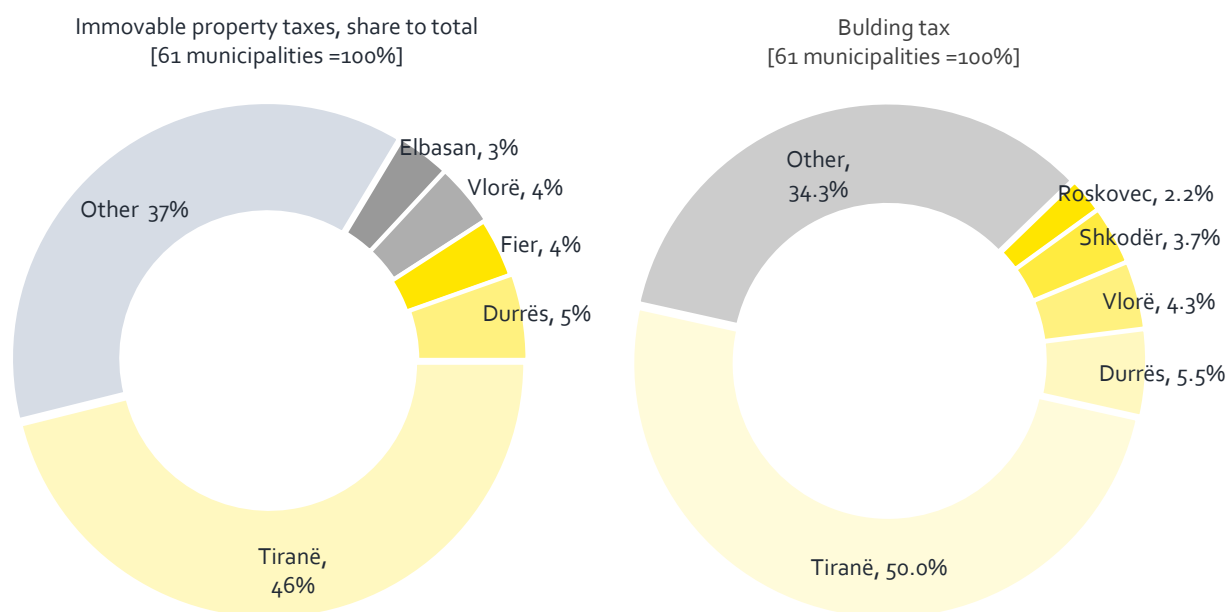


Chart 13. Immovable property taxes by municipality (2)

Source: Authors' processing based on data from www.financatvendore.al

particularly in the municipalities of Himarë, Shkodër, Përrenjas, Maliq, Divjakë, Përmet, Bulqizë, Kamëz, Kolonjë, Pustec, Kavajë etc. In contrast, building tax revenues in 31/61 municipalities, such as the municipalities of Mallakastër, Mirditë, Selenicë, Memaliaj, Këlcyrë, Durrës etc., decreased.

Revenues created from *agricultural land tax*, although weighing significantly less than the revenues generated from building tax, contributed by about ALL 583 million (almost at the same level as one year ago) to the category of immovable property tax revenues in 2022. Dissimilar from the building tax revenues being concentrated in a limited number of municipalities, agricultural land tax revenues appear scattered among municipalities. The highest amount of this tax was collected in the municipalities of Fier (about 13% of the total), Divjakë (about 6% of the total), Rogozhinë, Tiranë and Roskovec (about 4% of the total, respectively), due to the agricultural characteristics of these municipalities.

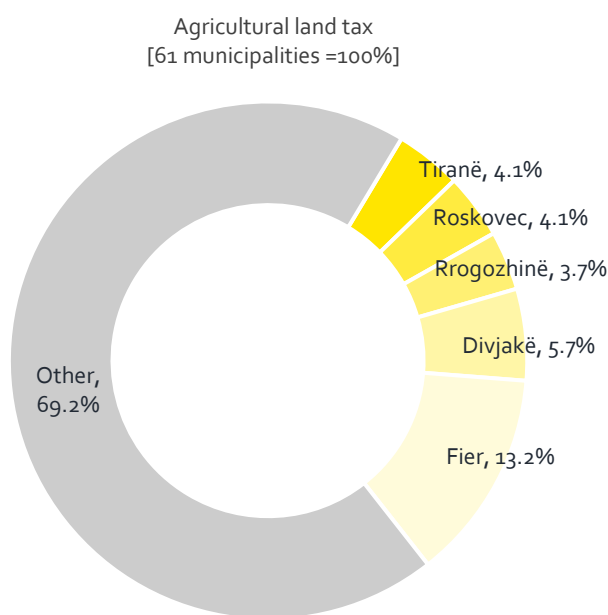


Chart 14. Building and agricultural land tax, shares to the total

Source: Authors' processing based on data from www.financatvendore.al

Urban land tax revenues accounted for a low share of total property tax revenues (around 4%) and marked a decrease of about 10% annually.

Revenues from *ownership* rights transfer tax also turned out to have increased in share in the last two years, influenced by the accelerated developments in the construction sector. For 2022, the revenues from ownership rights transfer tax reached about ALL 800 million, increasing by about 14% compared to the previous year.

Revenues generated from *infrastructure impact tax for new constructions* (IIT) have historically represented an important and significant source for the local budget (higher than property tax revenues). Particularly in 2022, revenues from IIT represented about

53% of total local tax revenues, about 32% of total revenues from own local sources and were estimated at 0.5% of nominal GDP. The increased importance of this item in local budgets has been significantly affected by implementing General Local Plans (GLPs) through construction permits for new buildings. In cumulative terms, from 2018 to the third quarter of 2022, about 5,680 building permits were granted, translating into an increased construction area of about 9.5 million m². The implementation of GLPs through new construction permits has, on the one hand, positively impacted the increase of revenues from IIT for municipalities and, on the other hand, placed them in a challenging position to provide the necessary public infrastructure, which also requires funding for both initial development and continuous maintenance.¹⁰

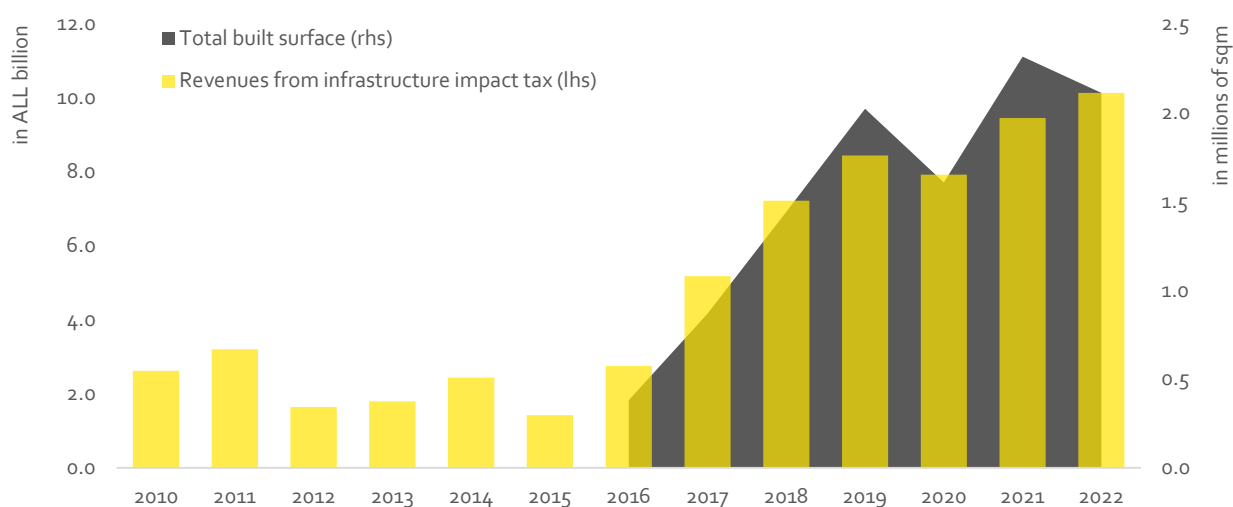


Chart 15. Revenues from IIT and the construction area

Source: Authors' processing based on data from INSTAT & www.financatvendore.al

Revenues generated from the infrastructure impact tax for new constructions accounted for about ALL 10.1 billion in 2022, an annual increase of about 7% (or about ALL 680 million more than the previous year). Excluding revenues collected by the municipality of Tiranë, the other 60 municipalities in the

country collected about ALL 2.7 billion from IIT, an annual increase of about 26%.

Despite constituting a large share of local tax revenues, IIT revenues are not uniformly generated in all municipalities (see Chart 17). About 73% of the revenues generated in 2022

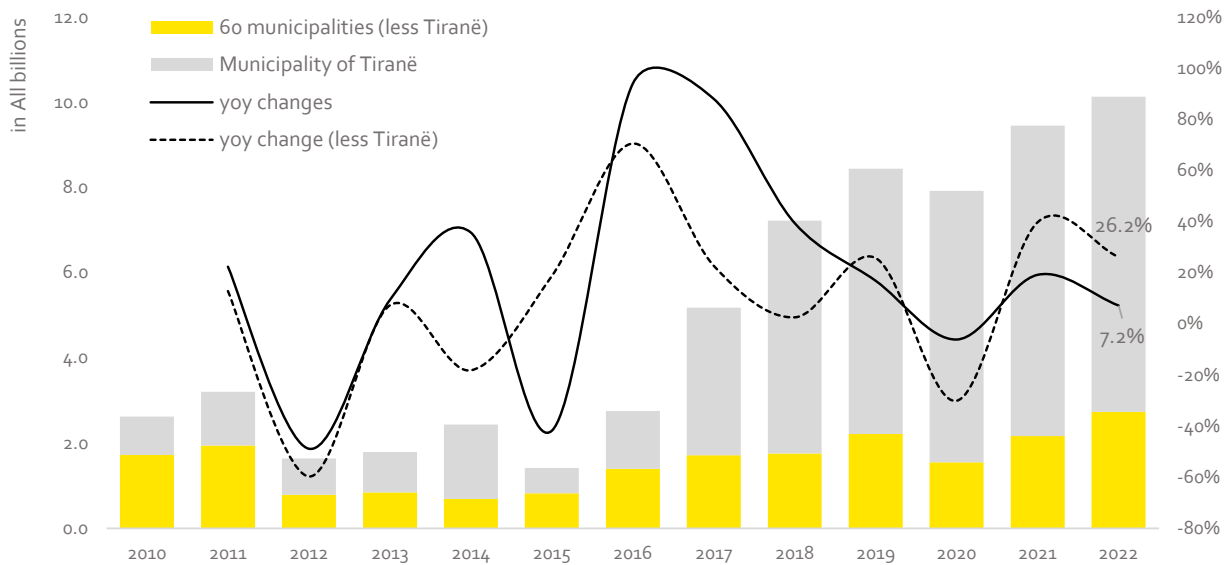


Chart 16. Revenues from the infrastructure impact tax

Source: Authors' processing based on data from INSTAT & www.financatvendore.al

from this tax were collected in Tiranë and the rest in 60 other municipalities. During this period, revenues from IIT collected by the municipality of Tiranë increased by about 2% compared to the previous year. With a marked difference from the municipality of Tiranë, the municipalities of Vlorë, Himarë and Kamëz together collected around 12% of the IIT revenues, followed by the municipality of Durrës (around 3%). Based on the information on construction permits issued in January - September 2022, the municipality of Tiranë will be boasting about 1.3 million square meters of new construction area or about 62% of Albania's total new construction area in the period under consideration.

IIT revenues have progressively increased their contribution to local budgets as measured by the ratio of IIT revenues to local tax revenues. The higher this ratio, the higher the dependence (and importance of IIT revenues on the local budget) and the municipality's exposure to fluctuations in the construction sector. From 2010-2015, revenues from IIT represented, on average,

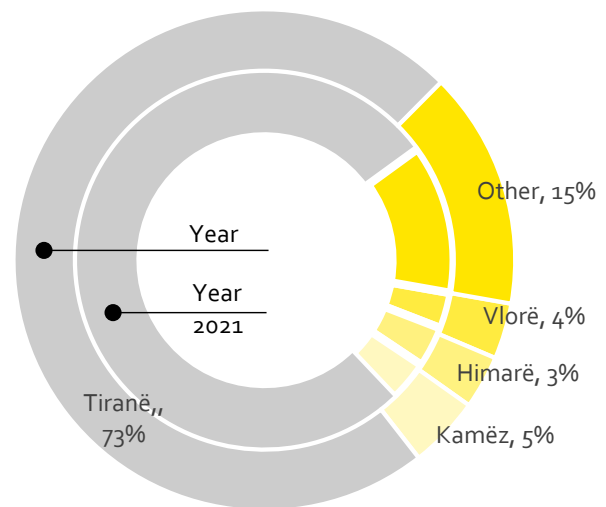


Chart 17. Infrastructure impact tax from new constructions (total = 100%)

Source: Authors' processing based on data from INSTAT & www.financatvendore.al

about 26% of total local tax revenues, and from 2016 to 2021, their share increased to about 46% of local tax revenues. At the end of 2022, total revenues from IIT for 61 municipalities represented about 55% of local tax revenues. For 8/61 municipalities, revenues from IIT contribute above the

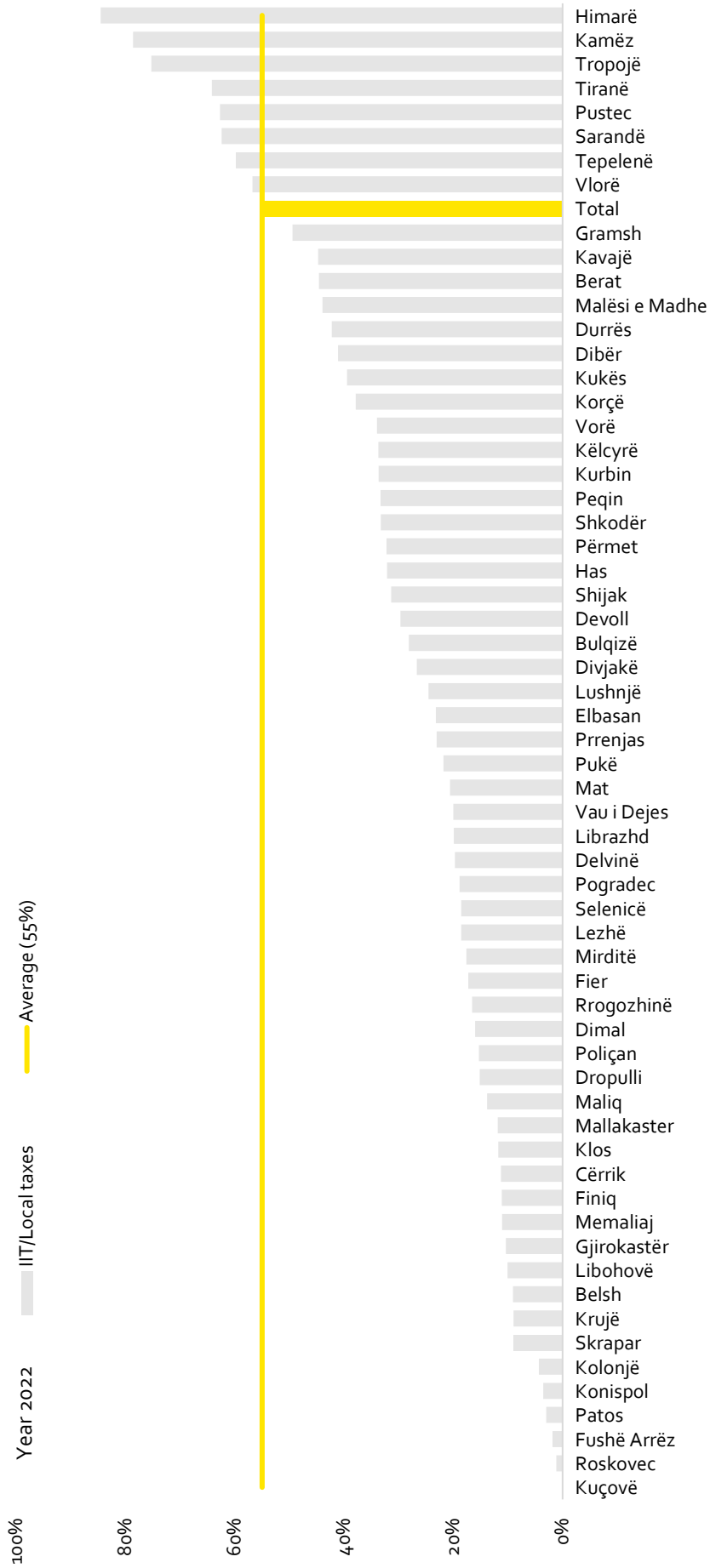


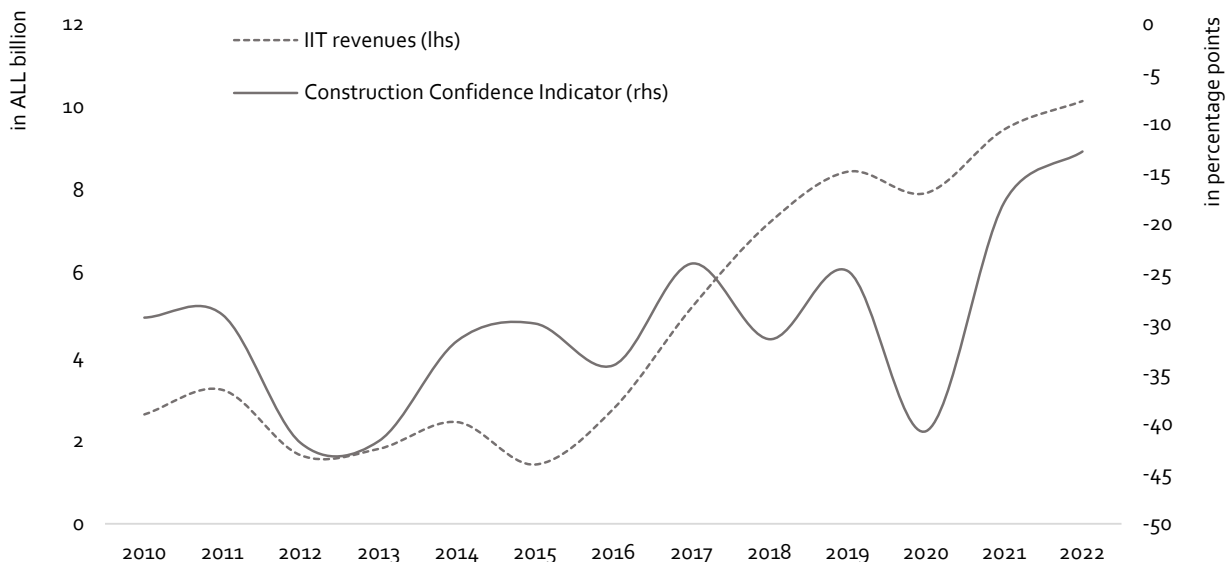
Chart 18. Importance of revenues from IT in local budgets
 Source: Authors' processing based on data from www.financatvendore.al

average to the total revenues from local taxes, respectively, in the municipalities of Himarë (85%), Kamëz (79%), Tropojë (75%), Tiranë (64%), Pustec (63%), Sarandë (62%), Tepelenë (60%) and Vlorë (57%). The high share of revenues generated from IIT in these municipalities directly exposes local budgets to developments in the construction sector. In contrast, revenues from IIT contribute below the average to total local tax revenues in 53/61 municipalities. This contribution is estimated at less than 10% of local tax revenues in 9/61 municipalities, such as the municipalities of Kuçovë (0%), Roskovec (1%), Fushë Arrëz (2%), Konispol and Kolonjë (4% respectively), Skrapar, Belsh and Krujë (9% respectively) etc. In municipalities with a relatively diversified portfolio of local tax revenues (or contributions distributed among different local taxes), the exposure of local budgets to a sudden shock to the construction sector is estimated to be relatively lower.

The performance of revenues generated from this tax suggests the continuation of development pressures measured by the number of construction permits and construction area, although this pressure is concentrated in the municipality of Tiranë. The dynamics and accelerated developments

evidenced by the IIT revenue indicator and the construction permits indicator are also perceived by companies in the construction sector, reflected in the improvement noted in the Construction Confidence Index (CCI).¹¹ Although remaining negative, the CCI recorded a significant improvement during 2022. However, although until 2017, the CCI indicator and revenues created from IIT represented a good correlation, their performance appears to be different in the following years. This difference is determined by the performance of revenues generated from IIT in Tiranë and the concentration of development pressures in this municipality after 2017. Revenues from IIT for the other 60 municipalities in the country and CCI represent a positive correlation over time.

Revenues from the *simplified profit tax for small businesses*, until 2015, an essential financial source in local budgets (on average, revenues from this tax stood at about 25% of total local tax revenues until 2015), continue to make a progressively smaller contribution.¹² In nominal terms, revenues from this tax recorded a value of about ALL 88 million in 2022, down by about 77% compared to one year ago. In the long term, the revenues from this tax are expected to



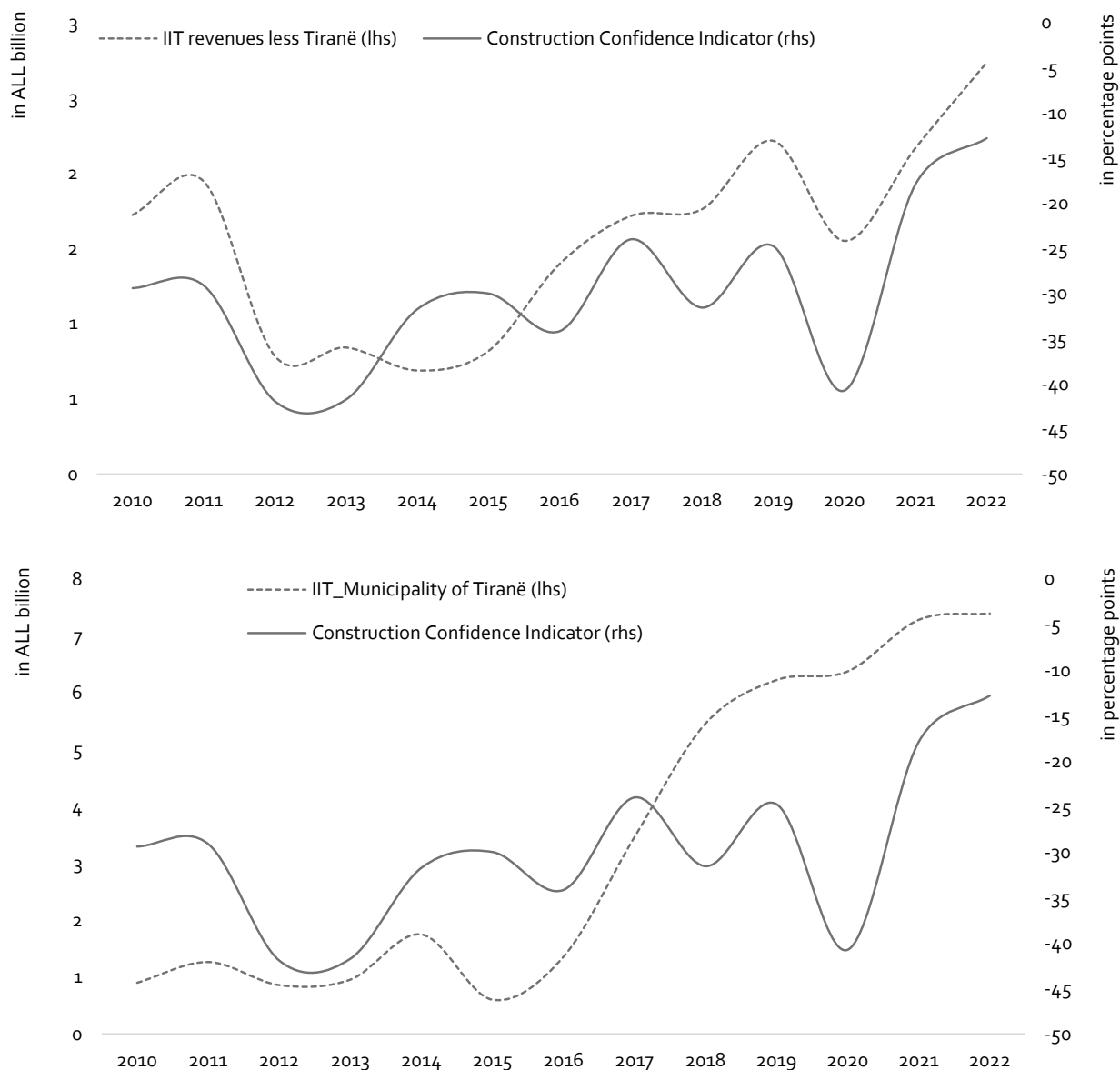


Chart 19. Indicators of the construction sector

Source: Authors' processing based on data from BoA & www.financatvendore.al

progressively decrease their contribution to the total revenues from their own local sources. Given the challenges posed by the COVID-19 pandemic and to stimulate small business entities, part of the fiscal policy proposals was abolishing this tax by 2029.¹³ However, based on what is provided by the applicable regulatory framework, in cases where the central government takes initiatives to remove specific taxes or charges, municipalities should be compensated financially for the loss caused.¹⁴

The revitalisation of tourism activity during 2022 positively impacted the performance of revenues generated from the *hotel accommodation tax*. For 2022, revenues generated from this tax were about ALL 291 million, up by 56% from one year ago. In 2022, about 42% of hotel tax revenues were collected in the municipality of Tiranë, increasing by about 80% annually and in the municipality of Kavajë, hotel tax revenues represented about 10% of the total amount collected for this tax, followed

by the municipalities of Durrës (9%), Vlorë (7%), Sarandë and Shkodër with about 6% respectively. Together, these 6 municipalities

collected about 80% of the total revenues created from the local tax imposed on hotel service activity for 2022.

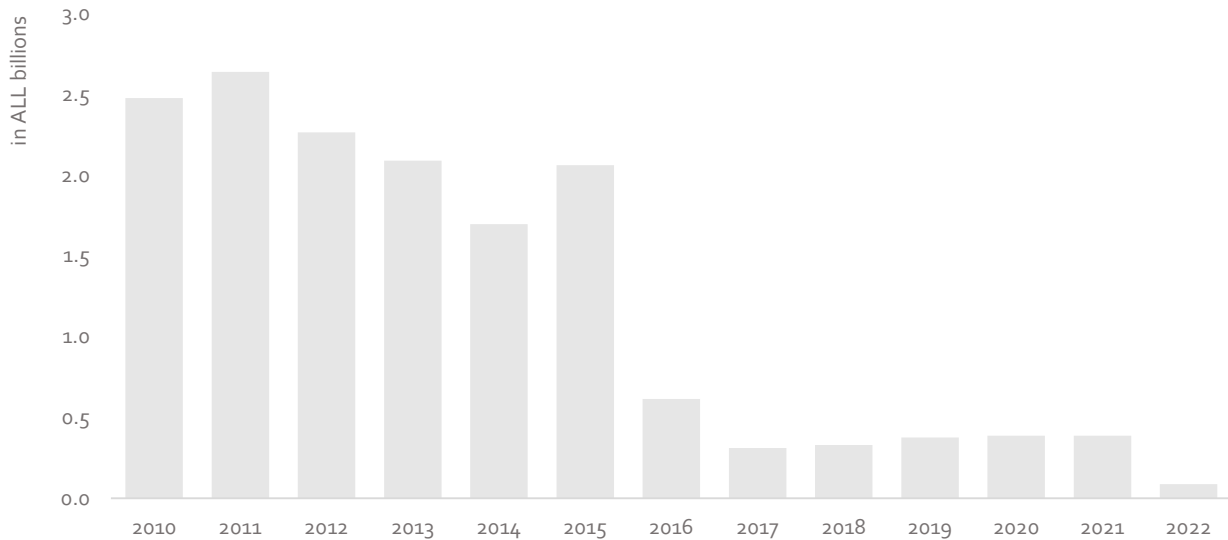


Chart 20. Revenues from simplified tax on small business profit

Source: Authors' processing based on data from www.financatvendore.al

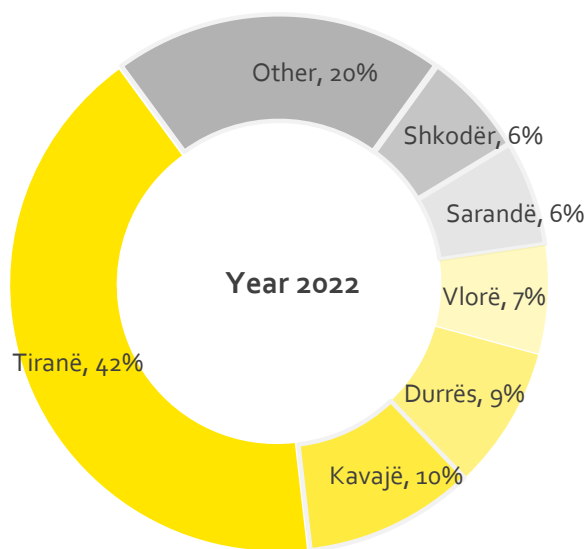


Chart 21. Revenues from the hotel accommodation tax

Source: Authors' processing based on data from www.financatvendore.al

Tourism is a priority sector for Albania, with its potential contribution to added value and employment (based on the National Strategy for Development and European Integration 2030.¹⁵ Beyond expectations, the data show a relatively low contribution of the tourism sector (approximated by the added value of activities in "Ag accommodation and food services" at about 2.4% of the GDP's gross added value for 2021. Similarly, the share of revenues collected from the tax imposed on hotel service activities remains significantly below the potential expected from this tax for local budgets.¹⁶ During 2021, 27/61 municipalities did not create any revenues from the hotel service tax, and 21/61 municipalities generated less than 1% of the total revenues from this tax (including municipalities with consolidated tourism activity).

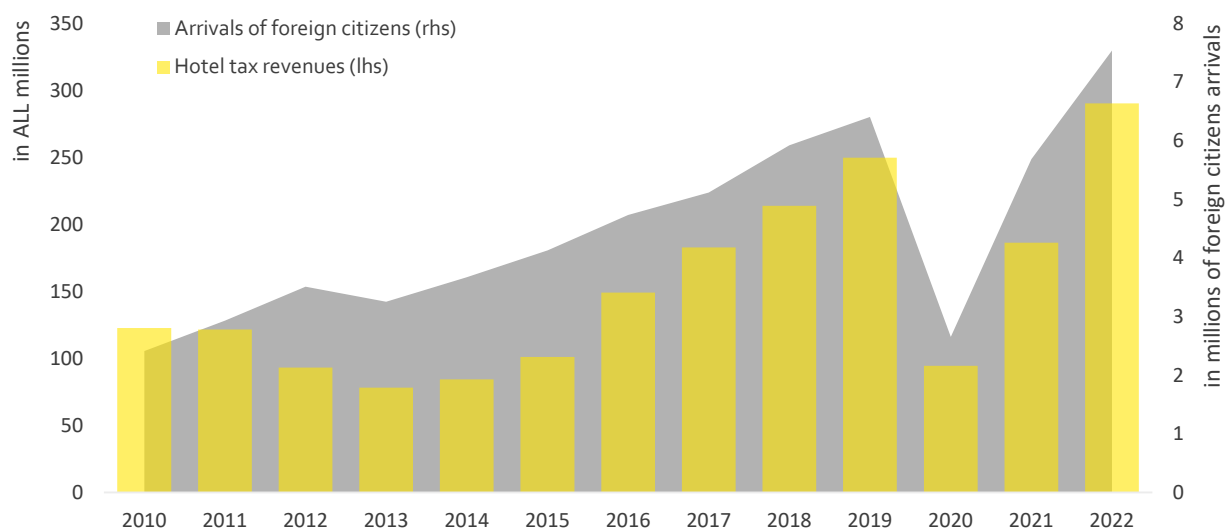


Chart 22. Tourism activity and revenues in the local budget

Source: Authors' processing based on data from INSTAT & www.financatvendore.al

Informality is a distressing factor for the tourism sector, unfolding in various forms such as non-registration of accommodation facilities or real capacities, non-declaration of overnight stays or declaration of fabricated figures, etc. According to Kristo (2013) and ADF (2018), there is a considerable gap in

the number of accommodation facilities declared against those that operate in the field. In the absence of sector formalisation, municipalities lose revenues from their yearly budgets, which could be used to upgrade tourism facilities and infrastructure.

1.1.2 Revenues from local fees and charges

Revenues generated from local fees and charges make up a significant revenue source in the local budget (estimated at 38% of revenues from own local sources, about 12% of total financial resources in 2022), for which municipalities have full decision-making autonomy (in determining the base, rate, facilities and their utilization). In 2022, all charge categories positively contributed to the annual growth of about 12% in the total revenues raised from local charges. Excluding revenues generated by the municipality of Tiranë (about 49% in 2022), the annual growth rate of revenues from local charges for the other 60 municipalities in the country

is moderated at about 13% in annual terms.

At the municipal level, the increase in revenues from local charges was present in 48 out of 61 municipalities. However, the main contribution in this regard was an increase in revenues raised from fees and charges in the municipalities of Tiranë (by about 5 percentage points) and Fier (by about 1.5 percentage points). In contrast, revenues generated from local charges decreased in 13 out of 61 municipalities, including the municipalities of Patos, Roskovec, Këlcyrë, Selenicë, Divjakë, Konispol, Rogozhinë, Belsh, Malësi e Madhe etc.

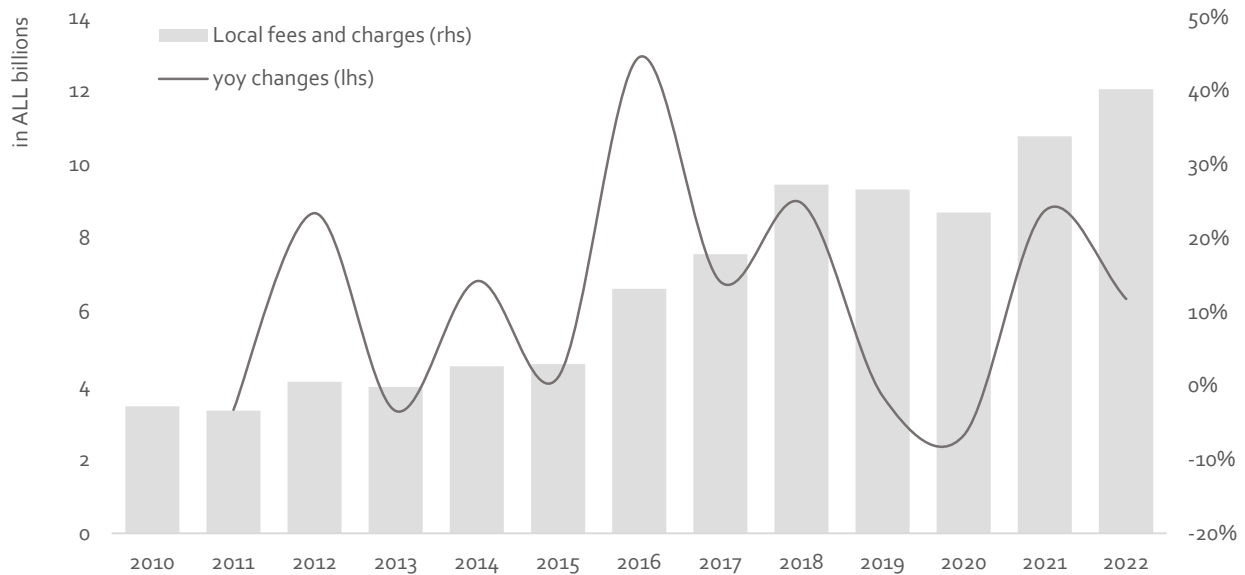


Chart 23. Performance of revenues from fees and charges

Source: Authors' processing based on data from www.financatvendore.al

Regarding main items, revenues from service charges represented about 45% of total revenues generated from charges, revenues from administrative and other charges represented about 42%, while revenues from public space occupation and use charges represented about 13%.

Revenues from public service/utility charges (waste management, lighting and greenery, water supply and sewerage, irrigation and drainage) recorded about ALL 5.4 billion, increasing by about 9% annually. About 88% of public service/utility charges revenues were collected from cleaning and sanitation fees. Over the last three years, revenues from cleaning and sanitation fees have followed a progressive upward trend,

reflecting an increase in local charges in some municipalities. Also, the collection of this charge by using Water Utility companies as tax agents (mainly in urban areas and where there is a water supply network) may have contributed to the same end. Revenues from public lighting fees amounted to ALL 371 million, representing about 7% of the total public service/ utility charges and increasing by 13% annually. Revenues from irrigation and drainage service charges, although weighing less in the total revenues created from local charges, marked an increase compared to one year ago. About 50% of the total revenues from the irrigation and drainage fee was collected in the municipalities of Korçë and Dimal.

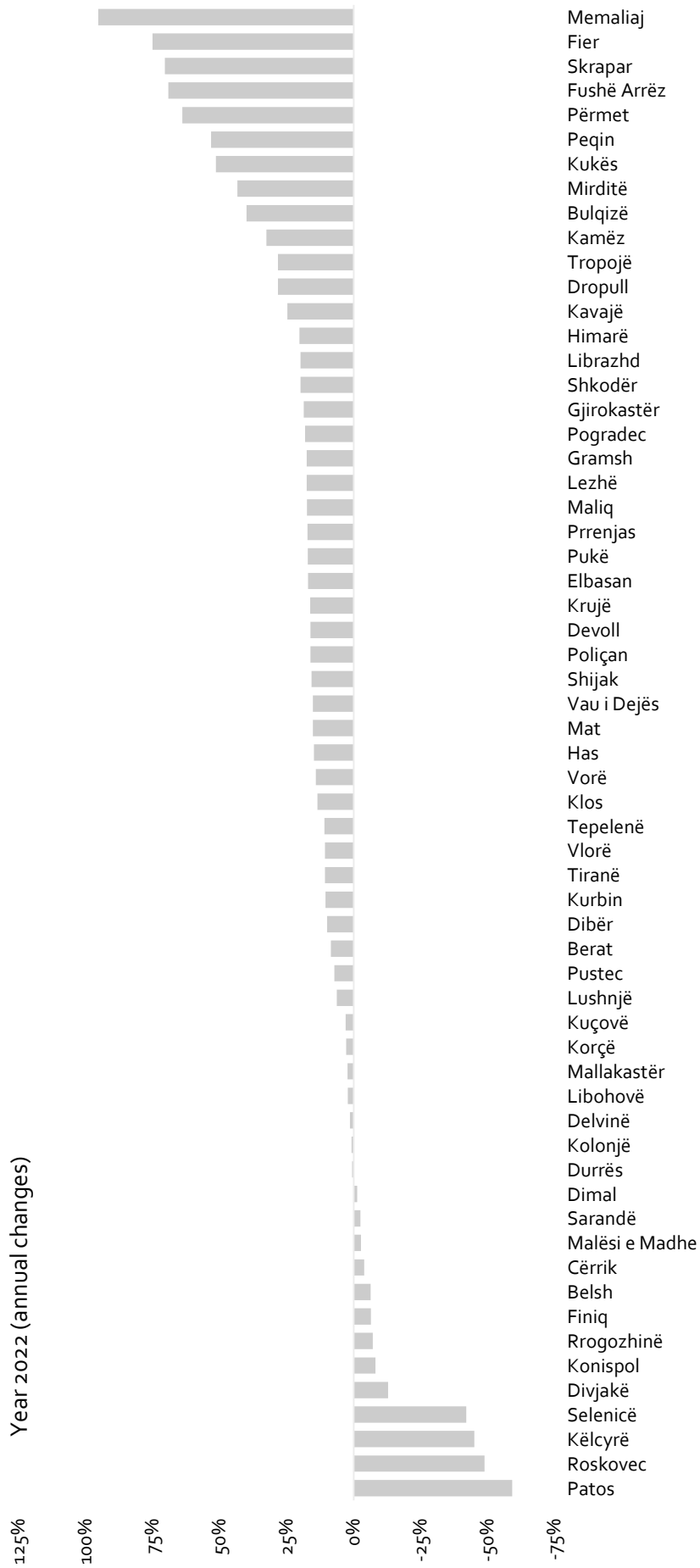


Chart 24. Performance of revenues from local fees and charges by municipality

Source: Authors' processing based on data from www.financatvendore.al

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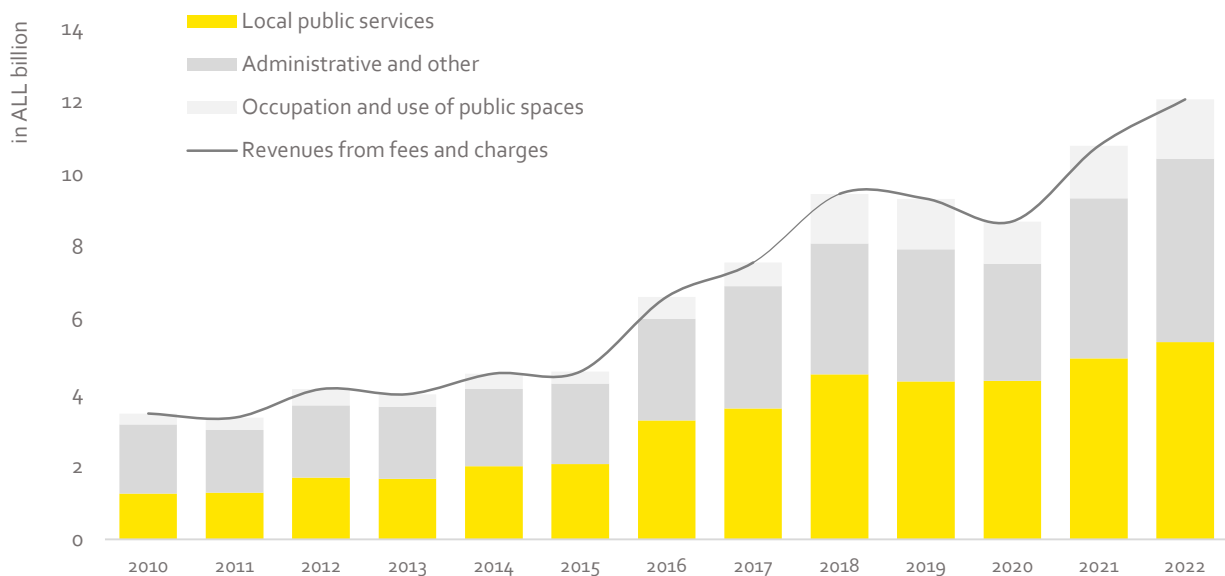


Chart 25. Performance of revenues from local fees and charges by item

Source: Authors' processing based on data from www.financatvendore.al

Revenues from the *public spaces occupation* and use fee and the facade fee amounted to ALL 1.6 billion in 2022, increasing by about 13% annually. Looking at the performance of specific items, it turns out that revenues from the fee on public space occupation for business purposes (bars and restaurants) account for the highest share with about

53% of the total, followed by revenues from parking fees with 40%. Revenues generated from these two items result in 18% and 10% annual growth, respectively, in 2022. Regarding the revenues created from parking fees, it is worth mentioning that only the municipality of Tiranë collects about 82% of the total revenues from this fee, followed

by the municipality of Durrës with about 4% and Korçë with about 3% of the total. In this regard, the other large municipalities, qark

centres, have not had the same performance, despite their potential to do so (considering the number of population and vehicles).

1.1.3 Local borrowing and arrears

In the absence and/or insufficiency of financial resources, municipalities may take out short-term loans to cover short-term or long-term liquidity needs to finance capital expenditures or refinance an existing loan.¹⁷ According to OECD, access to external financial resources is an indicator of revenue-related autonomy (be it a short-term and/or long-term loan and/or PPPs). Data published in the debt registry by the end of 2022 revealed that the municipalities of

Korçë, Vlorë, Elbasan and Lezhë have active loans in the local banking system.¹⁸ All the above-referenced loans were borrowed in 2010 (municipalities of Korçë, Vlorë and Elbasan) and in 2014 (municipalities of Korçë and Lezhë) to fund infrastructural projects. After 2014, no municipality seems to have taken out a loan, although the needs for investments are enormous, and the municipal capital budget is insufficient.

Borrower	Lender	Amount (in ALL million)	Signed in:	Ends in:	Balance at the end of 2022: (in ALL million)
Municipality of Korçë	ISBA	200	2014	2024	51
Municipality of Vlorë	BKT	420	2010	2020	3
Municipality of Elbasan	BKT	800	2010	2020	140
Municipality of Lezhë	ISBA	107	2014	2023	8

Table 1. Data on local borrowing

Source: Ministry of Finance and Economy (MFE)

The local government debt stock by the end of 2021 amounted to ALL 202 million and is estimated at 0.017% of nominal GDP,¹⁹ making a small contribution to the overall public debt amount. Compared to the 2021 data, municipalities have lowered their exposure to banks by about ALL 113 million, depending on relevant loan settling plans. Although municipal exposure to loans is low

and plays a modest role in Albania's overall debt, no loans have been taken out by any of the municipalities in the country since 2014. Meanwhile, besides the debt indicators, municipalities in the country have their stock of outstanding liabilities, which by the end of 2022 amounted to ALL 5.9 billion, many times higher than the local self-government debt stock. As a share of GDP, arrears stock

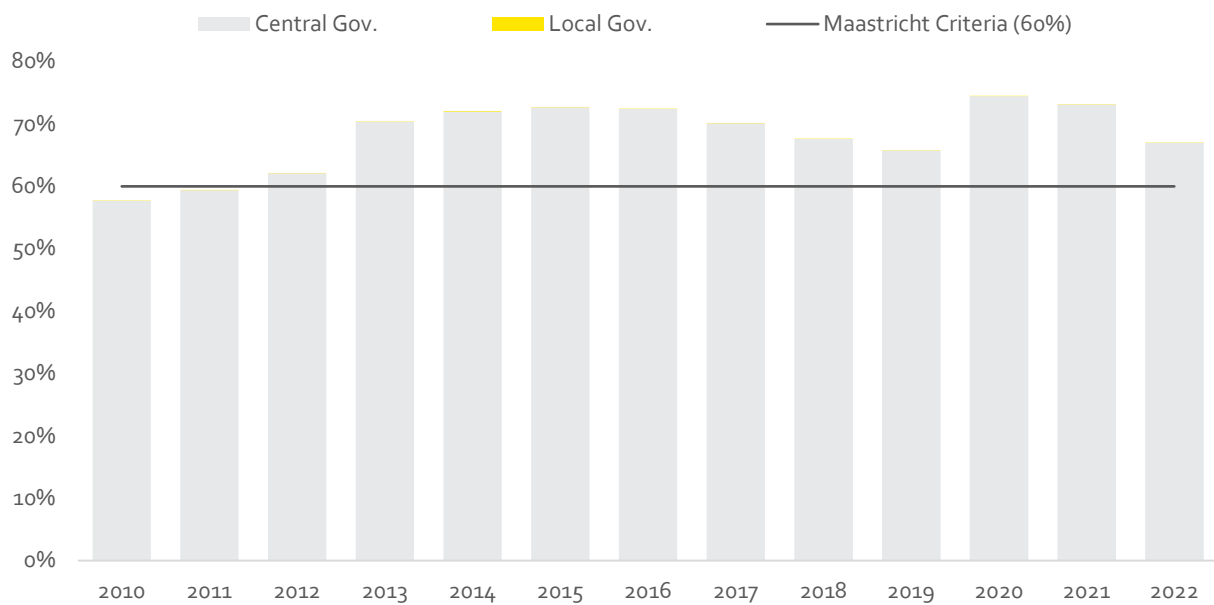


Chart 26. Indicators of debt to nominal GDP

Source: Authors' processing based on MoFE data

by the end of 2022 represented about 0.28% (compared to 0.34% recorded one year ago).

Based on the data provided by the Ministry of Finance and Economy, by the end of 2015, the stock of arrears was about ALL 12.1 billion,

which was quite distressing at both local and central levels.²⁰ Ever since 2015, the stock of arrears has followed a downward trend, and in 2022 it amounted to ALL 5.9 billion, with an annual decline of about 10% or about ALL 662 million lower than the level recorded at

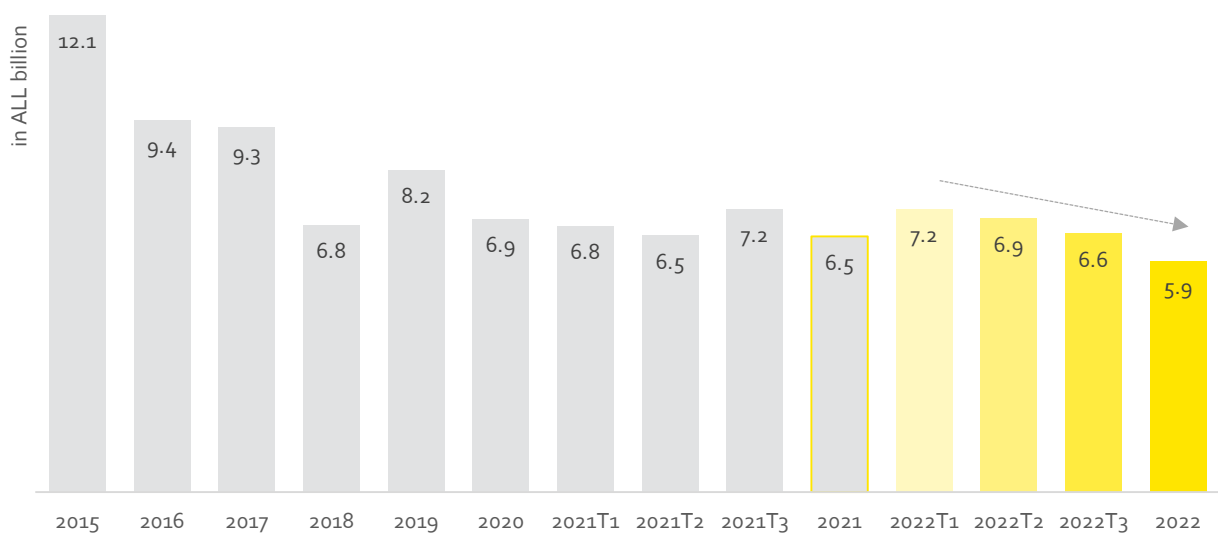


Chart 27. Stock of arrears

Source: Authors' processing based on MoFE data

The reduction of arrears in 2022 is estimated to have been partially influenced by an intervention of the central government making available a specific transfer of about ALL 1 billion for their settlement, pursuant to Article 6, point 2, of Normative Act No. 17, dated 01/12/2022 "On some additions and amendments to the law no. 115/2021, "On the 2022 budget", as amended".²¹ Although for some of the municipalities in a situation of financial distress or insolvency, this transfer constitutes an easing of the financial situation, in conceptual terms, the intervention is criticizable. This is because the payment of liabilities by the central government can create lazy to opportunistic behaviour in the local self-government units putting the financial administration at risk in the long term.

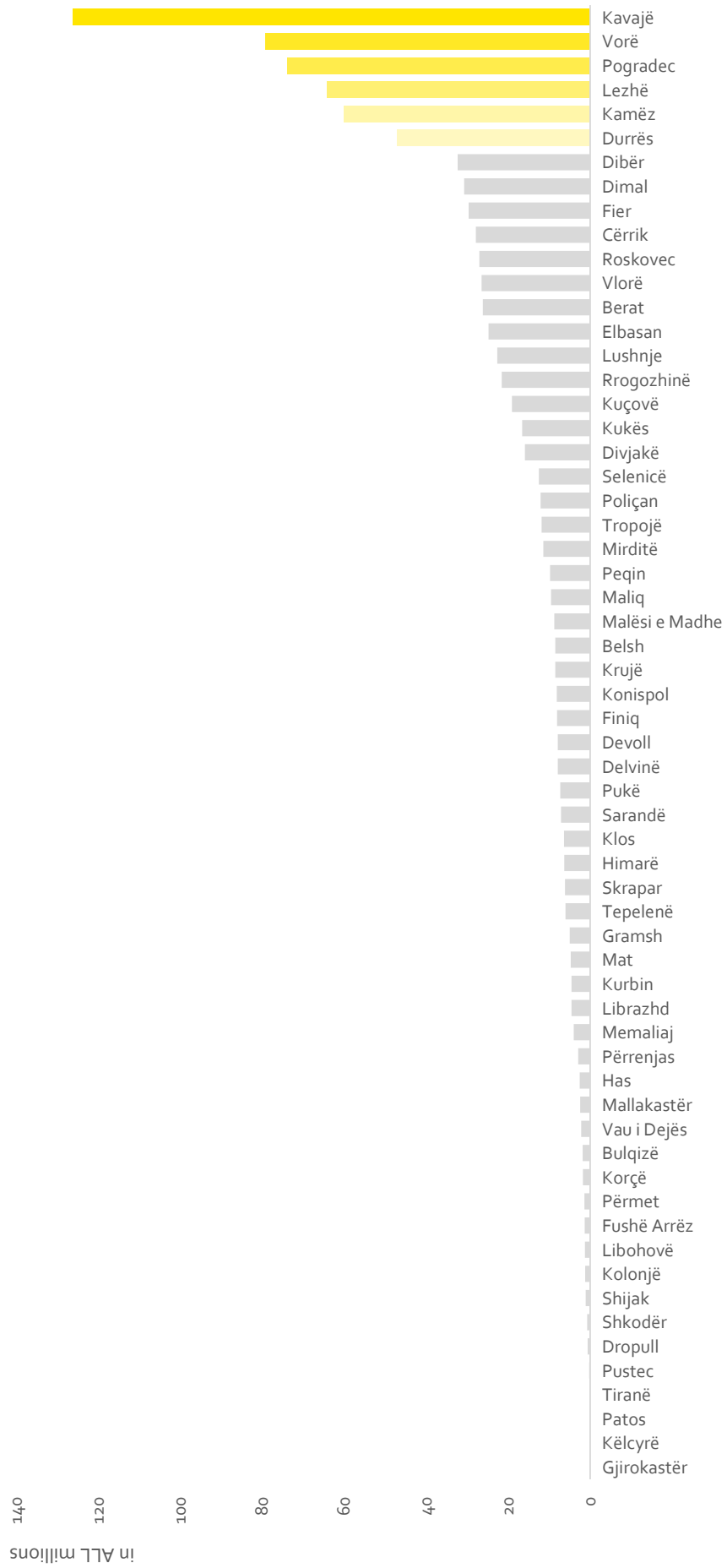


Chart 28. Specific transfer for arrears payment
 Source: Authors' processing based on MoFE data

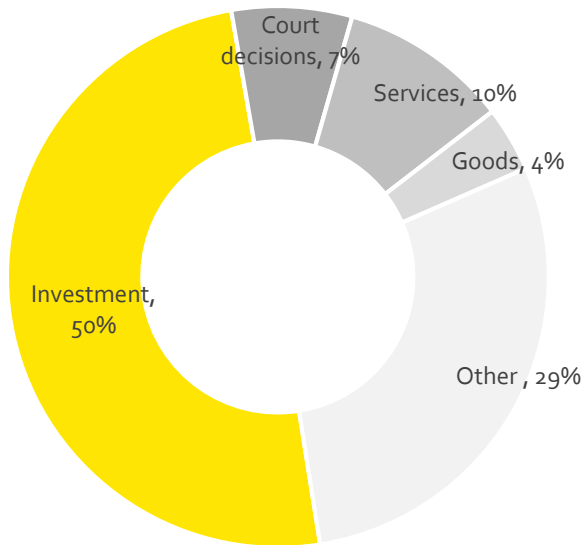


Chart 29. The stock of arrears by category
Source: Authors' processing based on MoFE data

By category, the largest share in the total stock of arrears is held by investment liabilities (which represented about 50% of total liabilities) and other expenditures (29%). The arrears established by court decisions represented about ALL 592 million or about 7% of the total stock of liabilities. About 14% of the stock of arrears was recorded in the items of goods and services consumed by municipalities in the country.

By municipality, about 53% of the stock of arrears at the end of 2022 is carried by 5 municipalities (presented in chart 30). The highest level of the stock of arrears was recorded in the municipality of Tiranë, with about ALL 1.2 million or about 20% of the total stock of liabilities at the end of 2022. About 68% are liabilities for other expenses, about 19% are investment costs, and about 4% are incurred due to court decisions. The municipality of Kavajë ranks second in terms of the level of arrears, with about ALL 838 million or about 14% of the total stock. Similar to the municipality of Tirana, about 62% of the arrears of the municipality of

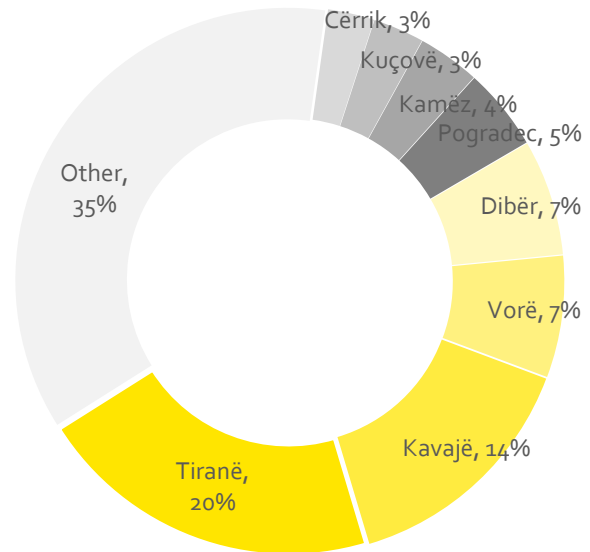


Chart 30. The stock of arrears by municipality
Source: Authors' processing based on MoFE data

Kavajë fall under other expenses and about 23% under services. The third municipality in this ranking is the municipality of Vorë, with about ALL 413 million or about 7% of the total stock of liabilities at the end of 2022, followed by the municipalities of Dibër (7%), Pogradec (5%), Kamëz (4%), Kuçova (3%) etc.

Reduction of arrears (which will have to be settled in the medium term) turns out to have occurred in 72% of municipalities (or 44/61 municipalities) and to be particularly sensitive in the municipalities of Malësi e Madhe (-254 million ALL), Durrës (-196 million ALL), Lezhë (-184 million ALL), Belsh (-169 million ALL), Berat (-135 million ALL), Roskovec (-111 million ALL), Vorë (-103 million ALL) etc. In contrast, about 25% of municipalities (or about 15/61 municipalities) have contributed to the growing stock of arrears by the end of 2022 compared to their amount by the end of 2021. A substantial increase in arrears is observed in the municipalities of Tiranë (+527 million ALL), Dibër (+252 million ALL), Pustec (+146 million ALL) and Devoll (+64 million ALL).



Chart 31. The annual difference in the stock of arrears by municipality

Source: Authors' processing based on MoFE data

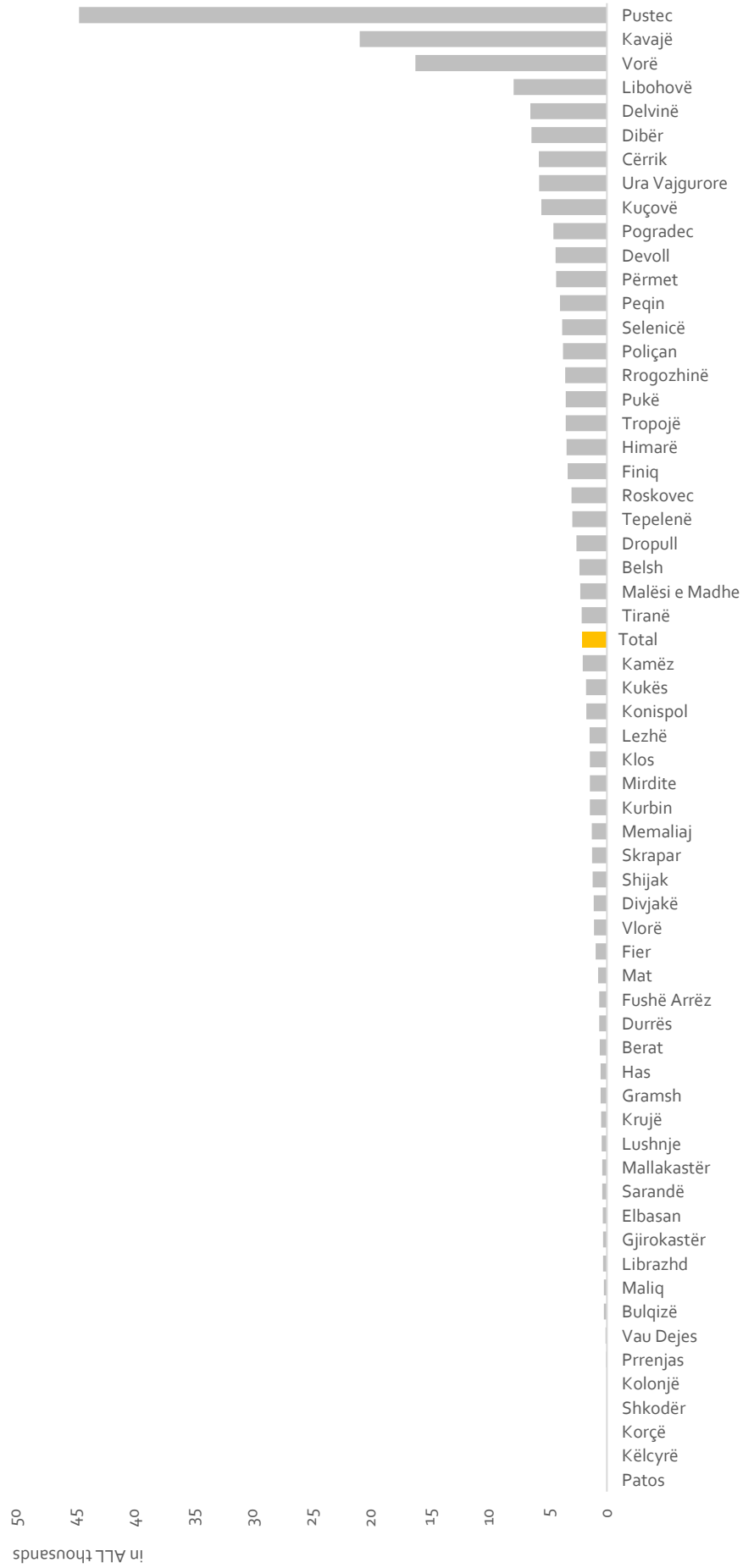


Chart 32. Arrears per capita
 Source: Authors' processing based on MoFE & INSTAT data

On average, arrears of municipalities burden citizens by about ALL 2,094 per capita by the end of 2022, from about 2,316 ALL per capita by the end of 2021. At the municipal level, arrears per capita mark a maximum level in the municipality of Pustec, with about ALL 44,602 per inhabitant and a minimum level of about ALL 4 per capita in the municipalities of Shkodër and Korçë. Patos and Këlcyrë's municipalities owe no arrears at the end of 2021 (see Chart 32).

To assess to what extent **municipalities are exposed to financial distress** based on the stock of debts and arrears, we will refer to the provisions under Law No. 68/2017, "On Local Self-Government Finances ". Article 57, paragraph 1 therein stipulates - "*A local self-government unit shall be considered in serious **financial distress** when long-term debt and outstanding liabilities towards third parties constitute more than 80% of **approved annual expenditures**.*" Moreover, Article 59, paragraph 1 therein provides that "*a local self-government unit shall be considered insolvent if it fails to implement the financial rehabilitation plan and/ or if the ratio of long-term debts and outstanding liabilities to the total of approved annual expenditures is higher than 1.3.*" Based on the methodology used by the MoFE (2021), the use of actual annual expenses to assess the degree of municipality financial distress would give a more realistic overview of the financial situation of municipalities. Based

on stipulations made under the regulatory framework in place, the data on the long-term municipal debts, arrears and actual expenditures for 2022 will be used to assess municipalities' financial distress and insolvency (Chart 33).

In this assessment, for the year 2022, it is estimated that Pustec municipality is in a state of insolvency since the ratio of long-term debts and arrears to annual expenses (actual expenses of the municipality in 2022) marked the level of 1.7, being significantly above the reference level. Developments in the improvement direction are recorded for the municipalities of Vorë and Kavajë, estimated to have recorded an indicator level below the limit of 80%, thus leaving the area of financial distress calculated in 2021. In 2021, the municipalities of Kavajë and Vorë were in a state of serious financial distress as the ratio of long-term debts and arrears to annual expenses in the last year (the actual expenditures of the municipality in 2021) marked a level of 91.2% and 90.5%, respectively, remaining above the reference level (of 80%). Meanwhile, although below the threshold provided for by the law, the municipalities of Dibër and Cërrik need to show an increased level of diligence in terms of financial management because the ratio of outstanding liabilities to actual expenditure for 2021 stands very close to the reference level for serious financial distress of 80%.

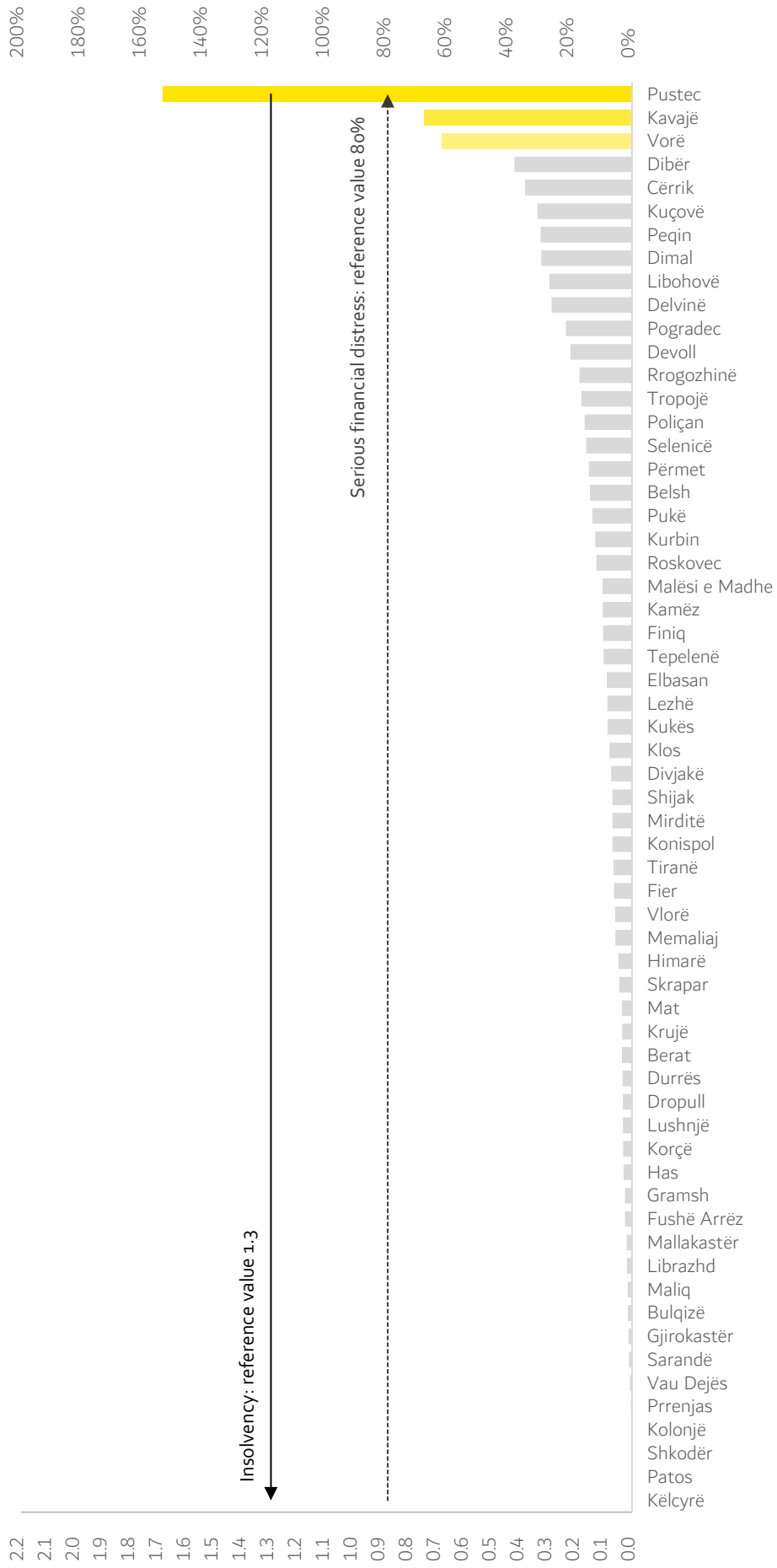


Chart 33. Assessment of municipal financial distress

Source: Authors' processing based on MoFE data

1.2 Revenues from shared taxes

Municipalities in Albania use several funding sources to exercise their functions and competencies defined in the law governing the organization and operation of local self-government. Among them, article 37 of law no. 139/2015 "On Local Self-Government" and article 25 of law no. 68/2017 "On Local Self-Government Finances" set out the categories of shared taxes which benefit 61 municipalities in Albania, including:

- 97% of the revenues from immovable property ownership transfer tax for natural and legal persons;
- 25% of the revenues generated from the annual used vehicle tax;
- 5% of revenues from mineral rent;
- 2% of revenues from personal income tax (PIT).

For all typologies of shared taxes, the central government determines the tax level, base, reliefs and exemptions, and the municipalities have no decision-making authority over them (Co-PLAN, 2022). After the collection of revenues for each tax, a particular share is transferred to the municipalities in the form of revenues they can use freely.²⁴ With the latest legislative changes applied, law no. 9975/2008 "On National Taxes", as amended, provided for the suspension of the mineral rent until 2023 and lowered its rate to 1/3 for 2024. In the last two years, the downward effects of revenues from mineral rents seem to have been counterbalanced by inflows from PIT.

In total, revenues from shared taxes contributed to the local budget by about ALL 3 billion, an annual increase of about 13%. This category of revenues represented about

10% of revenues from own local sources and about 3% of the total financial resources available to municipalities in 2022.

Data for 2022 show municipalities received about ALL 880 million from personal income tax (PIT). By municipality, about 20% of the revenues generated from PIT was absorbed by the municipality of Tiranë (about ALL 175 million), followed by the municipalities of Durrës (8% or about ALL 60 million), Elbasan (5% or about ALL 44 million), Kamëz (4% or about ALL 31 million), Fier (4.5% or about ALL 40 million) and Vlorë (4% or about ALL 36 million). Together the 6 municipalities mentioned received about 44% of the PIT revenue shared among 61 municipalities.

The allocation for each municipality is made per point 111 of the Supplementary Instruction of the Minister of Finance and Economy no. 1 dated 10.01.2022, "On the implementation of the 2022 budget", specifically stipulating that "... *the criterion for the allocation of personal income tax for each municipality will be the number of the population used for the allocation of unconditional transfer for 2022*". Applying this criterion in PIT revenue allocation guarantees to some extent, a kind of equalization between municipalities and is simple to administer (as in the case of the Czech Republic and Slovakia, according to Levitas & Levitas, 2020). As shown in Chart 36, PIT revenues per capita do not represent significant differences between municipalities. Exceptions are municipalities such as Dropull, Himarë, Sarandë, Finiqi, Delvinë, etc., which due to the low population, turn out to have received PIT revenues per capita above the national average (more precisely, the wide difference

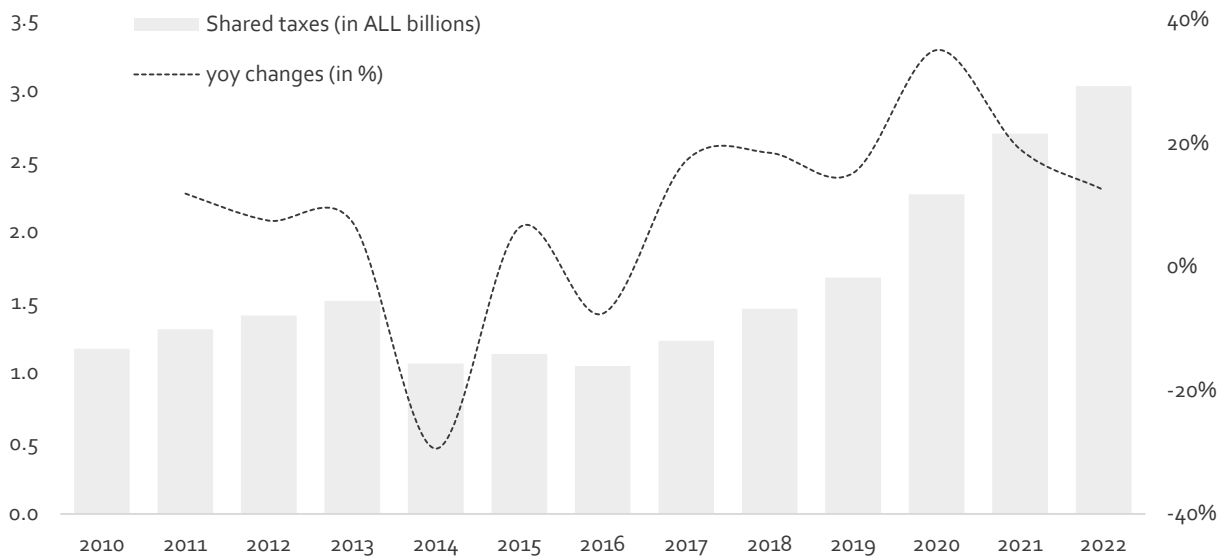


Chart 34. Revenues from shared taxes

Source: Authors' processing based on data from www.financatvendore.al

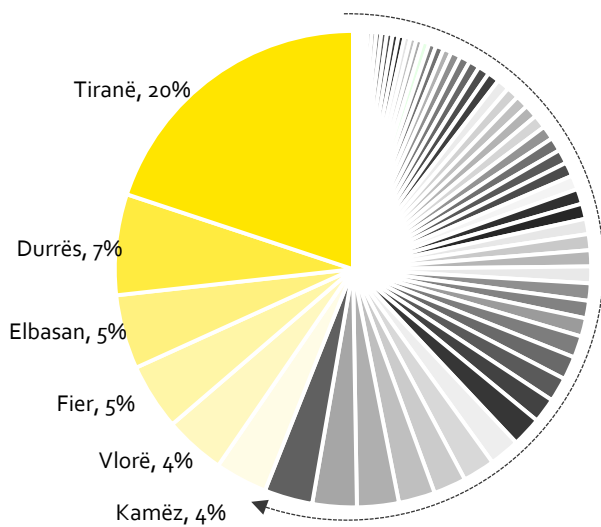


Chart 35. Revenues from PIT by municipality (share to total)

Source: Authors' processing based on data from www.financatvendore.al

between the number population according to the 2011 Census and civil registry office data). In contrast, PIT revenues are close to the national average in the rest of the municipalities.

Another way for PIT allocation is by the country of origin (or where PIT is created), a method applied in countries such as Germany, Norway, Croatia, Poland, Serbia, BiH, Italy, etc. Applying such a method in the case of Albania for the allocation of PIT revenues could have been disequalizing to some extent, as for the same percentage of PIT (2% of total revenues from PIT at the municipal level), municipalities with higher economic activity would benefit more revenues, while those with lower activity would receive fewer revenues in their budgets.

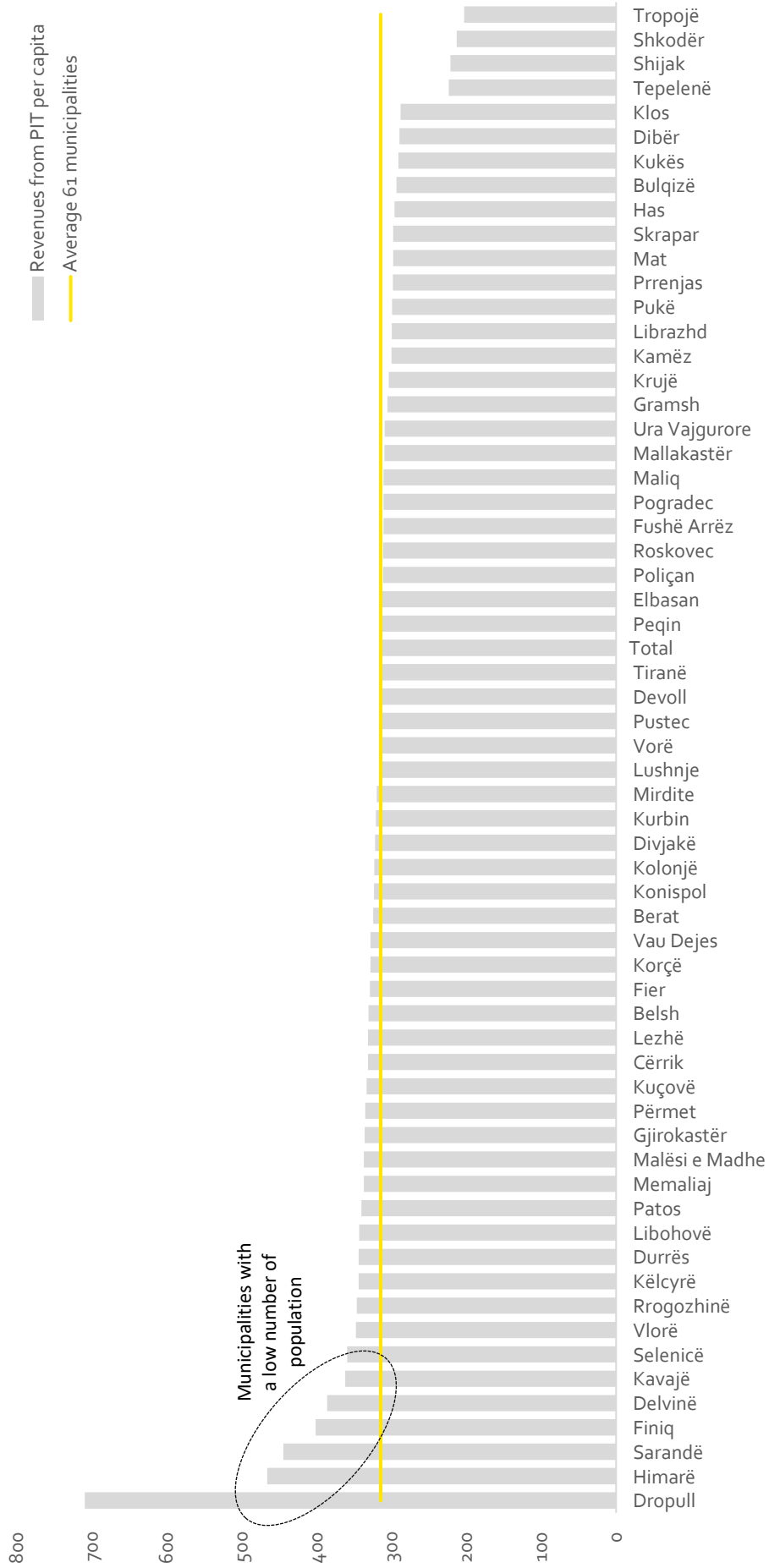


Chart 36. PIT revenues per capita ²⁵
 Source: Authors' processing based on MoFE & INSTAT data

1.3

Revenues from unconditional transfers

The unconditional transfer (both general and sectoral) is an essential financial resource in fulfilling the exclusive functions of municipalities, aiming to close the negative gap between the need for expenditure and fiscal capacity.²⁶ It consists of two parts: (i) the general unconditional transfer used autonomously by municipalities and allocated based on the criteria of the formula approved by law no. 68/2017 "On Local Self-Government Finances",²⁷ and (ii) the sectoral unconditional transfer behaving like a transfer with a pre-determined destination for the new functions transferred in 2006.

In 2022, revenues generated from unconditional transfers (general and sectoral ones for new functions) marked a level of about ALL 29 billion, increasing by about 6% annually. Regarding relative importance, the size of unconditional transfers (general and sectoral ones) is comparable to the level of revenues from own local sources (approximately 92%), representing about 46% of available financial resources.

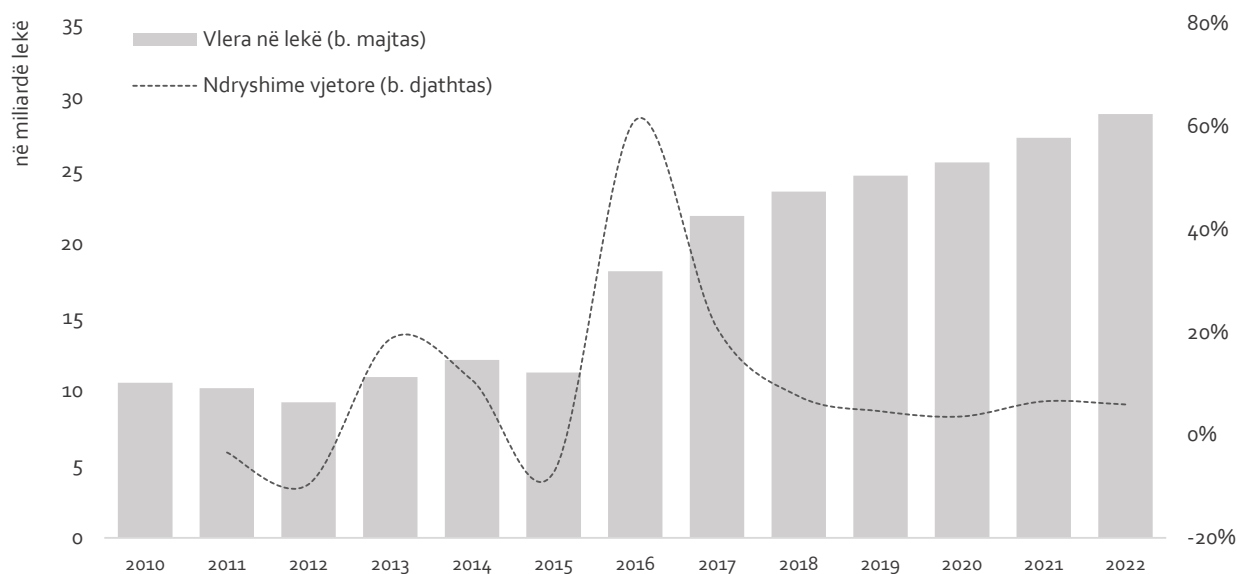


Chart 37. Unconditional transfers (general and sectoral)

Source: Authors' processing based on data from www.financatvendore.al

The importance of this resource becomes more evident at the municipal level, wherein about 93% of municipalities (or 57 of them), the share of sectoral unconditional transfer revenues occupies more than 46% of the resources available to municipalities (national average). In the municipalities of Fushë Arrëz and Memaliaj, over 90% of

budget revenues are represented by sectoral unconditional transfers, followed by the municipalities of Këlcyrë (about 89%), Pustec (about 88%), Has (about 87%), Memaliaj (about 86%), Mirditë (about 85%), etc. In contrast, the share of unconditional transfers to available financial resources recorded minimum values and below the national



Chart 38. Importance of unconditional transfers in the local budget
 Source: Authors' processing based on data from www.financatvendore.al

average in the municipalities of Tiranë (about 17%), followed by the municipalities of Himarë (about 23%), Sarandë (about 31%) and Roskovec (about 40%). This panorama does not show any significant changes in the last three years.

The second unconditional transfer component is the sectoral unconditional transfer, covering the expenditures for the competencies transferred from the central government to municipalities in 2016.²⁸ Unlike the initial transfers, in 2019-2023, an item was added to the sectoral unconditional transfers concerning the multi-sport clubs Partizani and Studenti, with about ALL 32 million per year. In 2023, 30/61 municipalities have benefited from a sectoral transfer to cover costs for urban waste management (mainly to cover transport costs to the waste

management area).²⁹ In addition to the funds provided by the MoFE, municipalities may add funds to their sources to provide better and more quality transferred functions.³⁰

Ever since it transferred to the municipality, the sectoral transfer has seen a slight upward trend, where in addition to funds for current expenditures related to the function, other investment funds have been transferred: in 2016, about ALL 2.6 billion for irrigation and drainage investments; in 2017 about ALL 57 million for dam safety and investments; in 2018 about 50 million ALL for investments in the fire protection function; in 2020 about ALL 200 million for road investments in the municipalities of Gramsh and Rogozhinë; and in 2021 about ALL 250 million for road investments in the municipalities of Finiq, Gramsh and Pogradec.³¹

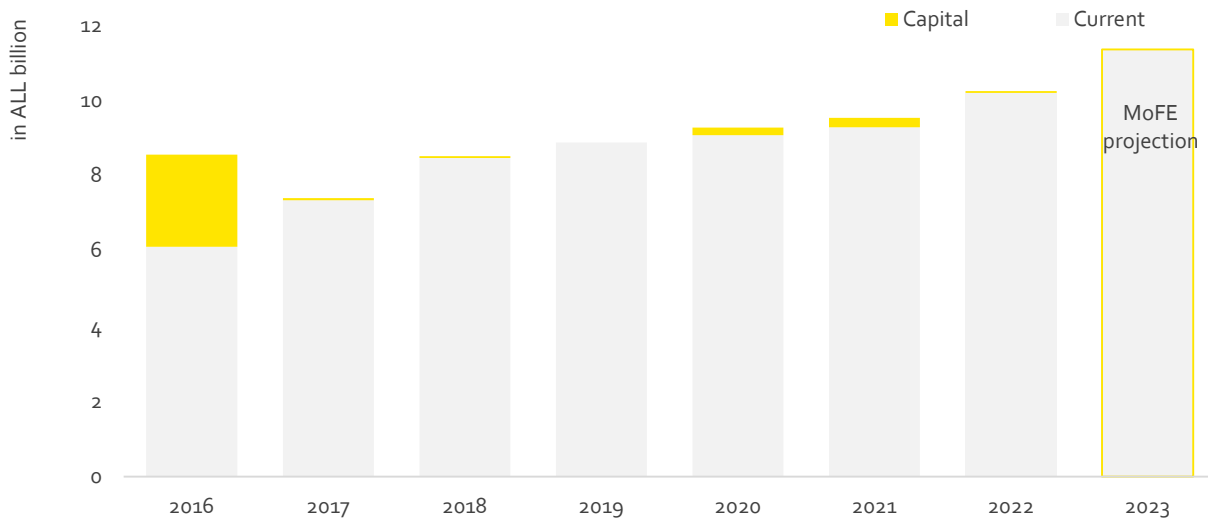


Chart 39. Unconditional sectoral transfers

Source: Authors' processing based on data from MoFE & www.fnancatvendore.al

The sectoral transfer for the function of *pre-university education dormitories* experienced a slight upward trend during 2016-2021 and is expected to increase slightly during 2022. For 2023, the sectoral transfer for this function is expected to remain almost at the

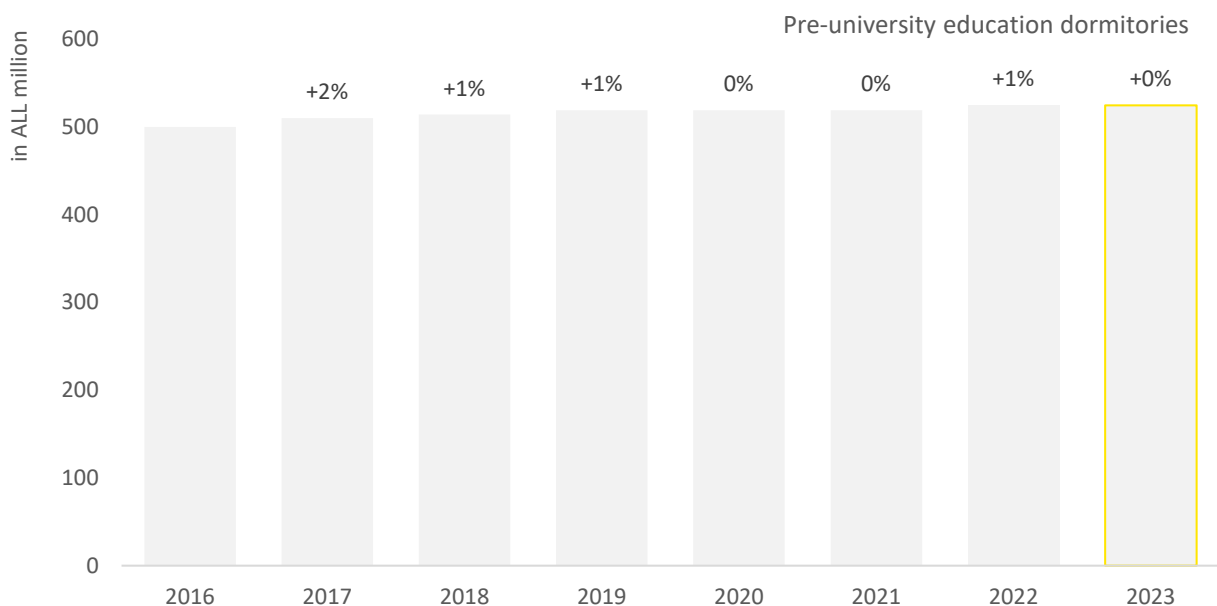
same level as in 2022. In 2022, this transfer was obtained from 27 municipalities and about 17% of the total funds were transferred to the municipality of Tiranë, followed by the municipality of Shkodër with about 11% of them.

In preschool education, sectoral transfers have progressively increased for the period under consideration, covering the teaching and non-teaching staff expenditures. From 2019, the share of sectoral transfers used to cover the costs for the teaching staff in preschool education has been allocated based on a pre-determined formula. After an increase of about 12% marked in 2018, the annual growth rate of funds in the sectoral transfer for this function has moderated significantly to about 2% in 2020 and marked a slight increase of 1% during 2021. For 2022, sectoral transfers marked an increase of about 11% annually and are projected to grow by about 5% in 2023.

About 57 municipalities benefit from the sectoral transfer in the *pre-university education* function, and the funds are used to cover non-teaching staff expenditures. The municipalities of Pustec, Konispol, Bulqizë and Finiq do not receive any funding for this function. Sectoral transfers for pre-university education marked a significant

increase of about 32% in annual terms in 2018, and further, the annual growth rate turned out to have moderated significantly at around 1% in 2020. In 2021, the sectoral transfers for pre-university education competencies increased by about 3% annually. In 2022, the sectoral transfer in the function of pre-university education marked an increase of about 6%, and for 2023, it is expected to expand by about 4% annually.

The sectoral transfer for *fire protection and rescue* functions increased twice in 2017 and 2018. In 2018 addition to the sectoral transfer funds for the current expenses of this function, an additional ALL 50 million has been allocated for investments upon the Albanian Parliament's request. In the following years, the transferred funds for fire protection and rescue have not undergone any significant changes. In 2022, the sectoral transfer for this function increased by about 13% annually and is projected to increase by about 5% during 2023.



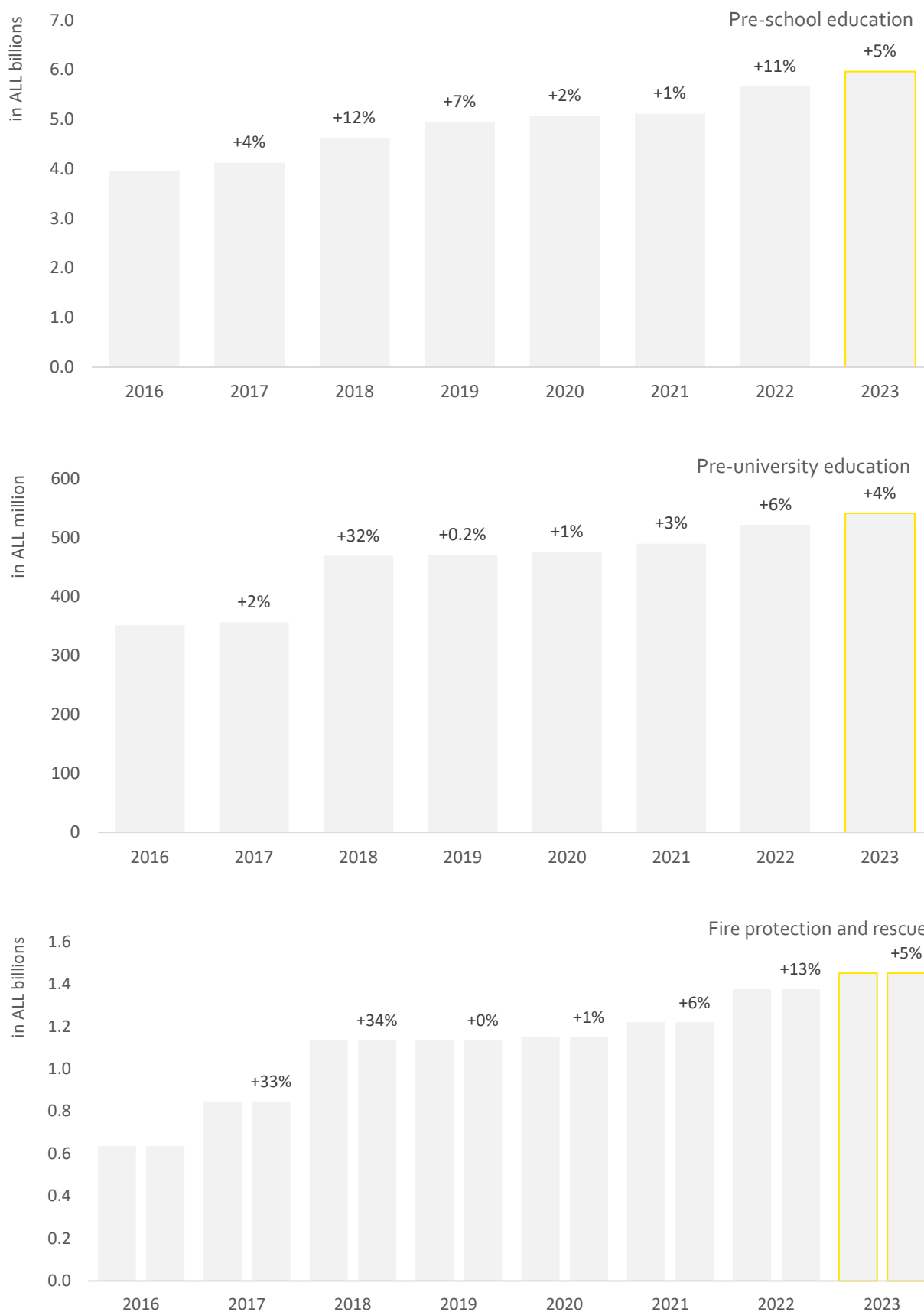


Chart 40. Unconditional sectoral transfer by function (1)³²

Source: Authors' processing based on data from MoFE & www.financatvendore.al

The unconditional sectoral transfer for social services covers the expenditures for the social service centres in the municipalities of Kukës, Vau i Dejës, Fier, Kuçovë, Shkodër, Elbasan, Berat.³³ Following an annual increase of about 48% in 2020, the sectoral transfer for this service remained unchanged during 2022 and is projected to increase by about 2% during 2023 (Chart 41).

The sectoral transfer for the *forest management or forestry service function* recorded considerable growth in 2017-2018, given the extension of the function transfer process and inter-institutional arrangement. Starting from 2019, the annual sectoral transfer increase rate for this function has been moderate and in 2022, this rate increased by about 17% in annual terms. On average, the sectoral transfer for forest management covers about ALL 214 per forest hectare (or about ALL 209,845/km² of forest area) in 2022.³⁴ For 2023, sectoral transfers for forest management are expected to increase by about 5% annually.

The sectoral transfer for the *rural road's* function underwent no significant changes during 2016 - 2021. In 2022 this transfer was about ALL 565 million, increasing by about 8% compared to the previous year. The municipalities of Kamëz, Rogozhinë and Sarandë do not benefit from this transfer. The sectoral transfer for rural road management covers about ALL 48,713 per linear kilometre of a rural road 2022.³⁵ During 2023, the sectoral transfer for rural roads is expected to increase by about 3% compared to the level predicted for 2022.

Irrigation and drainage represent a function effectively transferred in 2017 (there was no financial bill for this function in 2016). Over the years, the funds transferred for this function followed an upward trend and in 2022 marked an increase of about 7% compared to the previous year. On average, sectoral transfers for irrigation and drainage cover about ALL 26,330 per linear kilometre of canals per year (or about ALL 2,194 per linear km of canals per month) in 2022.³⁶

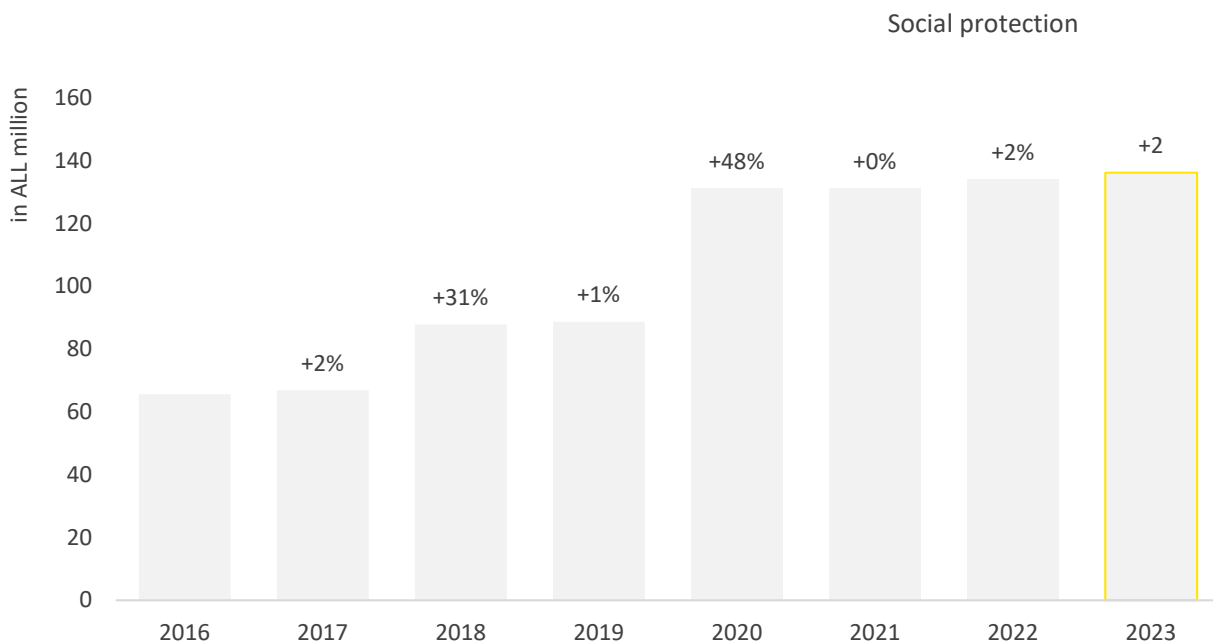




Chart 41. Unconditional sectoral transfer by function (2)³⁷

Source: Authors' processing based on data from MoFE & www.financatvendore.al

Under the pressure created by the earthquakes of 2019, the COVID-19 pandemic, and continuous floods in the winter season, the MoFE allocated to municipalities a fund of about ALL 1 billion for 2022.³⁸ This fund comes as a conditional transfer for "Civil Emergencies", which is allocated to municipalities using as a criterion the specific share of each municipality's budget to the total budget of all municipalities. Despite being a positive step in terms of civil protection funding, the amount of All 1 billion does not coincide with the amount calculated as 4% of the total

annual budget for 2022 of 61 municipalities in the country (according to law no. 45/2019 "On Civil Protection"). Making a simple calculation based on factual data from 2021 shows that municipalities should have received at least ALL 3.6 billion from this fund. In addition, a fund worth about ALL 810 million has been placed at the disposal of the local self-government units to cover capital expenses for the Civil Emergencies budget program.³⁹ In 2022, the central government granted a specific transfer of about ALL 1 billion for the settlement of arrears of municipalities and counties (Article 6).⁴⁰

Box 5. Long-term expectations for unconditional transfers according to the 2023-2030 NCSDLG

Unconditional transfers are a significant weight in local budgets used to finance and support the exercise of functions and powers determined by the regulatory framework in force. Pursuant to article 23, point 2, in law no. 68/2017 "On Local Self-Government Finances", the annual amount of an unconditional transfer shall be *"no less than 1% of the gross GDP provided for in the report on macroeconomic assessments and forecasts approved by the Council of Ministers, pursuant to Article 23 of Law no. 9936, dated 26.6.2008, "On the management of the budget system in the Republic of Albania"*. Also, the amount of unconditional transfers "shall not be less than the total amount allocated in the previous budget year" (Article 23, point 3).

As stipulated in the 2023-2030 NCSDLG, the unconditional transfer rate is expected to increase to around 2.5% of nominal GDP in the medium term, thus aligning with the respective rate recorded in the countries of the region. At the same time, the NCSDLG provides for re-evaluating the costs incurred by the functions transferred in an exclusive title to the municipalities and equipping them with the necessary funds for their performance. Special attention will be given to the increase of sectoral grants for social, education and health services. The increase in sectoral transfers for this sector is intended to reduce the share of conditional transfers for these services gradually.

1.4

Revenues from conditional transfers

Exercising delegated functions and implementing special projects (considered of local, regional or national interest) where the cooperation of local units is required is enabled through conditional transfers from line ministries or other central institutions (including funds from RDF).⁴¹ The share of conditional transfers in the total budget of municipalities has shrunk from about 50% in 2010 - 2015 to an average of 41% in

2016-2021. Although they do not exercise control over their destination, the revenues generated from conditional transfers represented approximately 39% of the total financial resources of municipalities in 2022. In quantitative terms, 2022 marked an amount of about ALL 40 billion conditional transfers, decreasing by about 7% compared to the previous year.

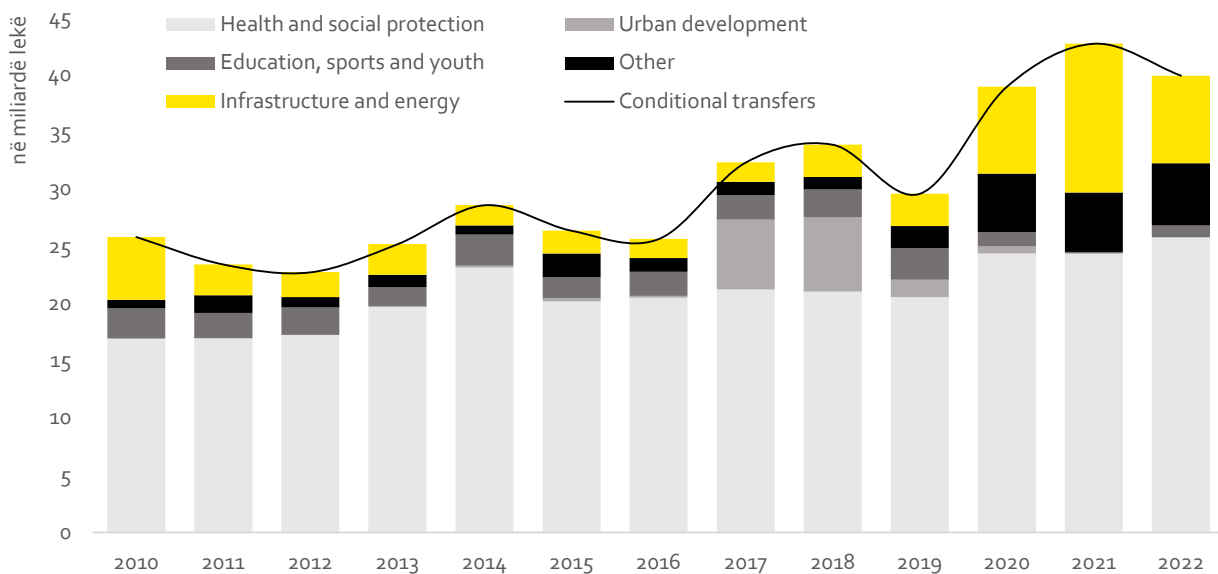


Chart 42. Conditional transfers by function

Source: Authors' processing based on data from www.financatvendore.al

In 2022, the funds transferred from the ministry responsible for *social welfare*⁴² amounted to ALL 25.7 billion, increasing annually by about 6% and representing about 65% of the total conditional transfers. In the last three years, conditional transfers from this ministry increased significantly due to the doubling of economic assistance payments and disability allowances, a decision which extended its effects until mid-

2021.⁴³ During 2022, a substantial decrease in the funds channelled locally through the ministry responsible for *infrastructure and energy* is evident (around ALL 5.4 billion less or - 41% compared to the previous year). The Ministry in charge of *education, sports and youth* spent about ALL 1 billion 2022 at the local level, a significant increase compared to the previous year.

1.5

Total financial resources in 2022⁴⁴

The total financial resources available to municipalities in 2022 amounted to ALL 103 billion, in slight increase compared to the same period of the previous year.⁴⁵ If we are to exclude earmarked categories (conditional transfers) from total financial resources, revenues under the municipalities authority and decision-making amounted to about ALL 63 billion, up by about 7% in annual terms. Disposable financial resources available at the end of 2022 represented about 61% of total financial resources, including revenues from own sources (31%),⁴⁶ unconditional and sectoral transfer and shared tax revenues (3%).

Regardless of the funding source, ALL 36,966 per capita was made available to municipalities in 2022, which slightly increased compared to the previous year. The lowest level of revenues per capita of about ALL 21,829 was recorded in the municipality of Divjakë. Dropull (among the municipalities with the lowest population) and Himarë recorded the highest financial resources per capita.

The direction of developments in the performance of municipal financial resources was broadly determined by a marked

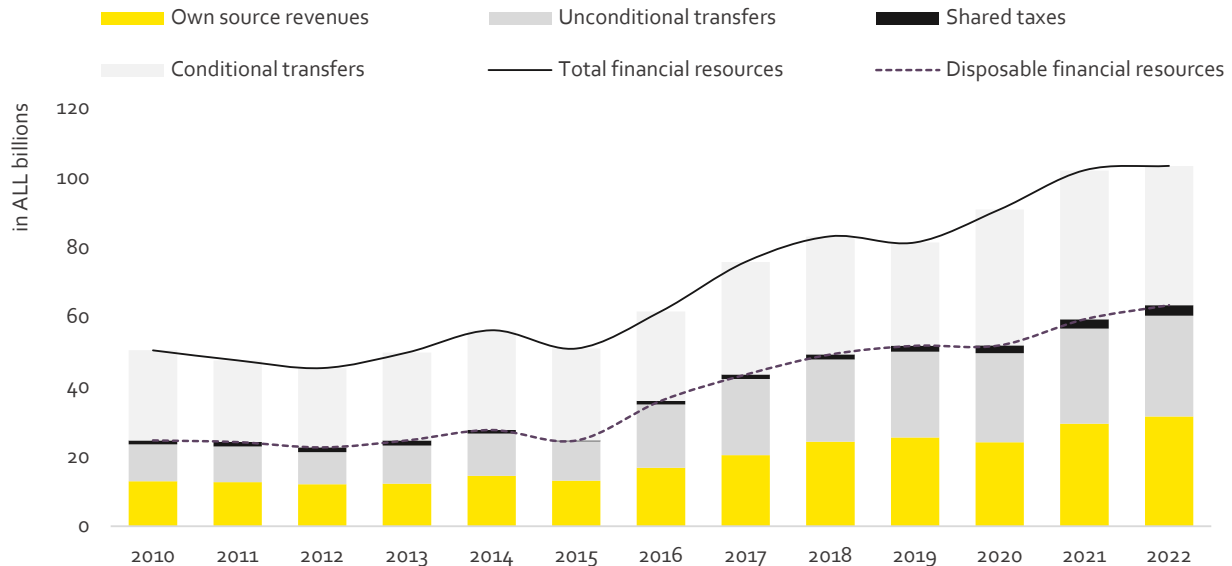


Chart 43. Performance of total financial resources

Source: Authors' processing based on data from www.financatvendore.al

increase in revenues from own local sources, contributing about 2 percentage points to the annual growth of financial resources. The contribution was also marked in the same direction, but to a lesser extent (1.6 percentage points), by revenues from

general and sectoral unconditional transfers. The contribution of conditional transfers was negative (about 3 percentage points) in the performance of the total financial resources of the municipalities for 2022.

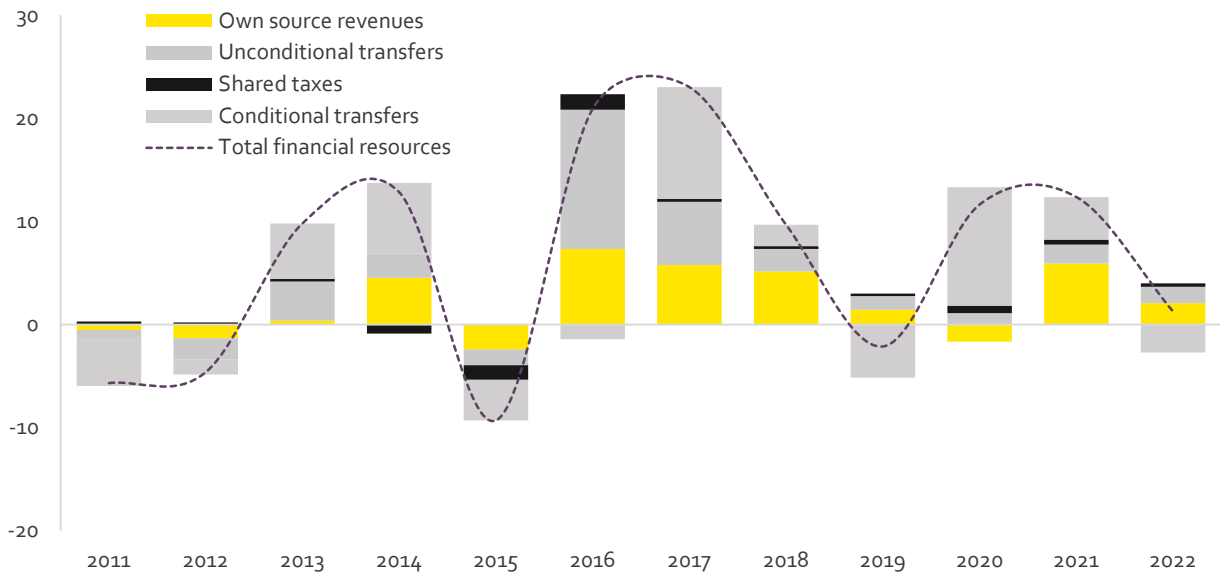
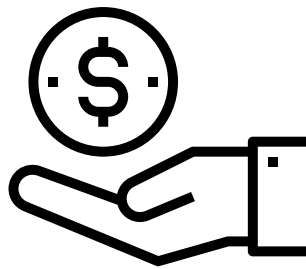


Chart 44. Contribution of categories (in p.p.) to the annual change in financial resources (in %)
 Authors' processing based on data from www.financatvendore.al



TAXES & FEES



2 USE OF FINANCIAL RESOURCES

Municipalities in Albania are responsible for exercising over 41 exclusive functions symmetrically (for more details on municipal functions, see Annex 2). In addition, the 61 municipalities in the country also exercise functions delegated to them by the central government to be implemented locally, such as civil registry service, economic assistance and disability allowance.⁴⁷ All these functions (exclusive and delegated), based on the principle of subsidiarity, are equally entrusted to municipalities. Thus, each of the 61 municipalities in the country is legally bound to provide them to their community in their territory as per the stipulations in the regulatory framework in force. In the local governance decentralisation framework, of the 41 functions exercised by the municipalities, 7 were delegated from the central government to municipalities in 2016.⁴⁸ According to the municipal opinion and feedback, the financial bill of

such delegations was insufficient to cover their exercise. Proper and quality service coverage requires additional resources, which are limited and turn into an added burden on local budgets.

To assess the performance of decentralization in terms of expenditures, two categories of indicators widely used in the relevant literature will be analyzed: expenditure ratios to nominal GDP and general government expenditures during 2010 - 2022. The importance of local government in terms of expenditures has grown in significance since 2015, as measured by the indicators of expenditures (total and with own funds) towards nominal GDP and general government expenditures. The ratio of expenditures incurred with own funds to GDP appears to fluctuate over time and, since 2019, has followed a downward trend. In 2022, this indicator was estimated

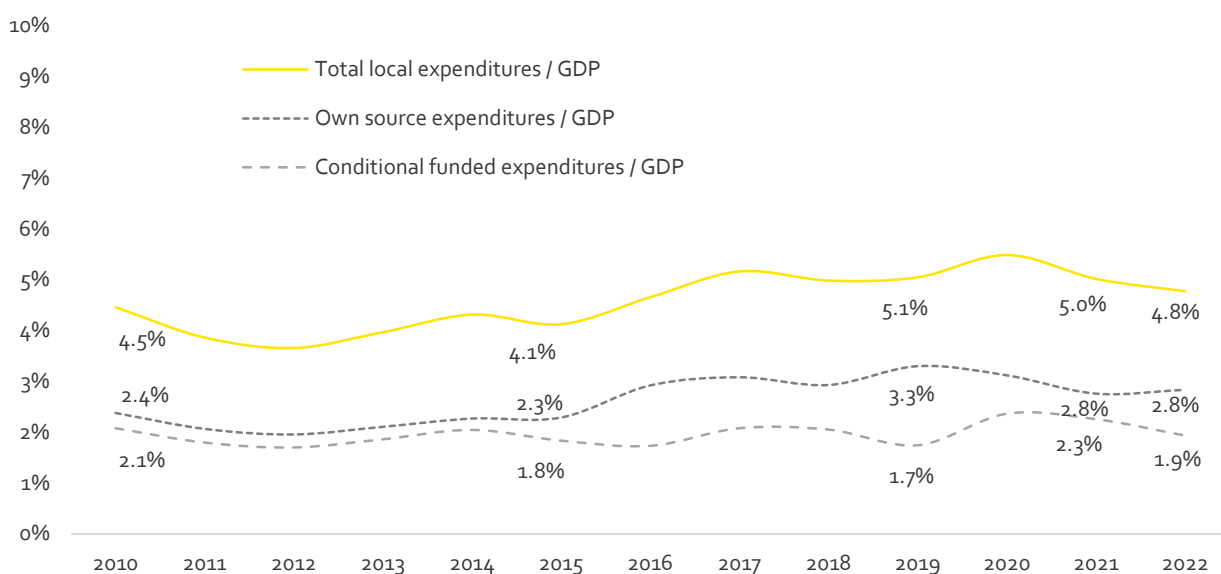


Chart 45. Expenditures to GDP indicators

Source: Authors' processing based on data from MoFE & www.financatvendore.al

at around 2.8% of nominal GDP (the same level as the previous year). The ratio of expenditures incurred with own funds to GDP is significantly below the average of the Western Balkan countries (WB, average of 5.5%), South-East European countries (SEE, average of 6%), EU28 countries (average of 10.6%) and OECD countries (average of 15.5%).⁴⁹ The indicator for total expenditures made by local government (including expenditures made with conditional funds) also showed a downward trend and was estimated at 4.8% of nominal GDP in 2022, about 0.2 percentage points lower compared to one year ago.

Expenditure indicators (own source and total funds) against general government expenditures have entered a downward trajectory starting in 2019. The ratio of total expenditures to general government expenditures was 15.1% in 2022, down by

about 0.8 percentage points compared to the previous year. In contrast, a slight upward trend was noted in the ratio of expenditures with own funds to general government expenditures. The ratio of expenditures with own funds to general government expenditures is significantly below the average of WB countries (average 15.5%), SEE countries (average 16.6%), EU28 countries (average 23.3%) and OECD countries (average 40.4%).⁵⁰

The use of the available financial resources is an essential aspect of long-term development in general and local development in particular. The long-term development vision, strategic objectives and investments are defined in the general local plans of the municipalities (GLPs, the Strategy on Territory Development and the Capital Investment Plan) and are theoretically implemented through their integration in the medium-term budgetary

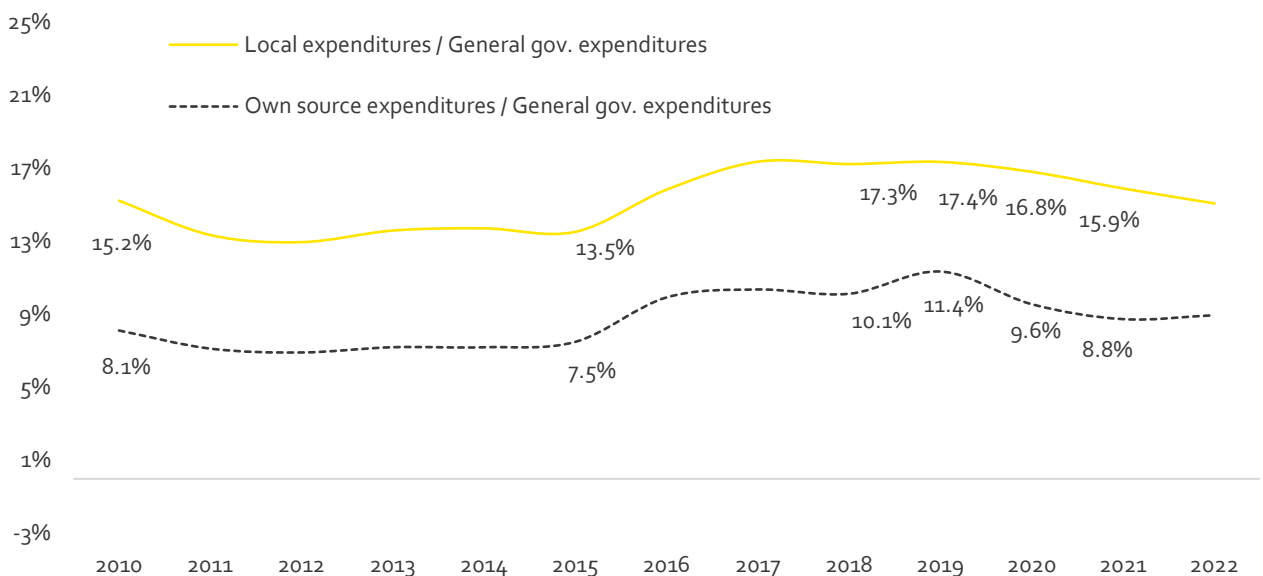


Chart 46. Indicators of local to general government expenditures

Source: Authors' processing based on data from MoFE & www.financatvendore.al

plans (MTBPs) and annual budgets. Given the high number of public services to be managed, it seems that the focus of municipalities has shifted to covering the current service delivery costs. Although the investment funds from the central government (conditional funds, including RDF funds) have contributed to increased investments in municipality territories over the last five years, their level remains low despite the long-term development vision in place.

At the general government level, total capital expenditures represented about 5.4% of GDP in 2022, about 0.2 percentage points more than one year earlier. At the local level, capital expenditures carried out with own funds in 2022 represented about 0.6% of nominal GDP, the same as in the previous year if we were to consider the investments made with conditional funds (funds transferred from the central government for investment projects), the investment-to-GDP ratio for 2022 is estimated at around

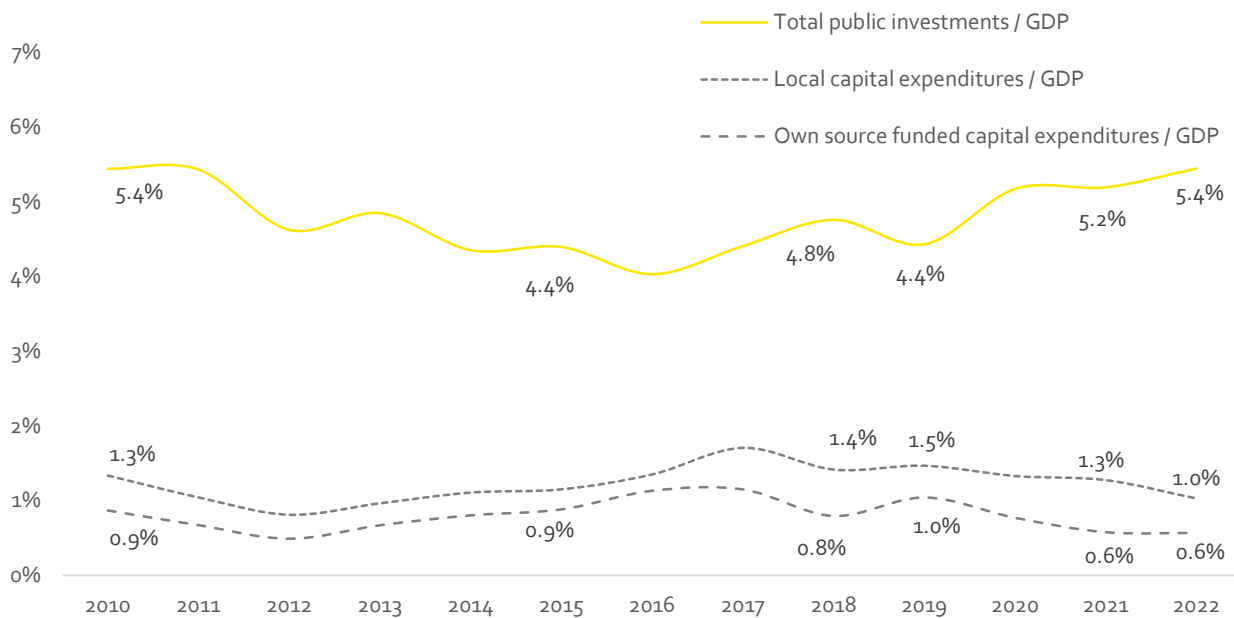


Chart 47. Indicators of investments to GDP

Source: Authors' processing based on data from MoFE & www.financatvendore.al

1%, about 0.3 percentage points lower compared to the previous year. Increased pressures on local budgets during 2020 as a result of natural disasters occurrence seem to have shifted the scissor on own-funded investments, representing about 14.8% of public investment in 2020, down by about 8.6 percentage points compared to 2019 (see Chart 48). The same trend continued to persist throughout 2022, where the ratio of capital expenditures with own funds to general government investments marked

a historical minimum and was estimated at around 10.4%, down by around 0.7 percentage points compared to one year ago. Similarly, the ratio of total investments made by municipalities to public investments for 2022 was 18.9%, down by about 5.6 percentage points compared to one year ago. This ratio stands below the average of the Western Balkan countries (about 28.4%), the countries of South-Eastern Europe (about 39.8%), the EU countries (about 45%) and the OECD countries (about 56.9%).⁵¹

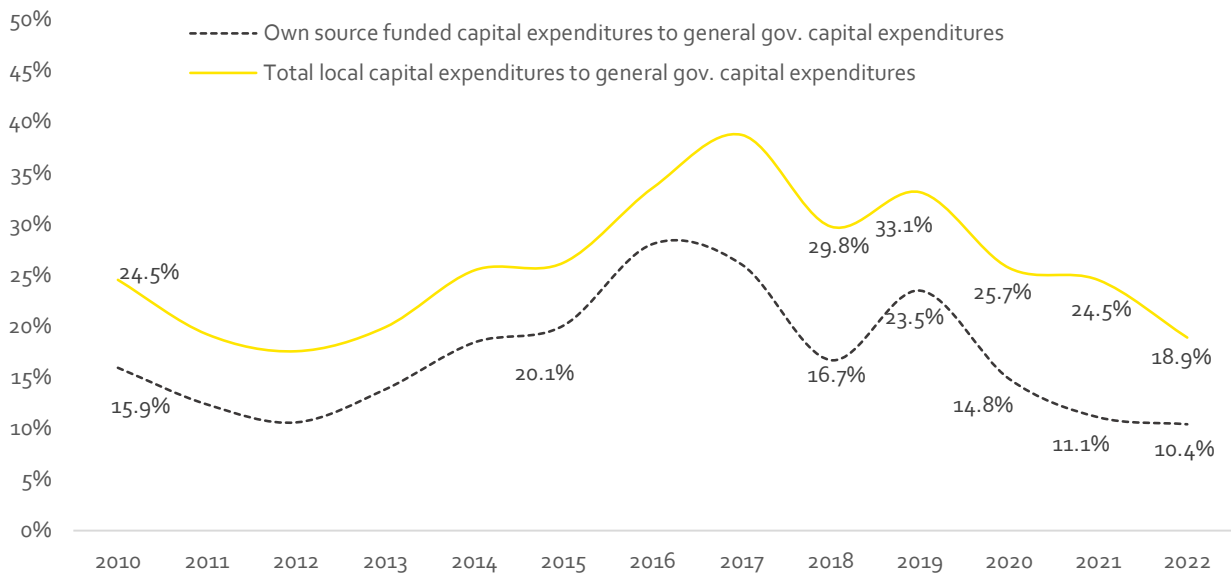


Chart 48. Local investment indicators

Source: Authors' processing based on data from MoFE & www.financatvendore.al

Efforts to drive development through investment differ between the two levels of governance. At the general government level, the share of investments in total government expenditures is relatively stable, with small fluctuations from year to year (measured by the share of capital expenditures in total

expenditures incurred). On the contrary, in the case of investments made with own municipal funds, the performance over time presents high volatility, thus marking a historical minimum by the end of 2022 (estimated at about 19.9%).

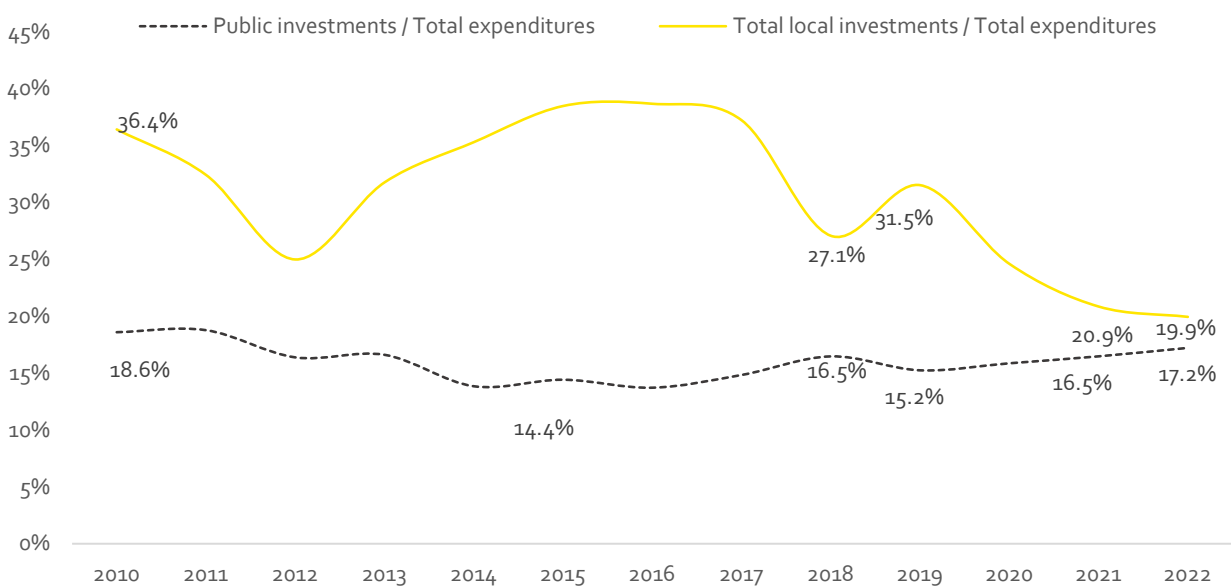


Chart 49. Share of investments in total expenditures

Source: Authors' processing based on data from MoFE & www.financatvendore.al

The allocation of expenditures incurred by the central and local government by function shows how the local and central government share functions and competencies between them (as measured by the share of expenditures incurred by each level of government by function based on the COFOG classification). In 2022, expenditures incurred by 61 municipalities in the country (with their funds) represented about 9% of

total expenditures incurred by the general government, about 0.2 percentage points more than one year ago. The general government bore the difference of about 91% of total expenditures. The trends observed in these indicators reinforce the findings on a local government (municipalities) with a low share and available financial resources fluctuating yearly, depending on the central government's decisions.

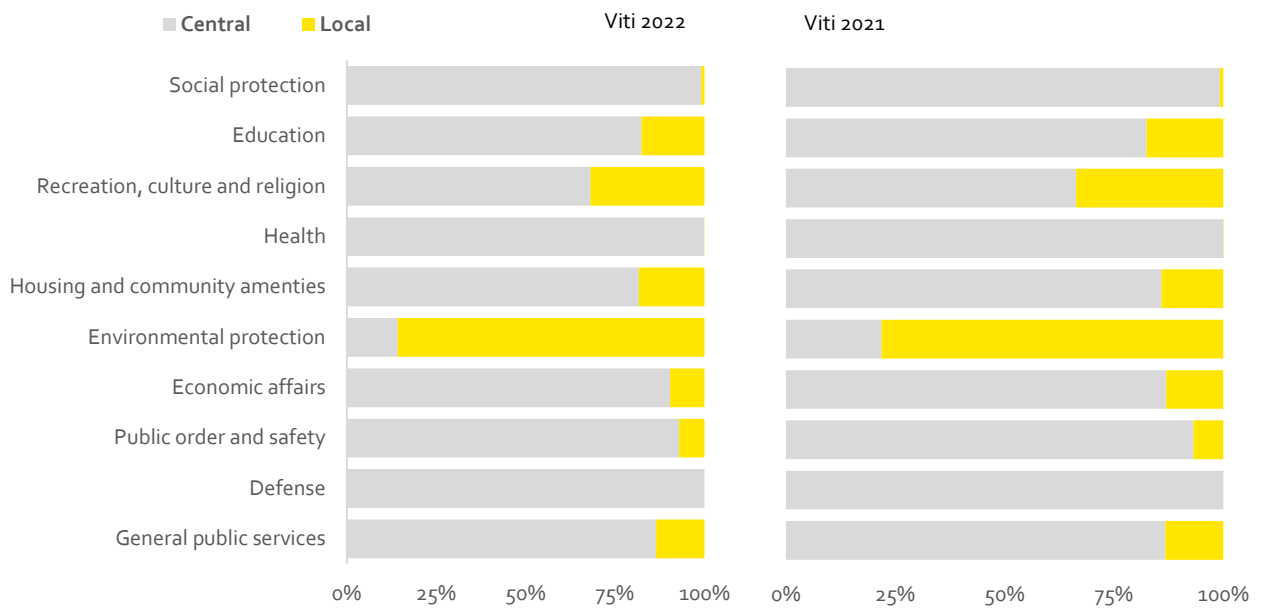
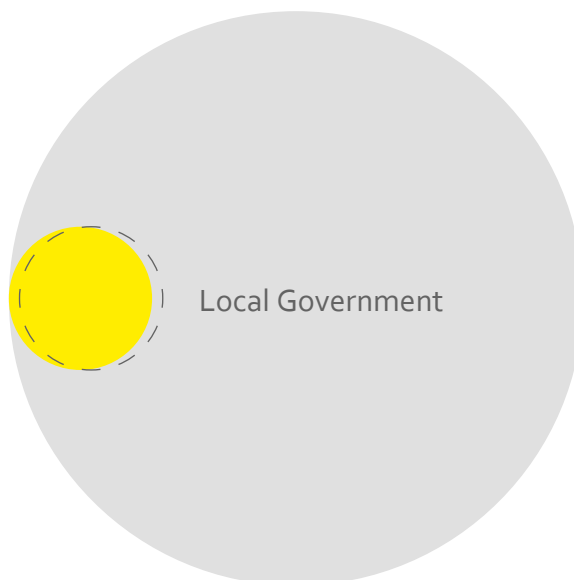


Chart 50. Expenditures by functions

Source: Authors' processing based on data from MoFE & www.financatvendore.al



2.1 Expenditures by source of funding

Utilization of available financial resources is another important aspect of financial management at the local level. This section provides an overview of how the money available to municipalities was spent during 2022: by source of funding (own funds and conditional funds), by economic classification (salaries and social security, operating and investment expenditures) and by governance functions (education, economic issues, environmental protection, etc.).

In 2022, municipalities spent about ALL 98 billion, increasing by about 4% annually. Although on an upward trend since 2015, the total spending growth rate has slowed in the past five years (with and without carryovers from the previous year). In structural terms, about 59% of total expenditures were

financed from own sources, while 41% were conditional funds. Expenditures with municipalities' funds recorded a level of about ALL 58 billion at the end of 2022, marking an increase of about 12% compared to the previous year. Conditional funds reached approximately ALL 40 billion, down by about 7% annually. Data show an increasing trend in the share of expenditures with conditional funds, especially in crises such as in cases of natural disasters (earthquakes) or pressures following external and/or internal shocks (Covid-19). This type of support draws attention to how important it is to strengthen municipalities in financial terms (their autonomy) and clarify the competencies between the two levels of governance (for the functions exercised).

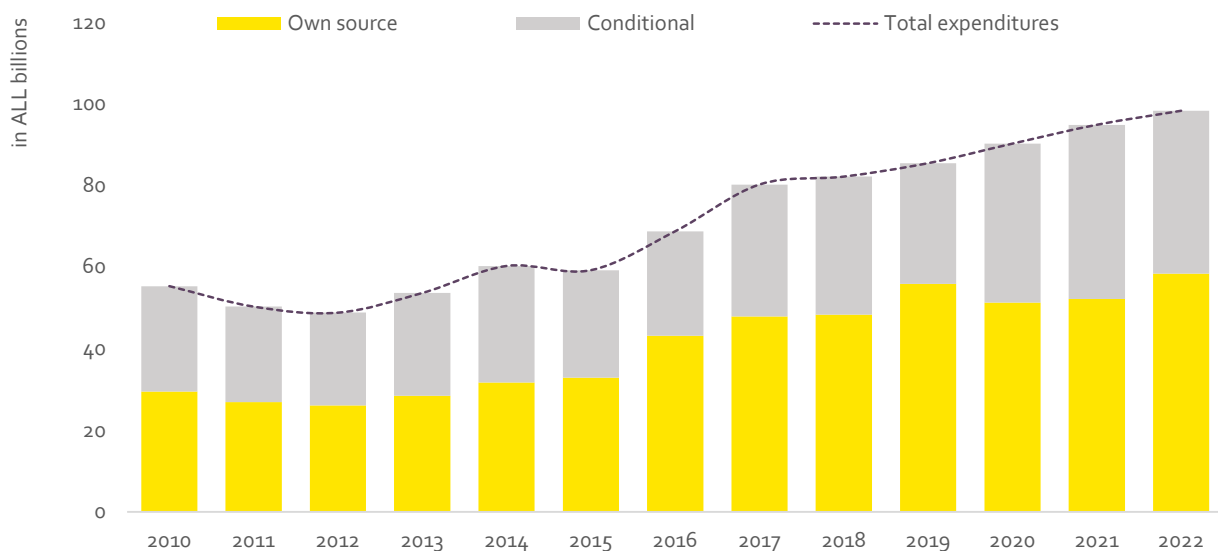


Chart 51. Expenditures categories by funding source

Source: Authors' processing based on data from MoFE & www.financatvendore.al

On average, in the last three years, current expenditures have been covered at 59% with funds from own local sources and about 41% from conditional financial sources (see Chart 52). By the end of 2022, current expenditures were covered at 61% by local financial sources and about 39% by conditional ones (including RDF funds).

Meanwhile, over the last three years, capital expenditures were covered on average at 53% by own local sources and at 47% by conditional sources. By the end of 2022, capital expenditures were covered at 55% by local financial resources and about 45% by conditional funds (including RDF funds).

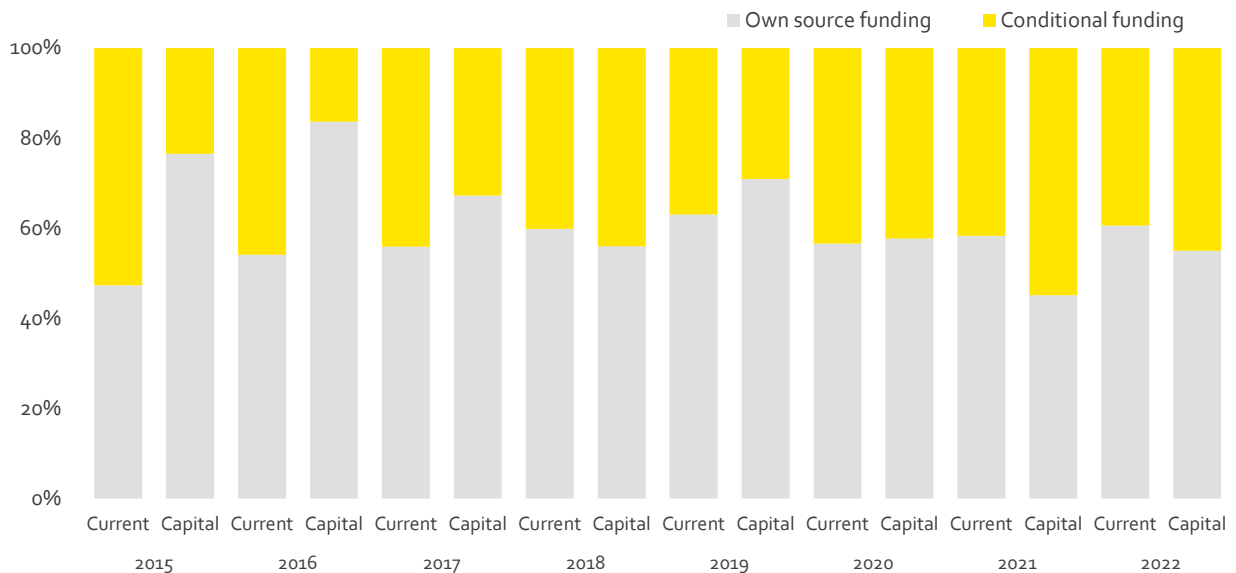


Chart 52. Expenditure coverage with own-source and conditional funds

Source: Authors' processing based on data from MoFE & www.financatvendore.al

Chart 53 shows expenditure coverage by function (COFOG classification) with both own-source and conditional funds. Regardless of the level of expenditures allocated in nominal terms, expenditures under "public order and safety" and "environmental protection" functions are fully covered by municipalities' funds. Expenditures under the "economic affairs" function were covered at 98% by the municipalities' funds, followed by "general

public services" (about 97%) and "education" (about 90%) functions. In contrast, municipalities have a low and insignificant role and share in the "social protection service" function, where they only manage to cover 6% of the expenditures incurred under this function with their own funds. Under the "housing and community amenities" function, the share of financial resources used by municipalities in 2022 has diminished. In general, current expenditures followed an upward trend over the years.

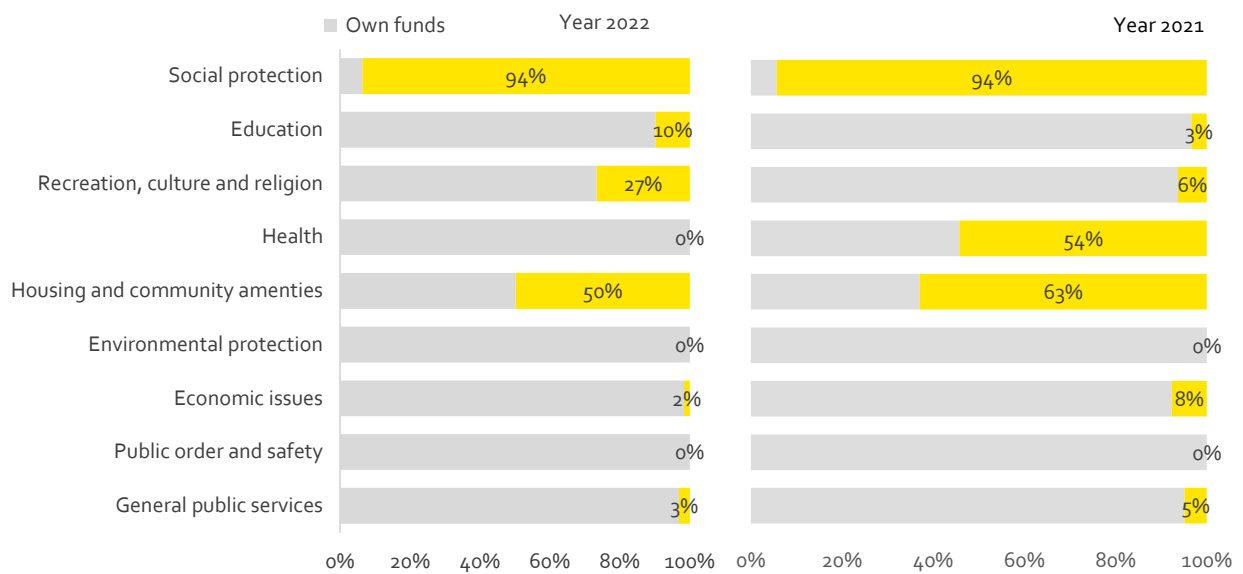


Chart 53. Expenditures by the origin of funds and function

Source: Authors' processing based on data from MoFE & www.fnancatvendore.al

2.2 Own-source funded expenditures

Expenditures with own funds have followed an upward trend in line with an increase in the available financial resources of municipalities. After a slowdown in the annual growth rate in 2021, expenditures made with own funds by 61 municipalities

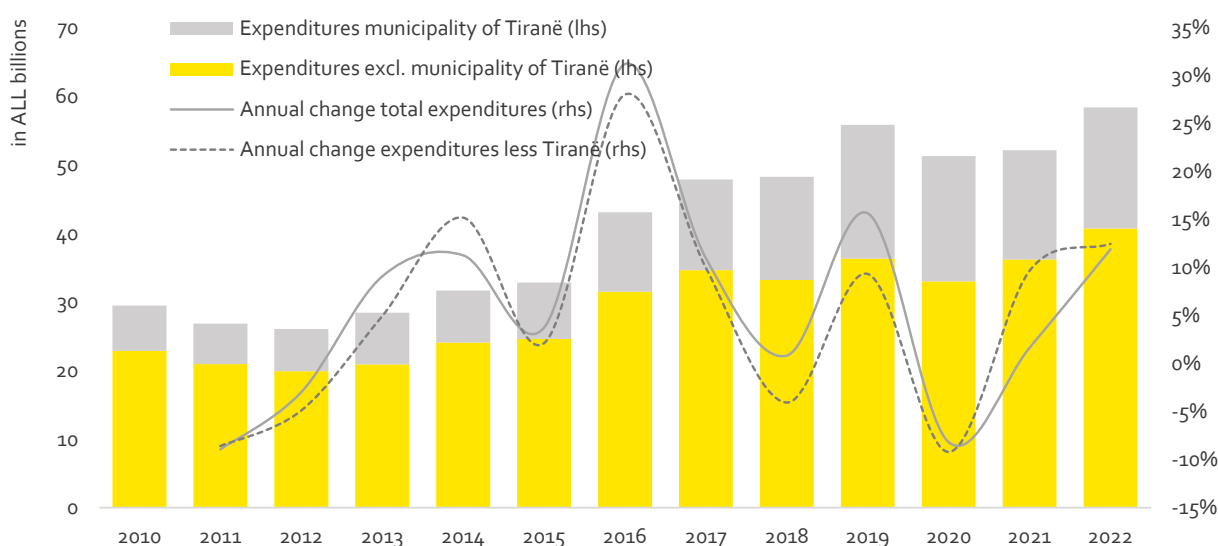


Chart 54. Own source funded expenditures

Source: Authors' processing based on data from MoFE & www.financatvendore.al

in the country recorded a level of about ALL 58 billion in 2022,⁵² increasing by about 12% compared to the previous year. Excluding expenditures incurred by the Municipality of Tiranë (about 30% of total expenditures made with own funds), expenditures with own funds expanded by about 12% annually.

Positive growth rates of own source funded expenditures have returned to most municipalities, reflecting increased available financial resources. Own source-funded expenditures have expanded to 85% or 52/61 municipalities (Chart 53). The increase in expenditures incurred with own funds is estimated to have occurred in all categories of municipalities, small-, medium- and large-size ones. The annual growth rate of expenditures marked the maximum level in

the municipality of Kukës, with around 46% in annual terms, followed by the municipalities of Malësi e Madhe (with around 38%), Durrës (with around 30%), Kamëz and Mallakastër (with around 27% respectively), Kavajë (with around 24%), Shijak, Mat, Dibër and Konispol (with around 24% respectively) etc.

In contrast, expenditures incurred with own funds are estimated to have narrowed annually to 15% of municipalities (or 9/61 municipalities). The Municipality of Tropojë recorded the highest decrease in expenditures incurred with their own funds of about 12%, followed by the municipalities of Gramsh (with about -8%), Delvinë (with about -7%), Librazhd, Pukë, Këlcyrë and Përrenjas (with about -4% respectively) etc.

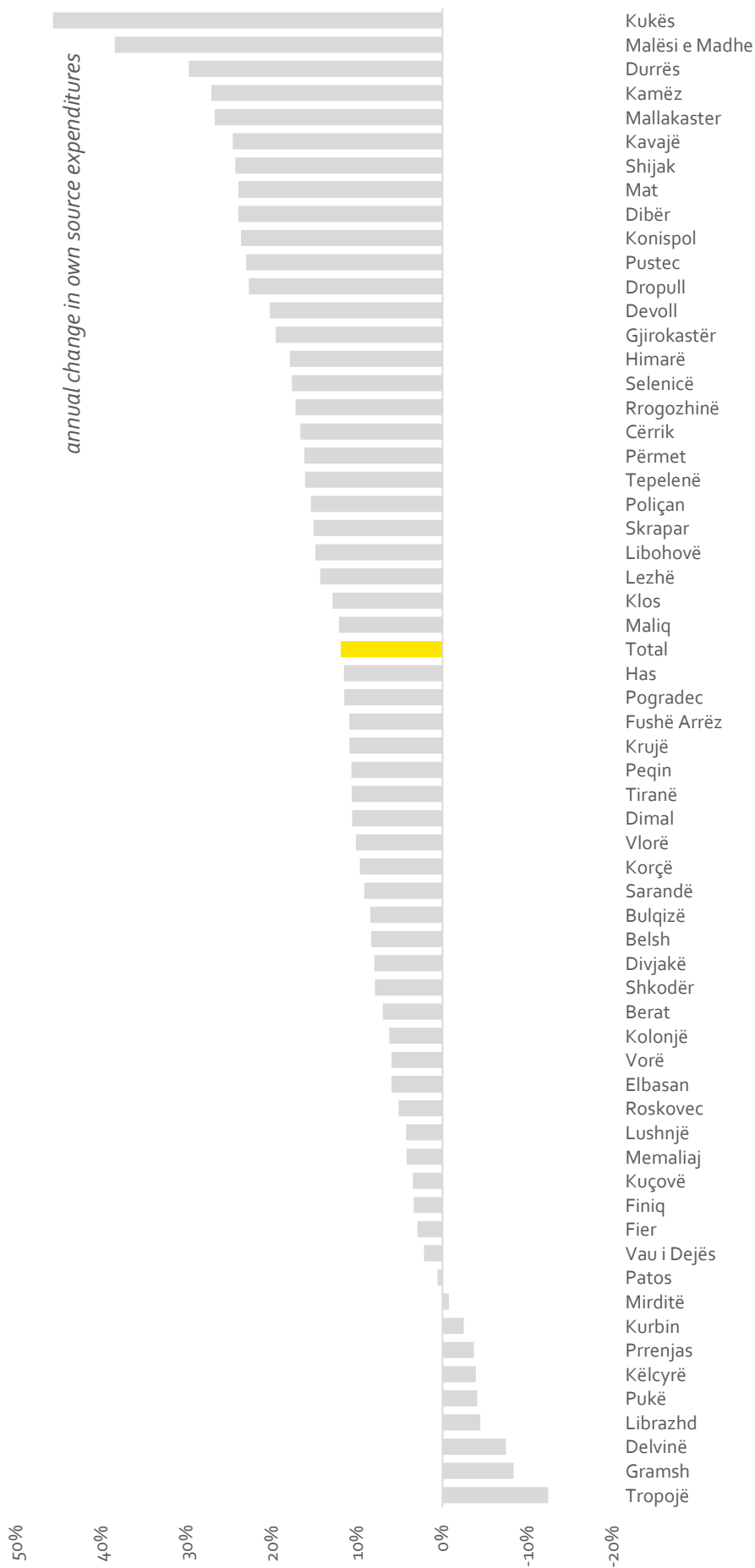


Chart 55. Own source funded expenditures by municipality
 Source: Authors' processing based on data from www.financatvendore.al

2.2.1

Own source funded expenditures by economic classification

Based on the economic classification of expenditures incurred with their own funds, in 2022, municipalities used approximately **80% of their funds to cover current expenditures** (about ALL 47 billion) and approximately **20% to cover capital**

expenditures (about ALL 12 billion). The direction of developments in expenditures made with own funds in 2022 was determined by the performance of current expenditures, which marked a significant annual increase.

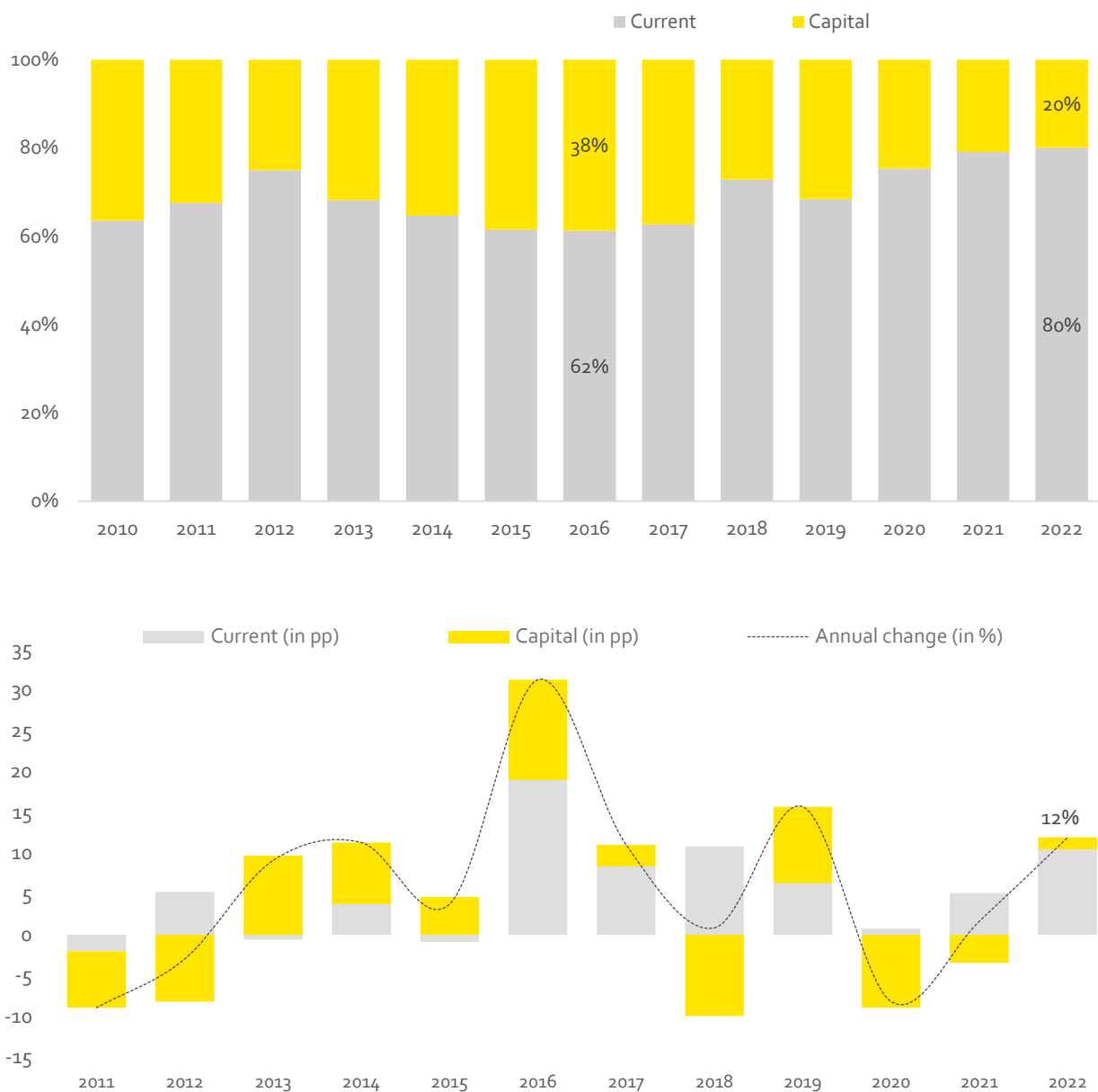


Chart 56. Own source funded expenditures by categories

Source: Authors' processing based on data from www.financatvendore.al

In general, current expenditures followed an upward trend over the years. The growth rate of current expenditures moderated to + 1% in 2020 and returned to growth by about 7% during 2021. In 2022, the annual growth of current expenses accelerated and was recorded at about 13% compared to the previous year due to the expansion of operating and other expenses. In the same direction, but to a lesser extent, the expansion of expenditures for personnel and those for investments also contributed.

Personnel expenditures followed an annual upward trend, albeit at more moderate rates, also influenced by the fading effect of the increase in employees due to the transfer of new functions in 2016.⁵³ In 2022, the personnel expenditure category (salaries and insurance) absorbed about ALL 25 billion, an increase of about 5% compared to 2021. This category of expenditures represented about 43% of own source-funded expenditures incurred by municipalities during 2022.

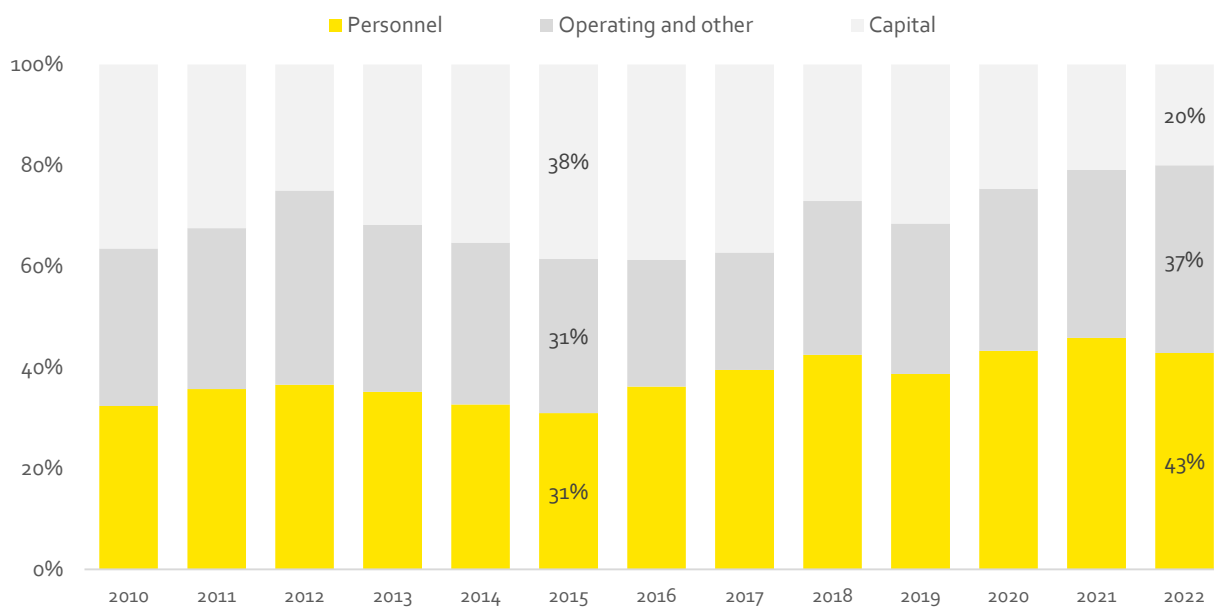


Chart 57. Own source funded expenditures by economic classification

Source: Authors' processing based on data from www.financatvendore.al

*Operating and other expenditures*⁵⁴ reached about ALL 22 billion at the end of 2022, increasing by about 25% compared to one year ago and representing about 37% of expenditures made with own funds. Among operating and other expenses, operating expenses incurred with own funds for this period amounted to about ALL 19 billion, increasing by about 19% in annual terms. The increase in expenditures for services from third parties (+31%) contributed to the expansion of operating expenses;

transportation costs (+25%); other operating expenses (+10%); travel expenses (+42%), and general maintenance (+11%). In contrast, expenses for office supplies decreased by about 3% in annual terms.

Since 2015, the operating expenses trajectory has been clearly following an upward trend year after year, marking the highest level by the end of 2022. Although the increase in expenditures under this category turns out to have been distributed to almost all

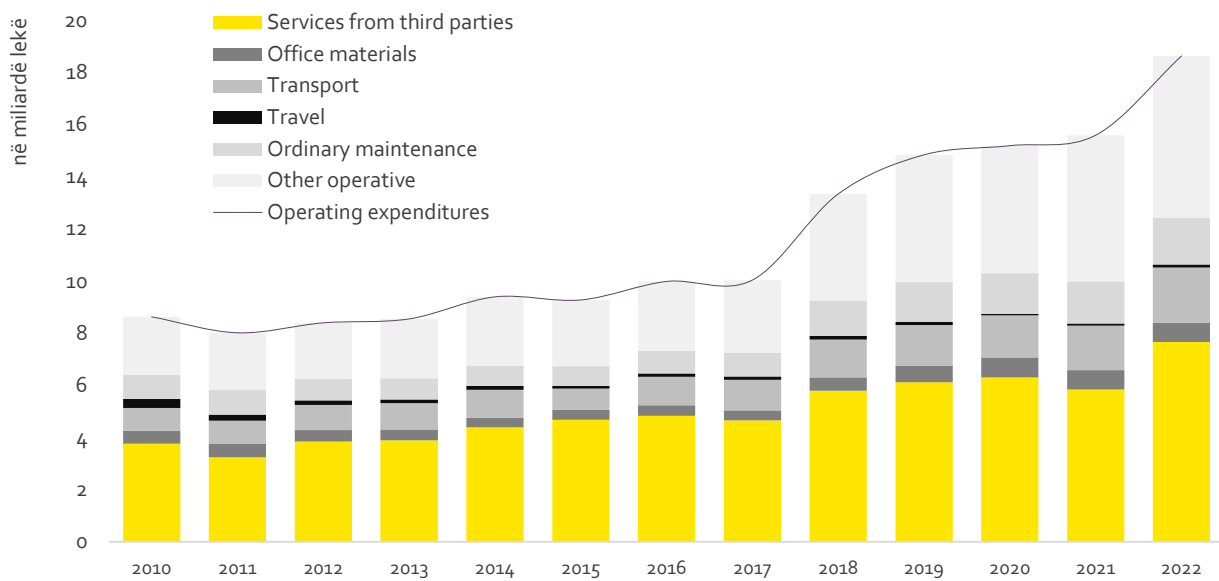


Chart 58. Performance of operating expenditures

Source: Authors' processing based on data from www.financatvendore.al

constituent sub-items and municipalities, their performance in the medium and long term should be carefully monitored as it may create financial sustainability issues for municipalities. Considering current municipal revenues, particularly those created from the immovable property tax for 2022, they only cover 24% of municipalities operating and other expenses.

Expenditures for *transfers* for household and individual budgets are also an important item in the total expenditures made with municipalities' own funds. In 2022 this category of expenditures amounted to approximately ALL 2.6 billion, with accelerated growth by about 78% annually. In the last two years (2021, 2022), the funds allocated to this expenditure item have expanded at double-digit rates. Although 2020 was challenging, especially for the needy, many municipalities reduced their support for this population category (relying on funds transferred by the central government for this purpose).

The level of transfers for household budgets turns out to have marked the most significant increase in the municipality of Tiranë with about ALL 723 million. Similarly, transfers increase 55/61 municipalities, especially in the following municipalities: Pogradec and Elbasan (+41 million ALL respectively), Dibër (+26 million ALL), Lezhë (+25 million ALL), Kurbin (+22 million ALL), Vlorë (+22 million ALL), Përmet (+17 million ALL), etc. In contrast, expenditures for transfers from the municipalities' own funds have decreased in the municipalities of Shkodër (-49 million ALL), Patos (-20 million ALL), Roskovec (-19 million ALL), Durrës (-10 million ALL), Devoll (-6 million ALL) etc. The increase of support for categories in need by municipalities is a positive signal, on the one hand, indicating increased attention to them by local authorities. On the other hand, **this indicator indirectly signals fluctuations in the economic assistance scheme (frequent entries and exits) and deepening poverty levels in certain territories.**

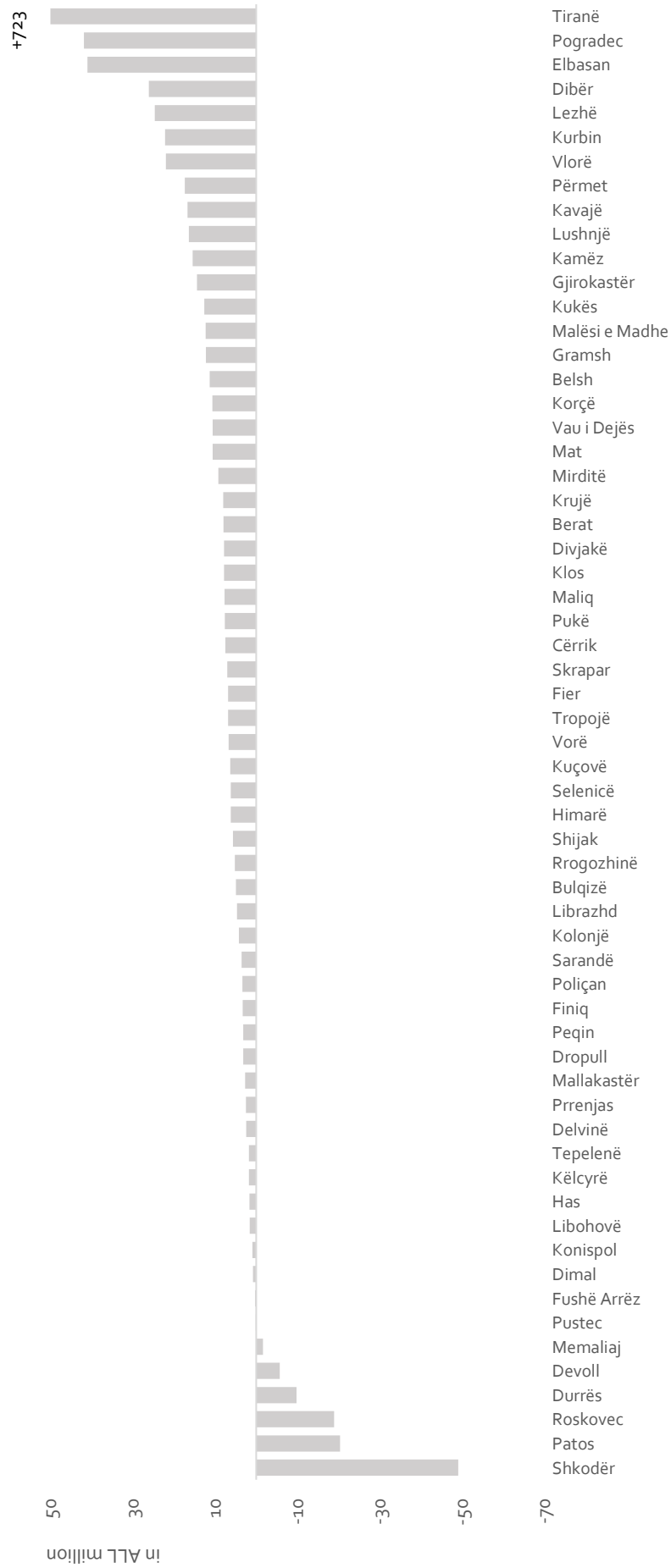


Chart 59. Transfers to household budgets by municipality (difference with 2021)

Source: Authors' processing based on data from www.financatvendore.al

Interest payments amounted to approximately ALL 169 million in 2022, decreasing by nearly 2% annually and representing about 0.3% of total expenditures made with own funds. Municipalities make interest payments with active loans in the local banking system, such as the municipalities of Elbasan, Korçë, Lezhë, and Vlorë (for more, see section 1.1.3 on local borrowing and arrears).

Capital expenditures or investments constitute an important item of local budgets and a prerequisite for fulfilling the municipality's vision and strategic

objectives. Over the years, the level of capital expenditures has been volatile and represents a good correlation with the performance of the municipality's own financial resources (especially with the revenues created from the infrastructure impact tax imposed on new constructions). In nominal terms, capital expenditures were about ALL 11.6 billion, down by about 7% annually. Capital expenditures only represented 20% of expenditures made with own funds in 2022, the lowest historical share in the total expenditures made with own funds in the period under analysis.

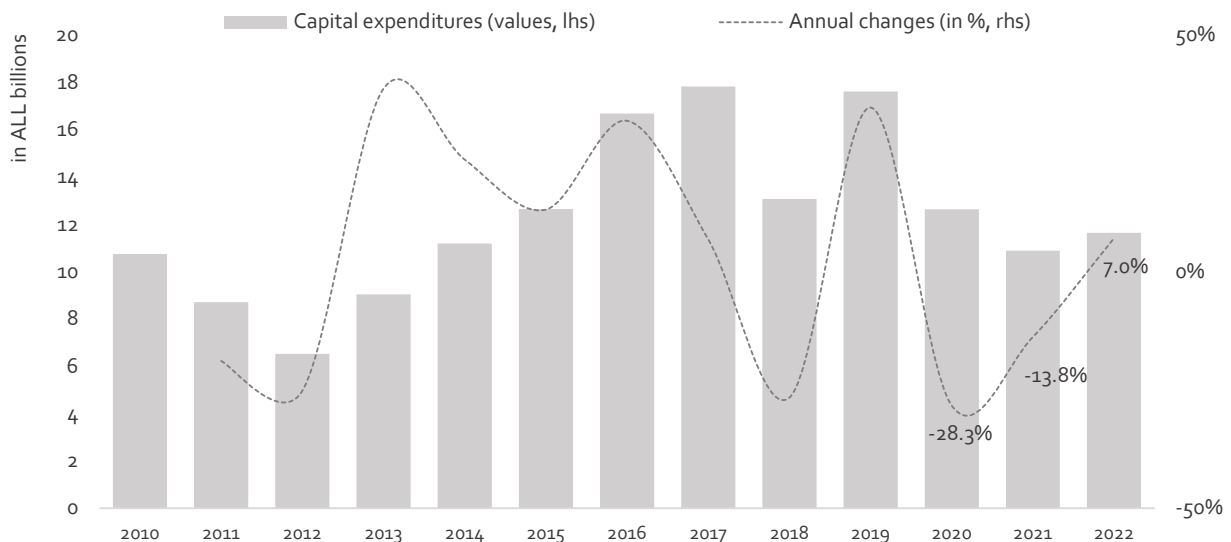


Chart 60. Own source funded capital expenditures

Source: Authors' processing based on data from www.financatvendore.al

Historically, the performance of capital expenditures incurred with own funds has been determined mainly by investment expenditures incurred by Tiranë, Durrës and Kamzë municipalities. For 2022, capital expenditures incurred by the municipality of Tiranë represented about 29% of total expenditures for investments made with own funds by 61 municipalities in the country. This level of investments turns out to be down by about 5% compared to one

year ago and represents the lowest level of investments made by the municipality of Tiranë since 2015. The second in terms of investments made with own-source funds is the municipality of Kamzë (with about 9% of the total) and an annual increase of about 11% in 2022. Investments with own funds made by the municipality of Durrës were estimated at 6% of the total, marking an increase of about 18% in annual terms.

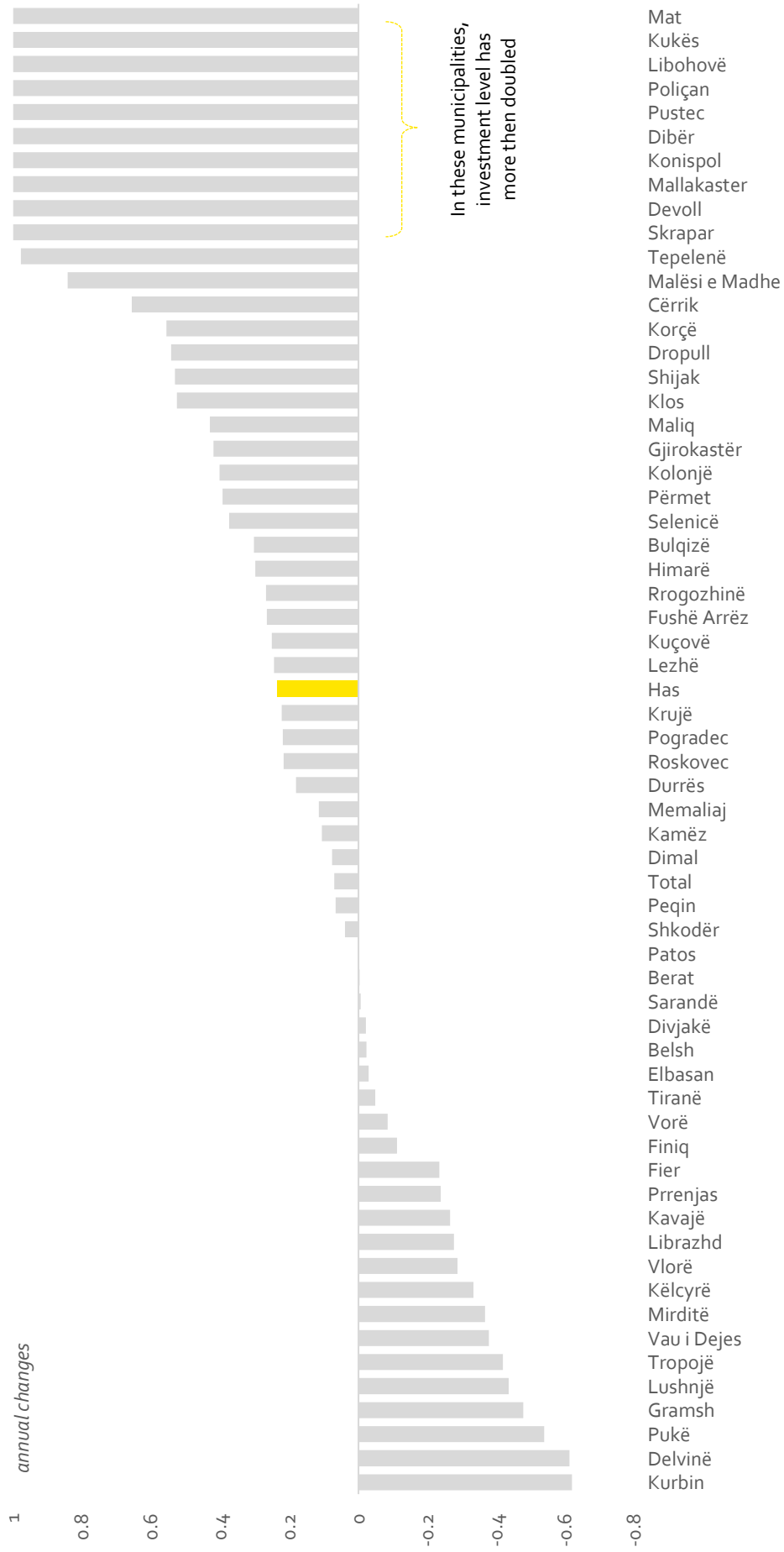


Chart 61. Own source funded capital expenditures by municipalities

Source: Authors' elaborations based on data from www.financatvendore.al

An increase in investments is estimated to have occurred in 39/61 municipalities, including the municipalities of Skrapar, Devoll, Mallakastër, Konispol, Dibër, Pustec, Poliçan, Libohovë, Kukës, Mat, etc. In contrast,

capital expenditures are estimated to have increased in 22/61 municipalities, including the municipalities of Kurbin, Delvinë, Pukë, Gramsh, Lushnjë, Tropojë, Vau Dejës, Mirditë, Këlcyrë, Vlorë, etc. (Chart 61).

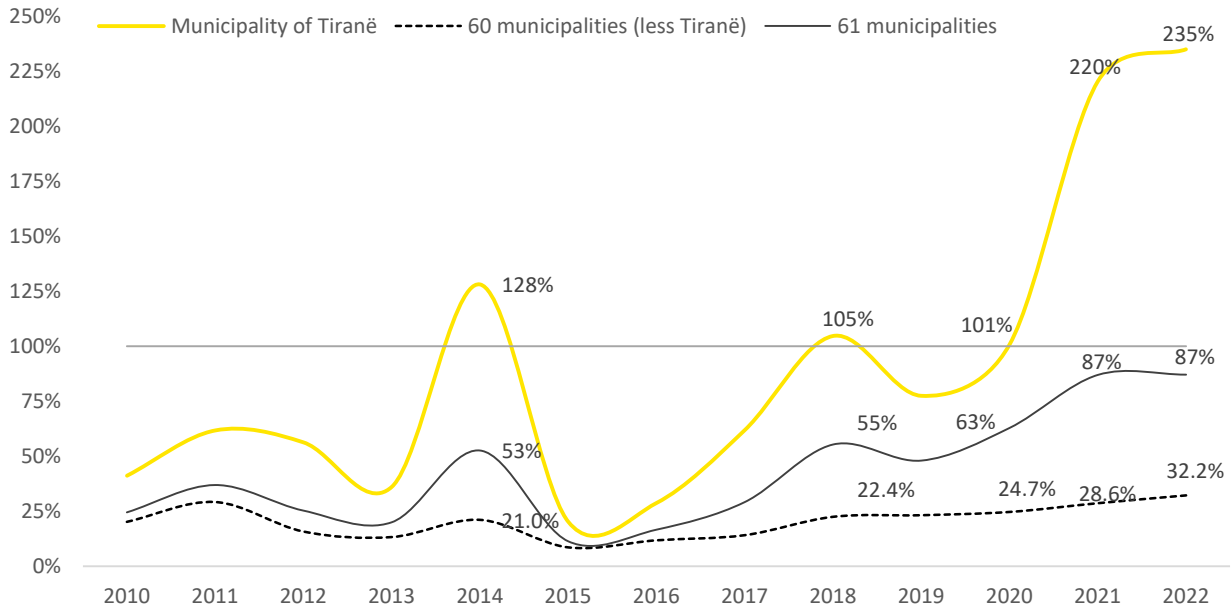


Chart 62. Financing of capital expenditures from IIT

Source: Authors' processing based on data from www.financatvendore.al

Investment funding is a significant concern for municipalities, especially those made with own-source funds. Pursuant to the provisions of Law No. 68/2017, "On Local Self-Government Finances", revenues from IIT shall "mainly" be used for investment purposes. However, in the presence of such a forecast, it is not possible to track revenues from source to destination, which means that "mainly" is not defined in quantitative terms.

On average, for the 61 municipalities in the country in 2022, IIT revenues potentially cover about 87% of the capital expenditures made with own-source funds, the same as one year ago. If we were to exclude the municipality of Tiranë, on average, in the other 60 municipalities, the revenues generated from IIT only manage to cover 32% of the capital expenditures made with own-source funds

in 2022 (increasing by about 3 percentage points compared to one year ago). Revenues from IIT collected from the municipalities of Kavajë, Himarë, Tiranë, Sarandë and Vlorë turned out to be higher than the amount of investments made with own-source funds during 2022. Revenues from IIT collected from the municipality of Tiranë during 2022 were more than double the amount of capital expenditures incurred. Indirectly, this indicator once again underlines the concentration of development pressures in the municipality of Tiranë and the inability of other municipalities to finance investment projects (especially high-value ones).

The municipal data presented in Chart 63 reflect the situation more clearly, alongside their differences in capital expenditure. In 5/61 municipalities, the revenues generated

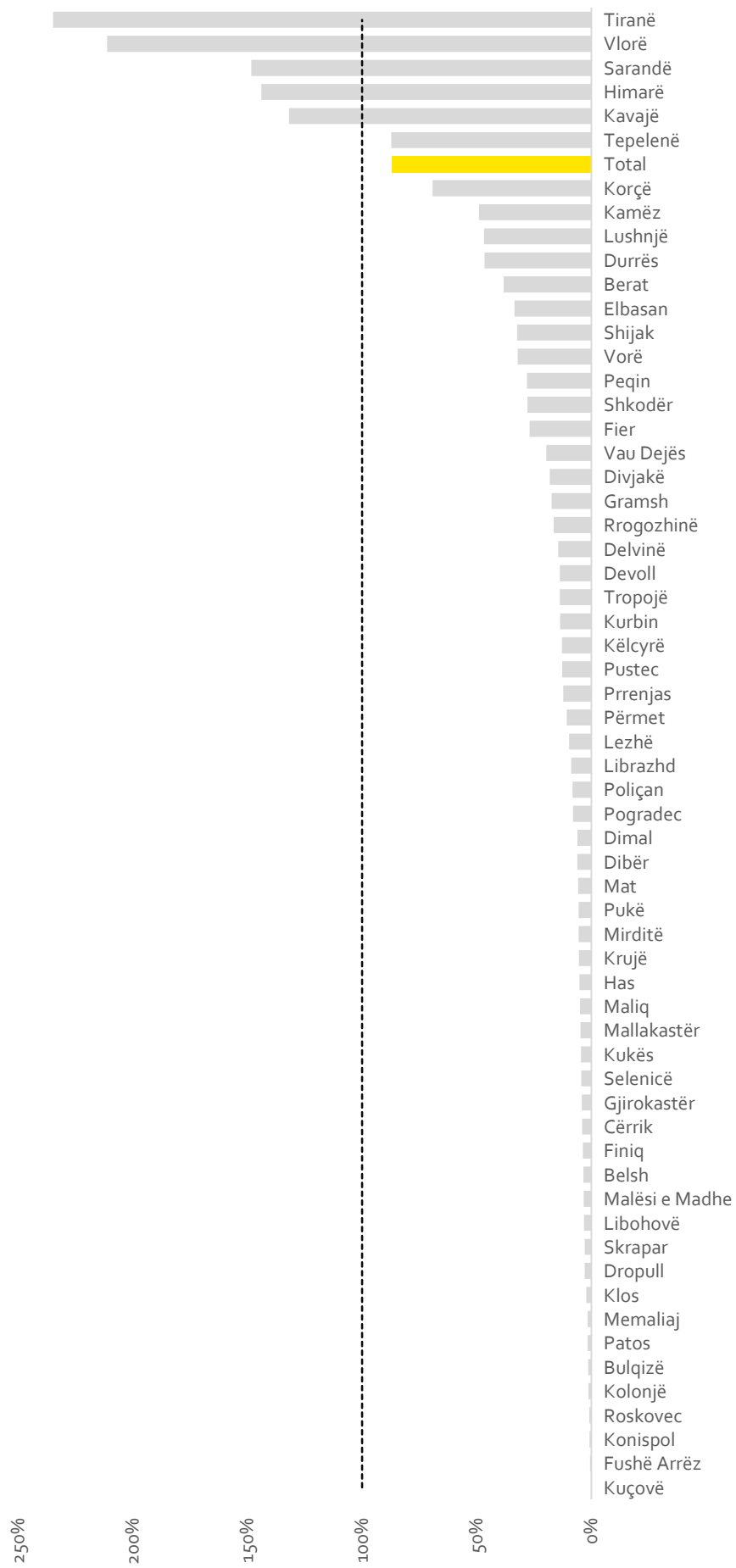


Chart 63. Financing of capital expenditures from IT by municipality

Burimi: Përpunime të autorëve bazuar në të dhëna nga www.financatvendore.al

from IIT manage to fully cover capital expenditures with own-source funds (and significantly exceed them): in the municipality of Tiranë about 235%, in the municipality of Vlorë about 211%, in the municipality of Sarandë about 148%, in the municipality of Himarë (144%) and in the municipality of Kavajë about 132%. In other words, in these municipalities, the investment effort could have been even higher if we were to refer to the revenues collected from IIT (investment situation below capacity based on revenues generated from IIT). In the municipality of Vorë, IIT revenues covered about 75% of the capital expenditures made with own-source funds, and in Kavajë, about 72% of them. In contrast, in 35/61 municipalities, IIT revenues cover less than 10% of their own source-funded investment expenditures; in 43/61 municipalities, they cover less than 20%.

In terms of governance functions, investments made by municipalities have fluctuated over time. However, the "economic issues" function has absorbed most of the investment (including transport infrastructure). Municipalities invested approximately ALL 5.4 billion under the "economic issues" function in 2022, increasing by about 4% compared to the previous year. Investment expenditures under the "housing and community amenities" function (including expenditures on housing and urban planning, local water supply and sewerage, and public lighting) represented about 26% of capital expenditures incurred with own-source funds. Approximately ALL 3 billion were spent on this function, down by about 1% annually.

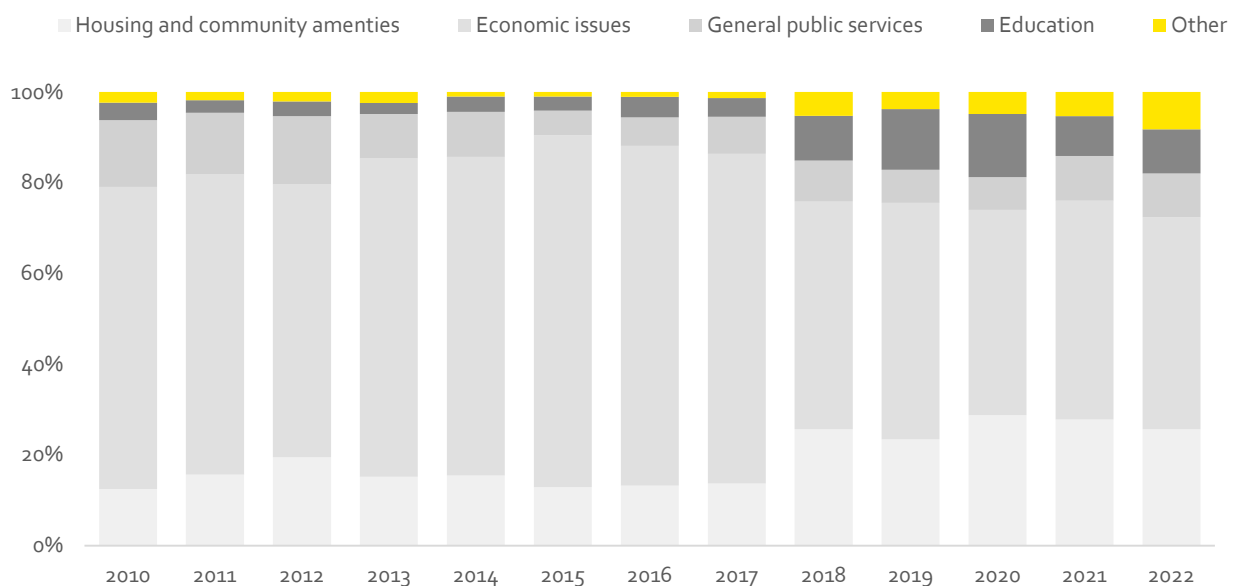


Chart 64. Capital expenditures by functions

Source: Authors' processing based on data from www.financatvendore.al

Following the devolution of new competencies related to preschool and pre-university education in 2016, municipalities increased their investment in education infrastructure until 2019. Investments in education in 2022 recorded a level of about

ALL 1.4 billion, increasing by about 19% annually. Investment expenditures under the "general public services" function amounted to approximately ALL 1.1 billion, increasing by about 5% annually.

Box 6. How did municipalities spend their budgets in 2022?

The structure of municipal expenditures incurred from own funds, coupled with the differences among them, is dominated by current expenditures compared to capital ones. This is a dominant trend in local budgets throughout the period under analysis. In average terms for 2022, under the structure of expenditures incurred with own-source funds, personnel expenditures occupied about 43% of the total local budget and operational and other expenditures nearly 43% thereof. On average, personnel, operating, and other expenditures (current expenditures) represented about 80% of own-source expenditures. In 2022, capital expenditures (or investment funds) represented about 20% of expenditures incurred by municipalities using their own-source funds.

The structure of own source-funded expenditures presents differences between the categories of municipalities grouped by size (see annexe 4) and over the years. In the municipality of Tiranë, the structure of expenditures incurred with own-source funds differs from all other categories of municipalities: about 35% of the funds cover staff costs, about 48% for operating and other costs and 21% for capital expenditures.

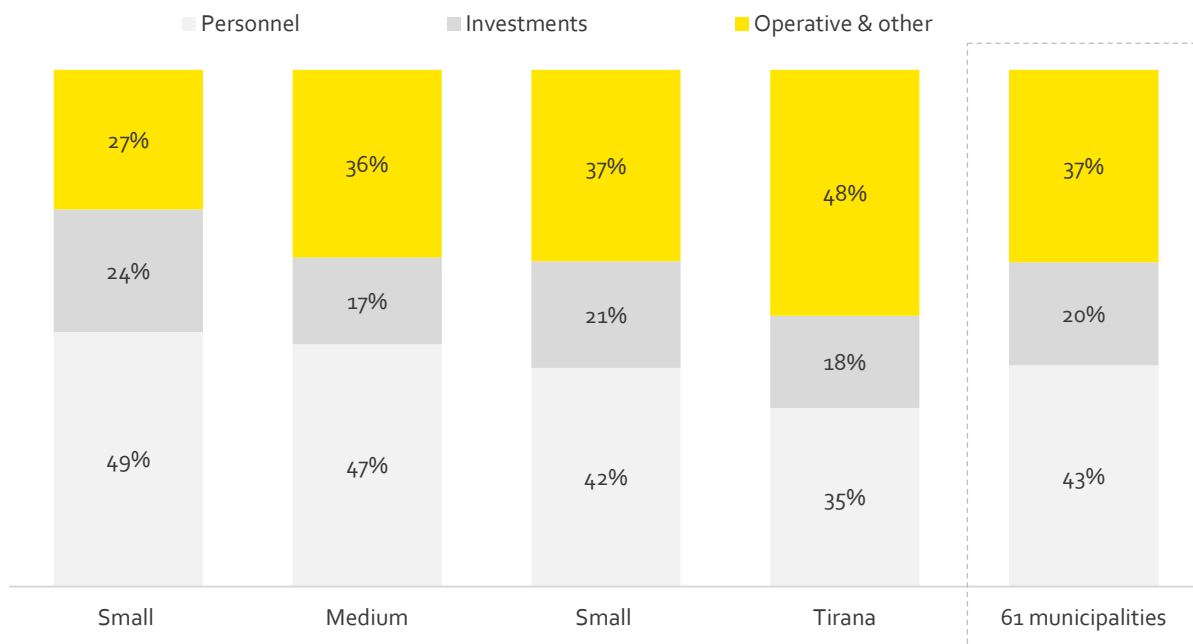


Chart 65. Own source funded expenditures by categories, year 2022

Source: Authors' processing based on data from www.financatvendore.al

In large municipalities, the structure of expenditures with own-source funds is similar to the national average: 42% of funds cover personnel expenditures, about 21% for investments and 37% for operating and other expenses. Medium- and small-size municipalities spend about 49% of their budget on personnel, a significantly higher level compared to the

national average, large municipalities and the municipality of Tiranë. In contrast, investment expenditures represent about 24% of total expenditures made with own funds in small-size municipalities. In medium-size municipalities, investment expenditures represented about 17% of total expenditures (about 3 percentage points below the national average and the lowest among categories of municipalities) in 2022. Personnel expenditures represented about 47% of expenditures made with own-source funds and those for operating and other expenses about 36%.

In addition to the differences noted between the categories of municipalities, these differences in the structure of expenditures incurred with own-source funds are even more pronounced at the municipality level. In the category of large-size municipalities, the structure of expenditures by economic nature presents significant differences between them: personnel expenditures mark the highest share in the municipalities of Fier, with about 55% of total expenditures with own-source funds and the lowest share in the municipality of Kamëz with approximately 32% of total own fund expenditures incurred in 2022. Investment expenditures range from a minimum level of about 9% of total own-source funded expenditures in 2022 in the municipality of Vlorë to nearly 48% in the municipality of Kamëz for the same time period.

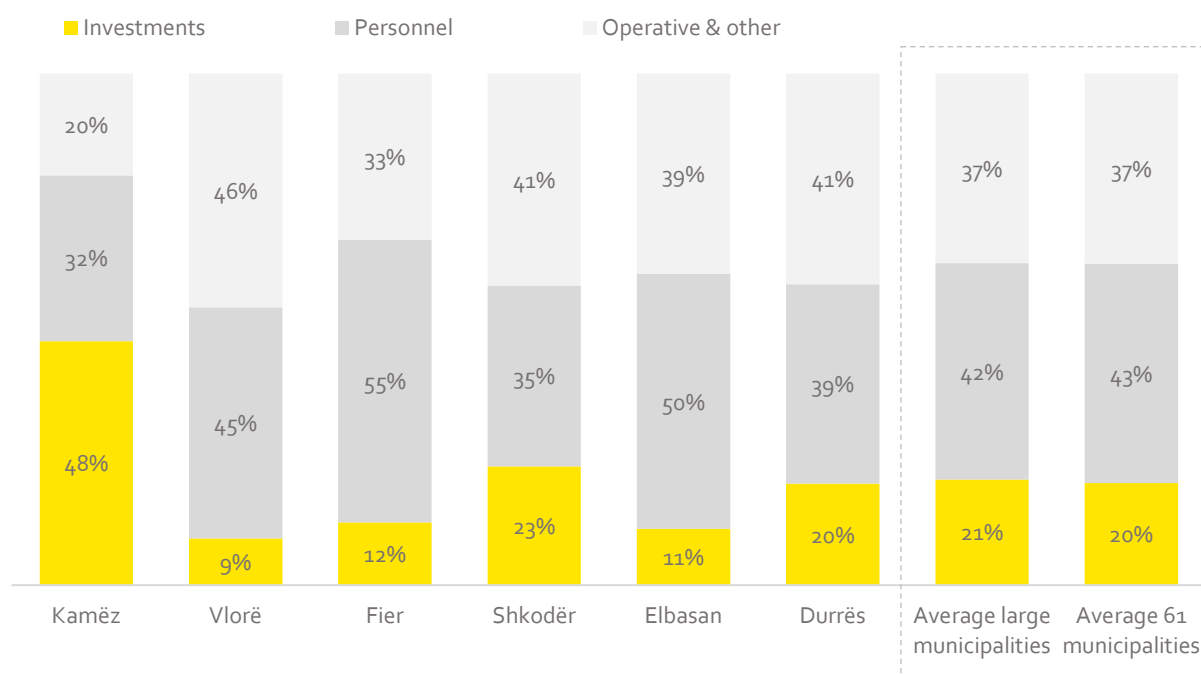


Chart 66. Own source funded expenditures by categories in large

Source: Authors' processing based on data from www.financatvendore.al

Among the municipalities classified as medium-sized, personnel expenditures range from 38% in the municipality of Kavajë to about 58% in the municipality of Dibër as compared to total expenditures made with own-source funds. The second category with the largest share is operating and other expenses which range from a minimum level of about 23% in the municipality of Kukës to a maximum level of about 51% in the municipality of Kavajë.

Capital expenditures occupy the lowest share among those made with own-source funds for medium-sized municipalities. The minimum level of capital expenditures for medium-sized municipalities was recorded in the municipality of Kurbin, with about 7% of expenditures made with own funds, and the maximum level in Kukës, with about 29% of expenditures made with own-source funds.

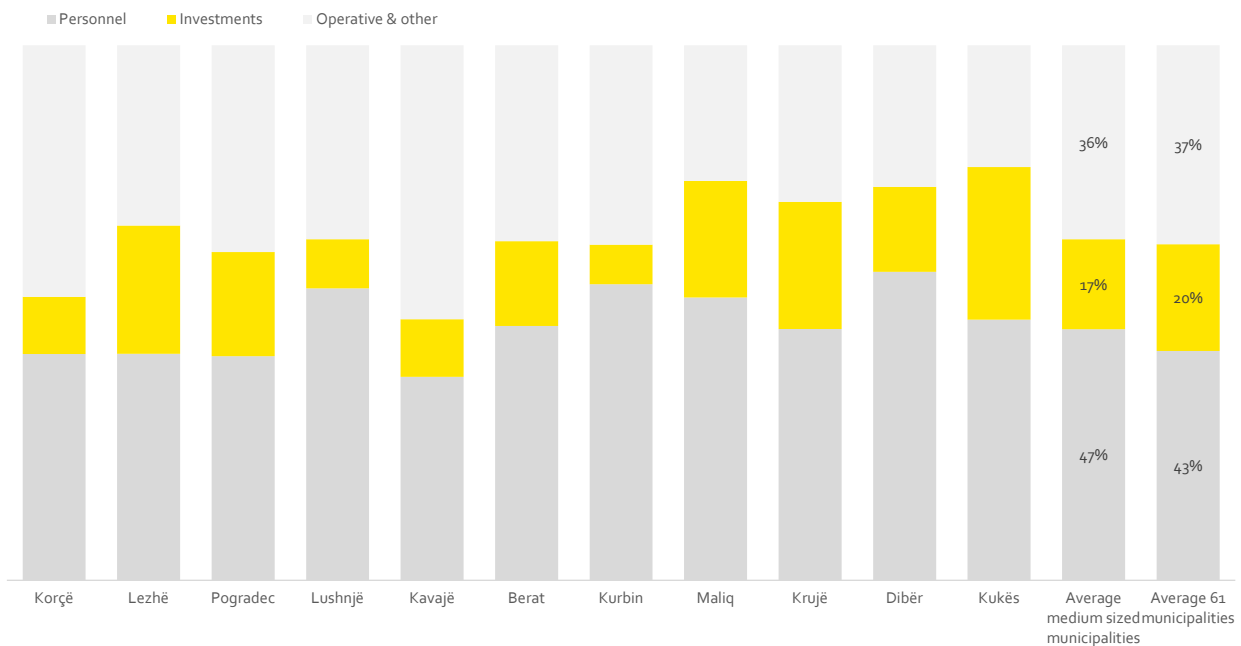


Chart 67. Expenditures by economic nature in medium-sized municipalities

Source: Authors' processing based on data from www.financatvendore.al

Among small-size municipalities, the structure of expenditures is dominated by personnel expenditures: the municipality of Himarë recorded the lowest share of personnel expenditures to own source-funded expenditures by about 24%, and the highest share for this indicator was recorded in the municipality of Këlcyrë with about 72%. Regarding investment expenditures, the highest level is recorded in Dropull, with about 47% and the lowest in Tepelenë, with about 5% of expenditures made with own funds in 2022.

Analyzing the structure of expenditures by economic nature at the municipal level allows for a better understanding of their capacities in terms of long-term development orientation within their territories. Over 52% of municipalities in the country spend less than 20% of their investment budget, and only about 16% spend over 30% of their available resources on investments. This level of investment is assessed as insufficient to enable their long-term development and undertake large investment projects, which may have a broad impact on the territory.

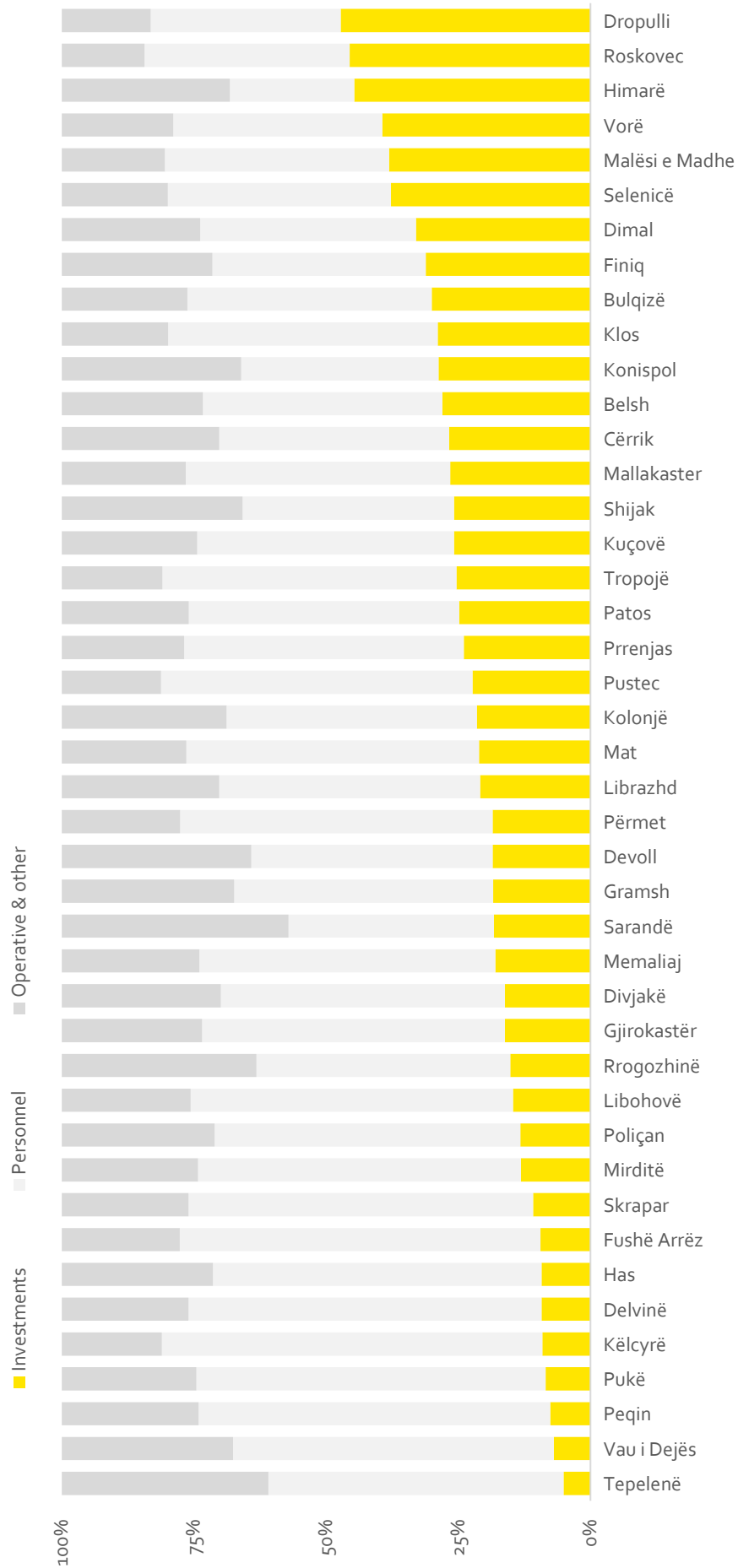


Chart 68. Expenditures by economic nature in small-sized municipalities

Source: Authors' processing based on data from www.financatvendore.al

2.2.2

Own-source funded expenditures by functional classification

Combining data on expenditures incurred by municipalities (with own-source funds) with the functions performed by the government (COFOG classification) allows for a detailed analysis of the choices made by municipalities on the territory under administration (and their long-term development orientation). If we were to divide the available data into two periods, before and after 2015 as the year seeing significant changes in terms of local government, we would notice a reorientation and redistribution of expenditures among

the functions exercised by the municipalities in fulfilment of their development objectives (in addition to methodological changes over the years for the recording of expenditure items). However, although fluctuating over the years, municipalities have historically channelled their spending into four basic functions, which absorb over 80% of the funds in the periods considered: general public services, economic issues, housing and community amenities, and education.

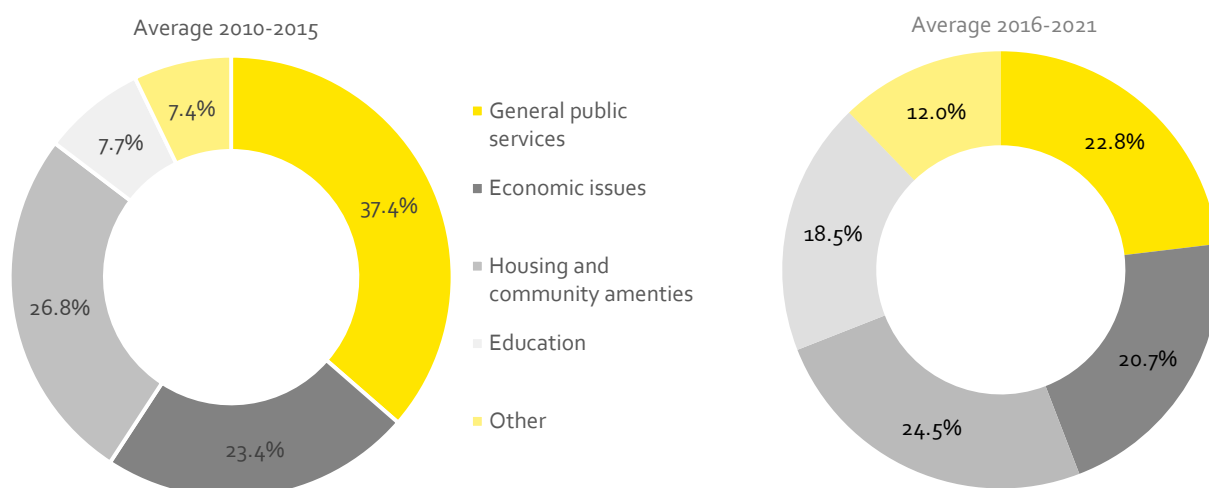


Chart 69. Expenditures by functional classification

Source: Authors' processing based on data from www.financatvendore.al

The structure of expenditures by function for 2022 is similar to their historical structure. In quantitative terms, the 61 municipalities in the country spend about 76% of their funds on four main functions: general public services, economic issues, housing and community amenities, and education.

Expenditures with own-source funds under the *general public services* function absorbed

about 22% of total expenditures, marking a level of about ALL 12.7 billion in 2022 (increasing by about 5% annually).

Expenditures under the *economic issues* function, which include, among other things, expenditures on transport, agriculture, forestry, fisheries and hunting, recorded a level of approximately ALL 10 billion in the period under consideration (up by about

8% in annual terms). Within this function, about ALL 7 billion (+4% compared to one year ago) was spent under the transport sub-function, which summarizes expenditures for the construction, rehabilitation and maintenance of roads (including signage) and public transport.

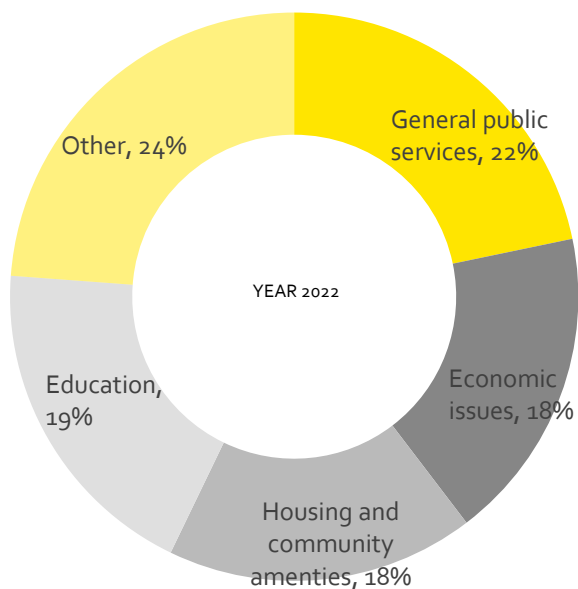


Chart 70. Expenditures by functional classification, the year 2022

Source: Authors' elaborations based on data from www.financatvendore.al

In 2022, about 18% of expenditures incurred using own-source funds or about ALL 10.5 billion, were spent on housing and community amenities (up by about 9% annually). Since 2015, there has been a concentration of municipal expenditures on this function and a progressive increase in its share of total expenditures incurred with own-source funds,

as it is closely related to local infrastructure and significantly impacts community life. Within this function, about ALL 9 billion were spent on the community development sub-function (+11% compared to one year ago), which contains activities aimed at improving their living environment, such as recreation, improving common and relaxing spaces for the community, improving green spaces, maintaining sidewalks, parks, public gardens, etc. The difference of approximately ALL 1.5 billion was spent on the sub-functions of local urban planning, water supply and street lighting.

Expenditures on the *education function* marked a level of about ALL 11 billion ((increasing by about 8% in annual terms) and represented about 19% of own source-funded expenditures made in 2022. In historical terms, it can be noted that expenditures under this function have increased progressively as a consequence of the new functions being transferred from the central government to the local government (sectoral transfers that cover the expenditures for teaching and support staff salaries in kindergartens and nurseries, and support staff salaries in primary and secondary education; and maintenance staff for pre-university education infrastructure). In 2022, about ALL 8.5 billion or about 76% of expenditures under the education function, went to cover the costs of preschool and primary education. Approximately ALL 2.6 billion were spent on the high school education sub-function, decreasing by about 9% annually.

2.3

Expenditures with conditional funds

Expenditures with conditional funds represent an important share of the total expenditures incurred by municipalities. Concerning this category of local budget revenues, municipalities do not have any decision-making authority in their amount or manner of use: therefore, they are spent according to the determinations of the line ministries (otherwise, they are called earmarked funds). These funds are transferred from line ministry budgets in the form of conditional transfers to fund delegated functions and/or specific projects considered of local, regional or national interest, which require the cooperation of municipalities. They are planned in annual and medium-term budgets of the respective ministries. The annual budget execution report of the line ministry contains a dedicated annexe on conditional transfers, the purpose of their use, beneficiaries, the

total amount, the amount disbursed, and the remaining part to be funded in the upcoming years to the local self-government units. Although projected and transferred from the budgets of central government units (such as line ministries), they are reflected in the total expenditures incurred by municipalities.

Conditional funds have been fluctuating from year to year. As natural disasters hit the country in 2019-2020, conditional funds increased significantly, especially following the changes in the economic assistance benefit scheme for needy families. Following a significant increase during 2020 by about 32%, conditional funds marked the highest historical level of nearly ALL 43 billion in 2021 (+ 10% compared to one year ago). In 2022, this category of expenditures decreased by about 7% annually.

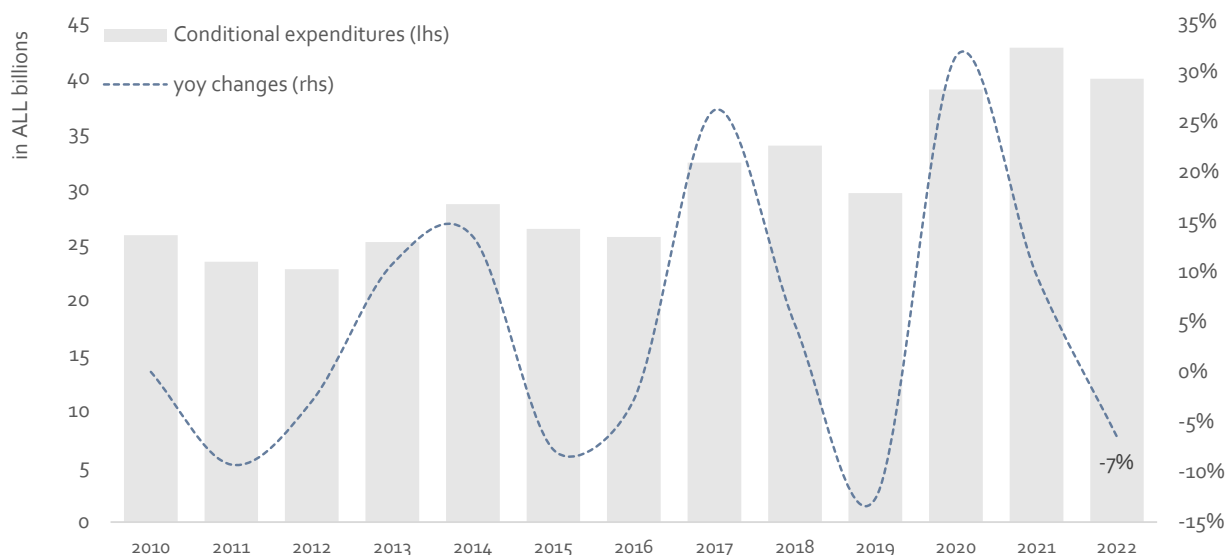


Chart 71. Conditionally funded expenditures

Source: Authors' processing based on data from www.financatvendore.al

2.3.1

Expenditures with conditional funds by economic

In 2022, almost 76% of conditional funds focused on current expenditures (mainly related to transfers to household budgets - economic assistance and disability payments, etc.) and approximately 24% on capital expenditures (investments including funds provided by the RDF and excluding reconstruction costs). Current expenditures via conditional funds marked a level of

about ALL 30 billion, increasing by about 3% compared to one year ago. Under this category, expenditures for transfers to household budgets accounted for about 73% of current expenditures and marked a level of about ALL 29 billion in 2022. Since 2010, transfers to household budgets recorded the highest historical level in 2022.

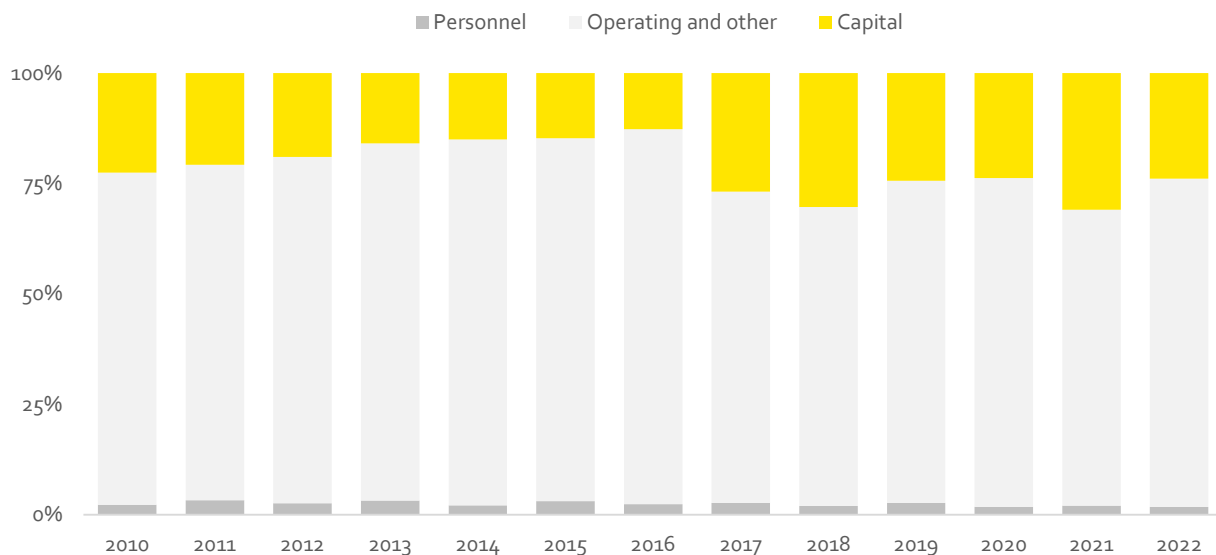


Chart 72. Conditionally funded expenditures by economic categories

Source: Authors' processing based on data from www.financatvendore.al

Investments made via conditional funds (capital expenditures) appear to be fluctuating from year to year. In 2022, investments made via conditional transfers reached about 9.5 billion ALL, a marked decrease of about 28% compared to the previous year and representing about 24% of expenditures incurred with conditional funds. Over 80% of conditional investment funds are earmarked for the housing and *community amenities* function (decreasing by about 37% annually) and about 9% under the education function (significantly increased compared to the previous year).

In 2022, the municipalities of Mat and Tiranë received about 9% of the conditional funds for investments, followed by the municipality of Pogradec, with about 6% of them. The municipalities of Dibër and Kolonjë are recipients of 5% of the conditional funds for investments, respectively, followed by the municipalities of Durrës and Kamëz with 4% of these funds. In contrast, the municipalities of Fushë Arrëz, Memaliaj and Shkodër did not receive any conditional funds for investments in 2022.

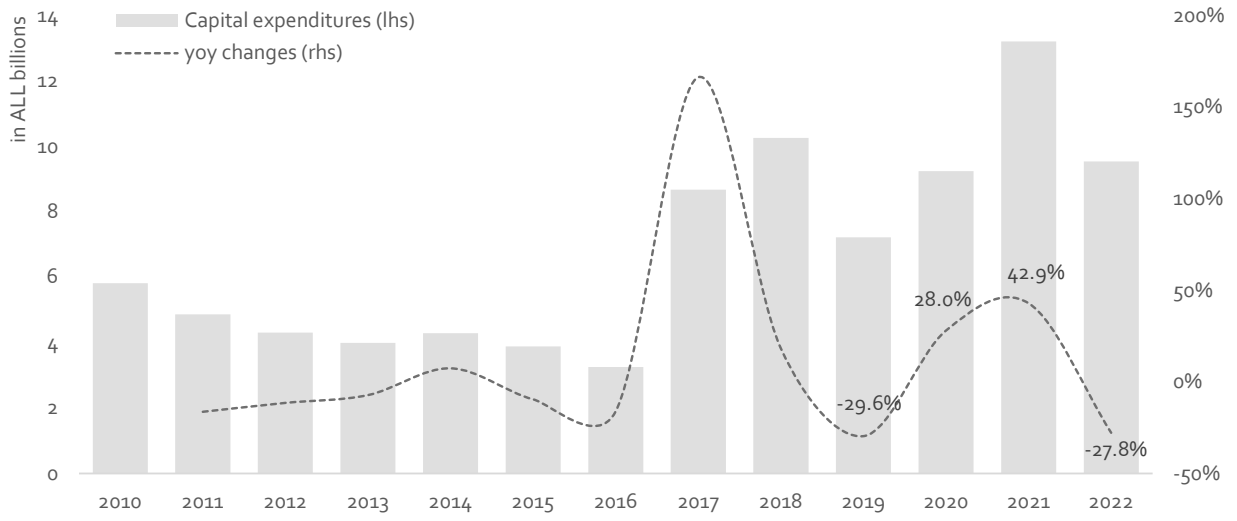


Chart 73. Conditionally funded capital expenditures

Source: Authors' processing based on data from www.financatvendore.al



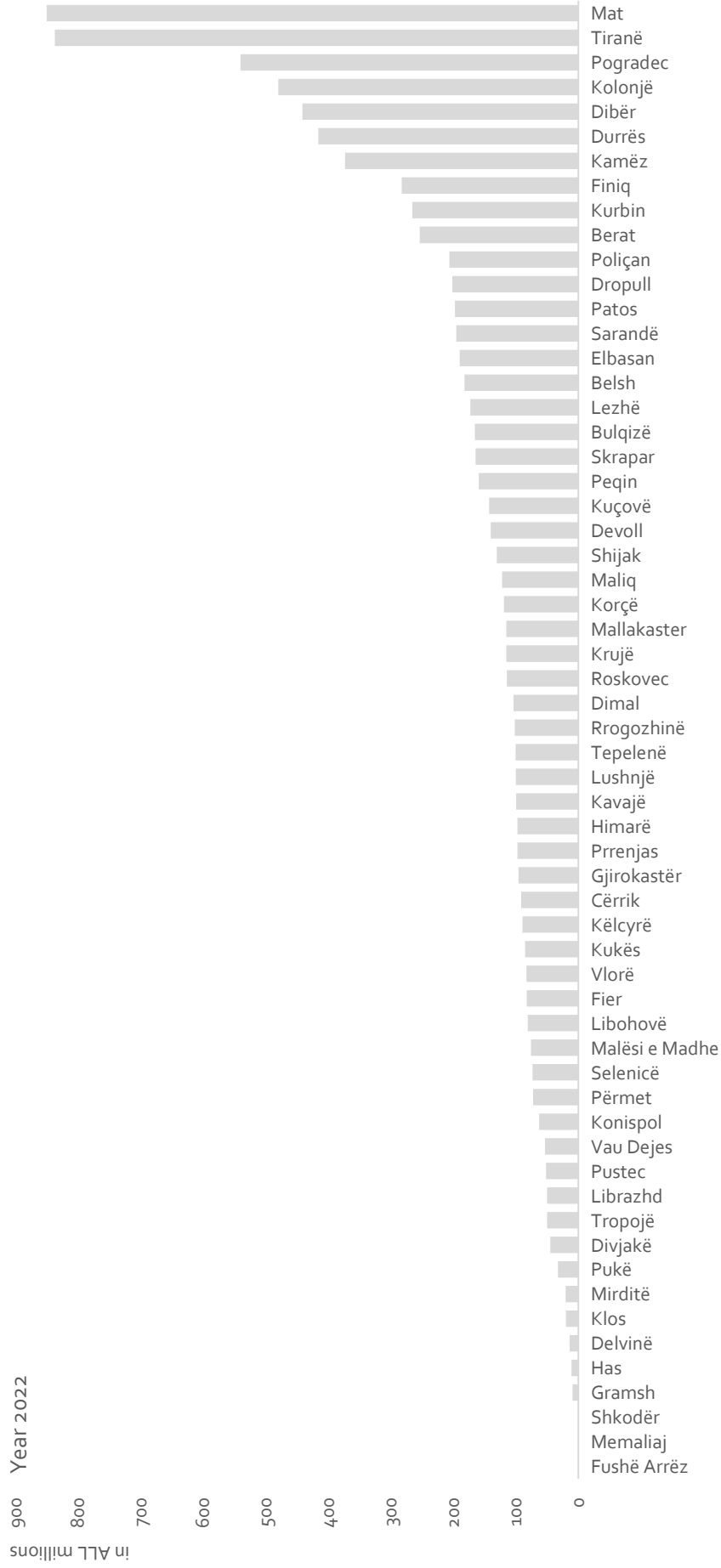


Chart 74. Conditionally funded capital expenditures by municipalities
 Source: Authors' processing based on data from www.financatvendore.al

2.3.2

Expenditures with conditional funds by functional

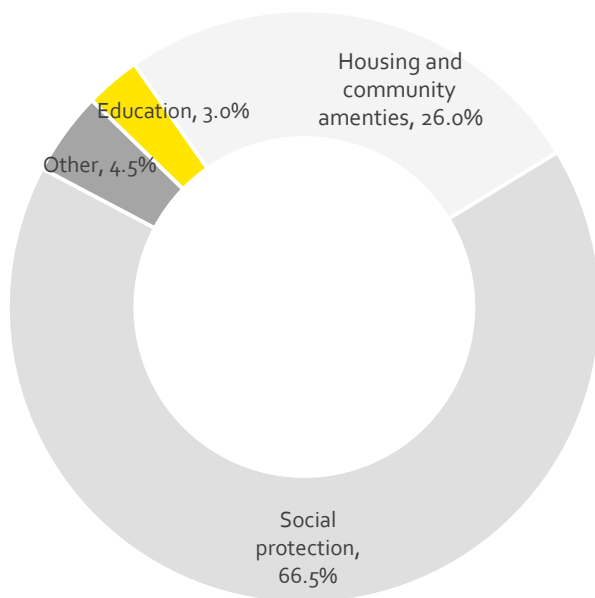


Chart 75. Conditionally funded capital expenditures by functions

Source: Authors' processing based on data from www.financatvendore.al

Data on conditional funding by government function indicate that about 66% of these expenditures went for the *social protection* function (increasing by about 9% compared to the previous year). The share of expenditures on this function continues to be high in nominal terms following increased transfers to household budgets approved by the central government during COVID-19 in 2020. The second function, which went about 26% of conditional transfers, is the one that includes the costs of housing and community amenities, mainly investment funds. Expenditures under this function marked a significant decrease from about ALL 16 billion in 2021 to about ALL 10 billion in 2022. About 72% of housing and community amenities spending is channelled into the water supply service. About 3% of the conditional funds were spent on the education function, a significant increase compared to the previous year (from ALL 358 million in 2021 to about ALL 1.2 billion in 2022).



2.4

Cost of local governance by the end of 2022

In fulfilling their functions and powers as specified in the current regulatory framework, in 2022, the 61 municipalities in the country spent an average of ALL 35,098 per inhabitant. About ALL 20,853 per inhabitant (increasing by about 12% annually) were expenditures incurred with the municipalities' own-source funds, and ALL 14,245 per inhabitant via conditional funds. In other words, for every ALL 100 allocated by municipalities throughout 2022, ALL 59 were from their own-source portfolio, and ALL 41 were from conditional funds.

Regardless of the funding source, approximately ALL 98 billion⁵⁵ were spent locally by the end of 2022, increasing by about 4% annually. The expansion of expenditures in annual terms was primarily determined by an increase in expenditures generated with own-source funds by municipalities (under the effect of the increase in current

expenses). In contrast, expenditures incurred with conditional funds negatively affected the overall performance of municipalities' expenditures for 2022 (determined by a decrease in current expenditures).

In nominal terms, about ALL 58 billion were expenditures with own-source funds (an annual increase of about 12%), and about ALL 40 billion were expenditures incurred using conditional funds (an annual decrease of about 7%). Under the category of expenditures incurred using own-source funds, the direction of developments was determined by an expansion of current expenses by about 13% compared to one year ago. On the contrary, under the expenditures made with conditional funds, the direction of developments was determined by a capital expenditure narrowing (an annual decrease of investments by about 28%).

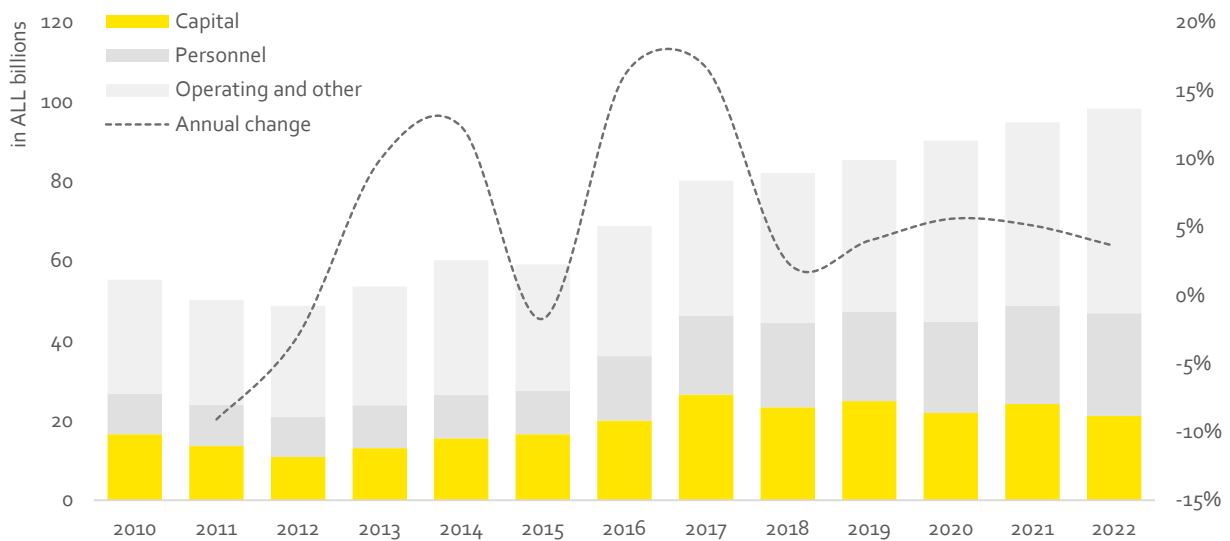


Chart 76. Use of total financial resources

Source: Authors' processing based on data from www.financatvendore.al

In 2022, current expenditures represented about 78% and capital expenditures about 22% of the total expenditures made by the 61 municipalities. In nominal terms, total current expenses recorded about ALL 77 billion, increasing by about 9% annually. An increase in operating and other expenses largely dictated the expansion of current expenditures. The increase in personnel expenditures also contributed in this regard, although to a lesser extent. Investment expenditures reached about ALL 21 billion, decreasing by about 12% annually (under the shrinking effect of investments made using conditional funds).

The ratio of conditionally funded capital expenditures to total capital expenditures incurred by municipalities is an indicator

which can be used to assess the orientation, autonomy of municipalities and their strength to meet the long-term development vision. The higher this indicator, and especially if above 50%, the lower the ability of a municipality to move independently towards long-term goals (and vice versa). For 61 municipalities in the country, conditionally funded capital expenditures represent about 45% of total capital expenditures (for 2022). This ratio is about 10 percentage points lower than the one recorded in 2021 and about 22 percentage points higher than the level recorded in 2015. For the municipality of Tiranë, this ratio marked about 21% in 2022 from about 14% recorded one year ago. Meanwhile, the average for the other 60 municipalities (excluding the municipality of Tiranë) is around 51% from around 63% in 2021.

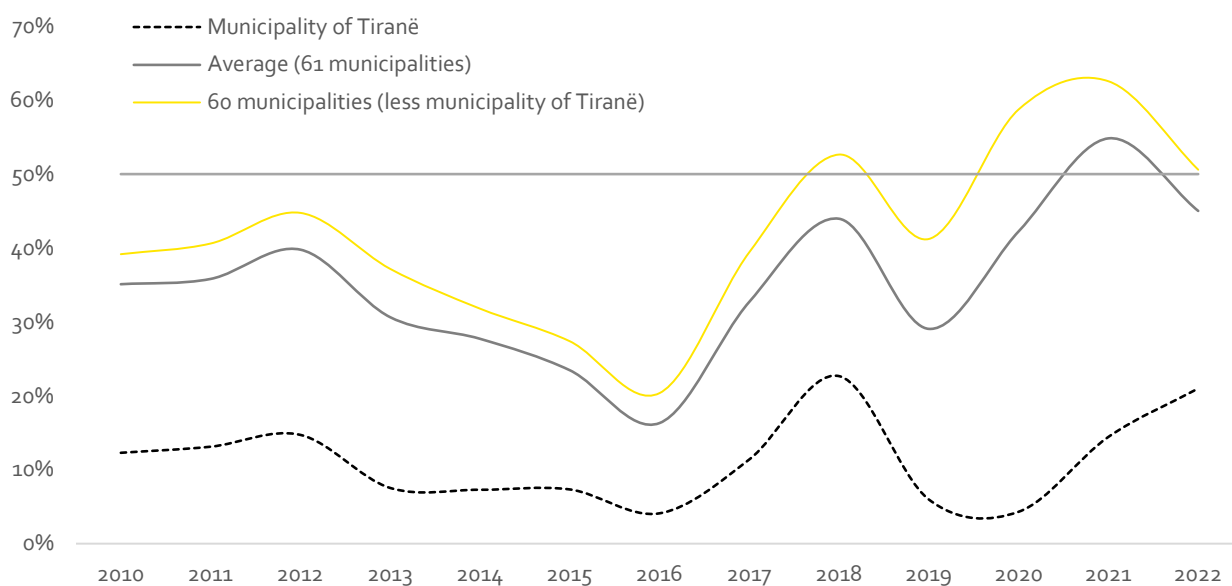


Chart 77. The importance of capital expenditures

Source: Authors' processing based on data from www.financatvendore.al

At the municipality level, capital expenditures incurred using conditional funds represent over 50% of the total capital expenditures made in 2022 in about 29/61 municipalities. The indicator's highest level was recorded in the municipality of Tepelenë (with about

89%). In the municipalities of Skrapar, Libohovë, Poliçan, Peqin, Kolonjë, Kurbin, Mat and Këlcyrë, capital expenditures with conditional funds represent over 80% of capital expenditures; in the municipalities of Sarandë, Berat, Dropull, Rogozhinë, Patos,

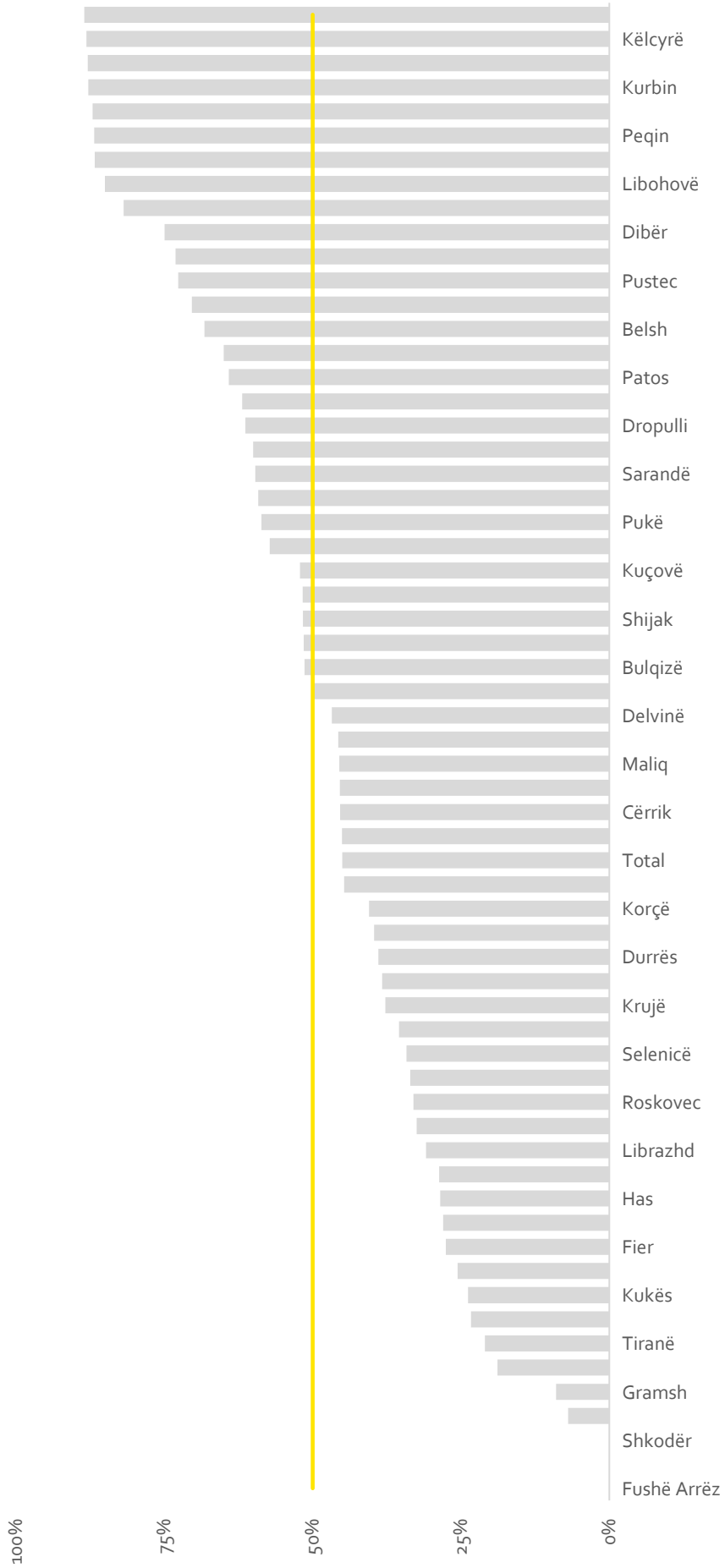


Chart 78. Importance of capital expenditures by municipality
 Source: Authors' processing based on data generated from www.finanecatvendore.al

Vau Dejës, Belsh, Pogradec, Pustec, Finiq and Dibër, capital expenditures incurred with conditional funds to the total capital expenditures fluctuate in the range of 60% - 75%, etc. In the municipalities of Fushë Arrës, Shkodër and Memaliaj, no capital

expenditures were incurred using conditional funds in the municipalities of Gramsh and Vorë, the ratio of expenditures with conditional funds to the total marked values below 10% for 2022.

Box 7. Personnel expenditures and number of employees in 61 municipalities⁵⁶

Increasing efficiency in using available resources is an ongoing challenge for municipalities in Albania (and beyond). The expansion of the range of local public services to be performed by municipalities following the ATR in 2015 significantly increased their personnel expenditures (+ 53.4% in annual terms impacted by the transfer of new functions). After the discontinuation of this effect, the increase in personnel expenditures has been stable year after year with an average rate of about 7%.⁵⁷ By the end of 2022, the own-source funded budget allocated for personnel expenditures marked a level of about ALL 25 billion, an increase of almost 5% compared to one year ago, and represented about 43% of own-source funded expenditures for the same period. This is the highest historical level recorded for personnel expenditures through municipal own-source funds, partly determined by an increase in the number of employees in the municipality by about 5.3% in annual terms at the end of 2022.

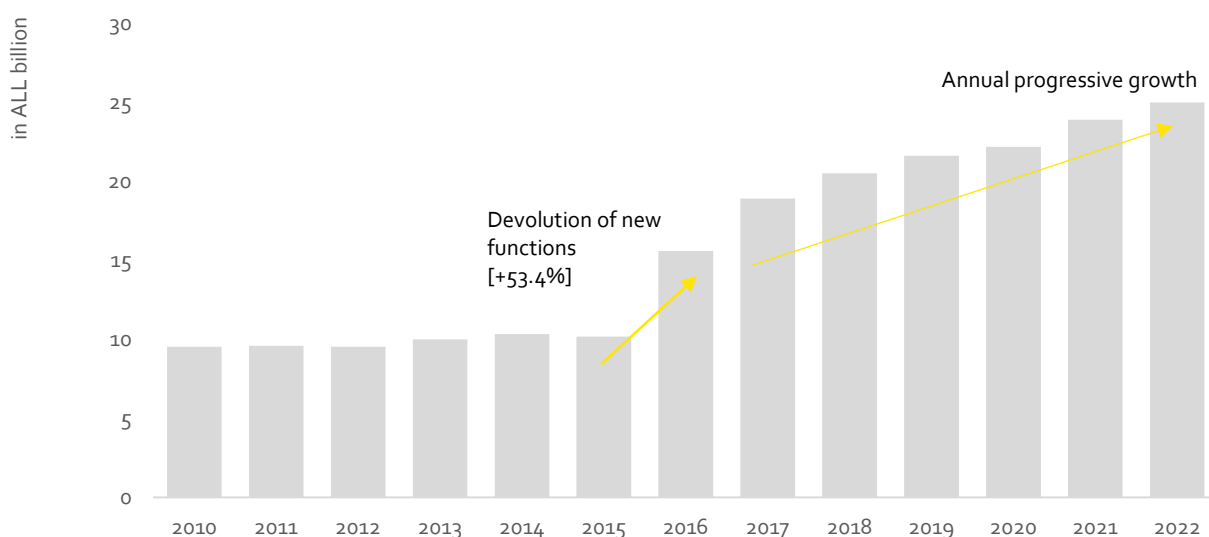
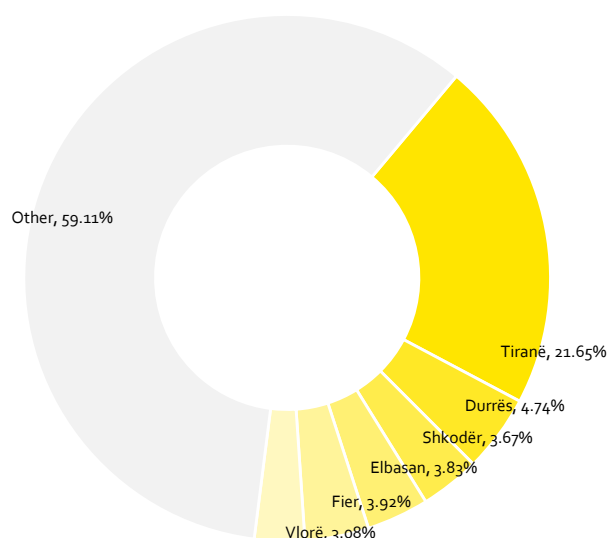


Chart 79. Personnel expenditures

Source: Authors' processing based on data from MoFE



Grafik 8o. Të punësuar sipas bashkive

Burimi: Përpunime të autorëve bazuar në të dhëna nga MFE dhe PBA sipas bashkive

The number of employees has increased in 49 municipalities (especially in the municipalities of Tiranë with around 489 employees, Shkodër with around 427 employees, Kamëz with around 190 employees and Memaliaj with around 132 employees, etc.), has decreased in 11 municipalities (especially in the municipalities of Vorë with around 33 employees, Roskovec with around 13 employees and Mallakastër with around 10 employees), while it remained unchanged compared to one year ago in the municipality of Belsh. The Municipality of Tiranë employs about 22% of the total number of employees of the municipalities in the country, followed by the municipalities of Durrës (5%), Fier, Shkodër and Elbasan (4% respectively), Vlorë and Korçë (3% respectively). Together,

the 6 municipalities recording the highest increase in the number of employees employ about 41% of the total number of employees in the 61 municipalities in the country.

In average terms, in 2022, one municipality employee cost was approximately ALL 56,868 per month, about 1% more compared to one year ago.⁵⁸ The average cost per employee fluctuates in an interval that ranges from a maximum average amount of about ALL 70,915 in the municipality of Rrogozhinë to a minimum average amount of about ALL 32,917 per month in the municipality of Memaliaj. The average cost per employee in about 72% of municipalities (44/61 municipalities) appears below the average for all 61 municipalities.

The nominal analysis of the number of employees and staff costs (total and average costs per employee) constitutes a first step in assessing local public services delivery and using available financial resources. A widely used indicator in relevant literature to estimate local public service delivery level is the number of employees per 1,000 inhabitants.⁵⁹ Compared to the benchmark used by the World Bank of less than 25 employees per 1,000 *inhabitants*, it turns out that 51 municipalities employ a lower number of employees than the reference level.⁶⁰ On the other hand, 8/61 municipalities (municipalities of Dropull, Fushë Arrëz, Memaliaj, Përmet, Këlcyrë, Skrapar, Pukë, Tepelenë) stand above this reference level, suggesting an excessive number of employees to the population of the municipality. In the municipalities of Pustec and Libohovë, the ratio of the number of employees per 1,000 inhabitants is equal to the reference level.

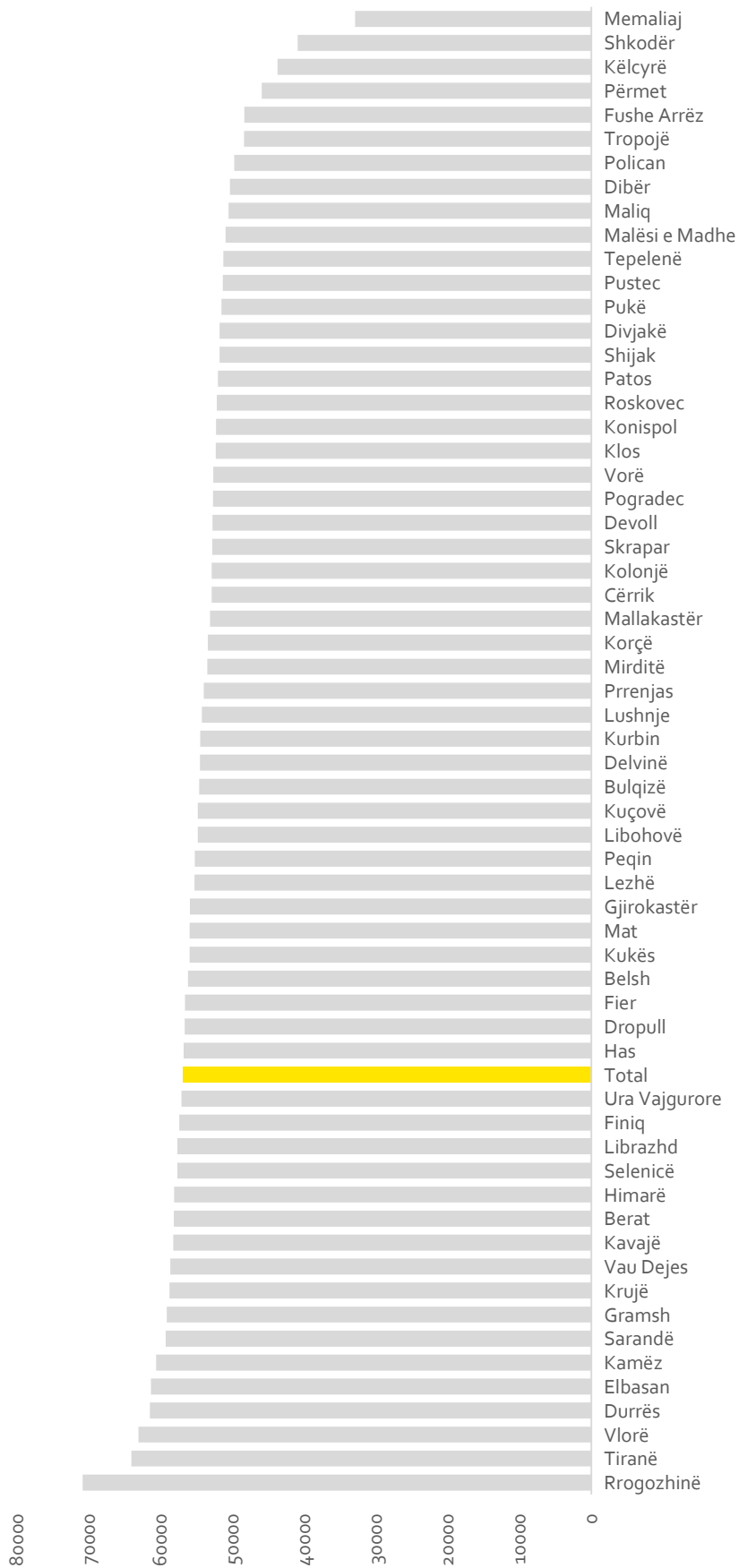


Chart 81. The average monthly cost for 1 employee
 Source: Authors' processing based on data from MoFE and MTBP by municipality

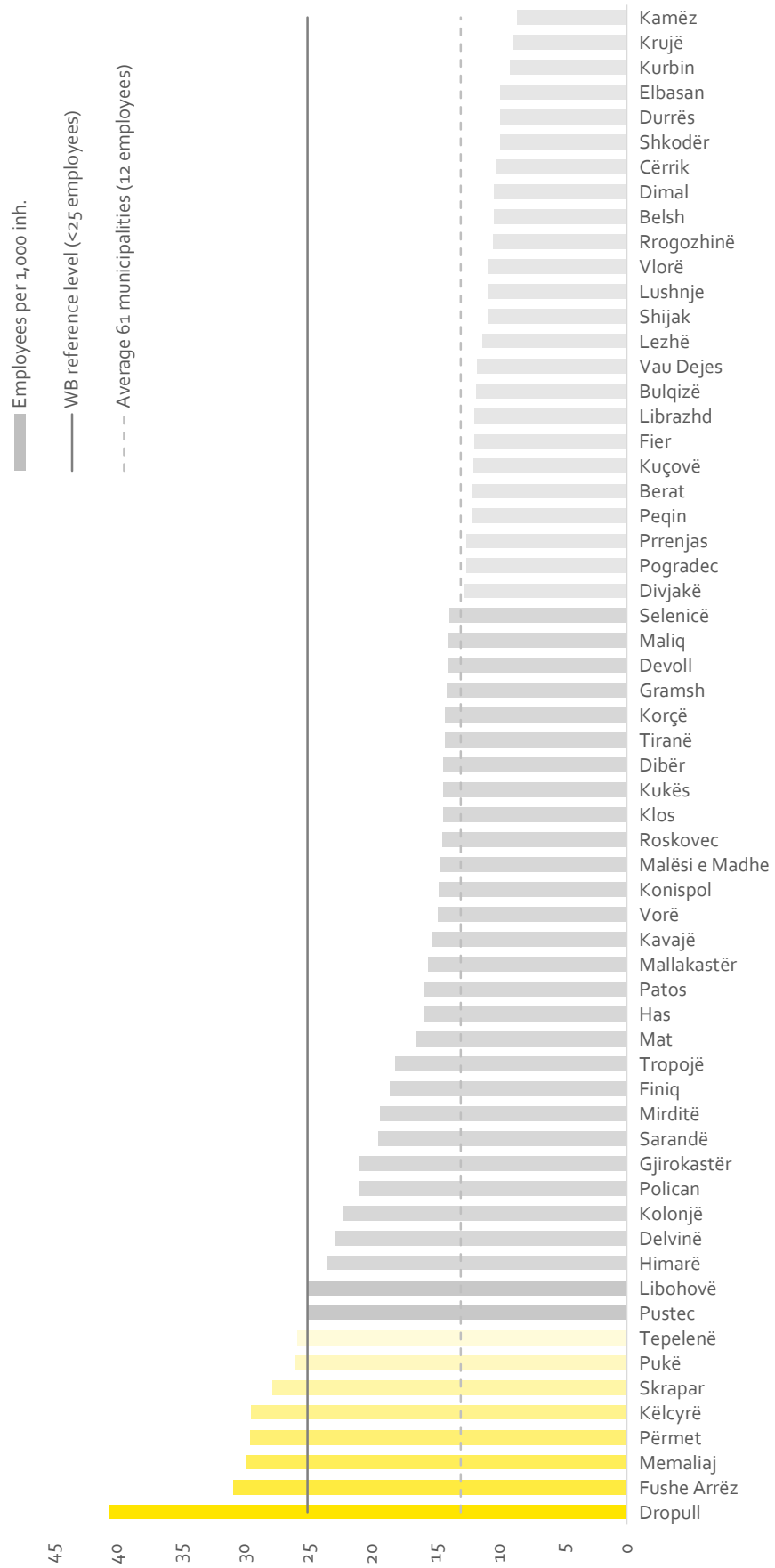


Chart 82. Municipal employees per 1,000 inhabitants
 Source: MoFE, official websites of municipalities and authors processing

The average level of this indicator for 61 municipalities in the country is estimated at 13 employees per 1,000 inhabitants (increasing by one employee compared to the level of this indicator in the last two years), with a minimum level of about 9 employees per 1,000 inhabitants in the municipalities of Kamëz, Kurbin and Krujë; a maximum level of around 41 employees per 1,000 inhabitants recorded in the municipality of Dropull. The level of this indicator recorded in about 37/61 municipalities in the country stands above the national average, namely in the municipalities of Dropull (41 employees per 1,000 inhabitants), Fushë Arrëz (31 employees per 1,000 inhabitants), Përmet and Këlcyrë (29 employees per 1,000 inhabitants respectively), Skrapar (28 employees per 1,000 inhabitants), Pukë and Tepelenë (26 employees per 1,000 inhabitants respectively), Pustec and Libohovë (25 employees per 1,000 inhabitants respectively), Himarë and Delvinë (23 employees per 1,000 inhabitants respectively), Kolonjë (22 employees per 1,000 inhabitants), Poliçan and Gjirokastër (21 employees per 1,000 inhabitants respectively) etc. On the other hand, in the municipalities of Vau Dejës, Lezhë, Shijak, Lushnjë, Vlorë, Rrogozhinë, Belsh, UraVajgurore, Cërrik, Shkodër, Durrës, Elbasan Kurbin, Krujë, Kamëz, etc., the number of employees per 1,000 inhabitants is registered significantly below the national average.

3 CONCLUSIONS

The Local Public Finances – Status Report 2022 provides a detailed overview of local revenues and expenditures, indicators of decentralization and the events that characterized local self-government during 2022. Amid debates on the revision of territorial boundaries, the revision of the strategy on decentralization and local self-government and the eve of local elections, financial developments at the local level for 2022 stimulate the interest of policymaking, policy-makers and citizens. In this regard, among the developments that characterized the revenues and expenditures of 61 municipalities in the country during 2022, it is worth highlighting that:

- The portfolio of financial resources available to municipalities has progressively expanded during 2022. Local budget revenues have increased as follows: revenues from own local sources (+ 7%), revenues from unconditional transfers (+6%) and revenues from shared taxes (+ 12%). In contrast, revenues from conditional transfers recorded an annual decrease of around 7%.
- The role of local government compared to the general one was moderated. At the end of 2022, revenues from own local sources to GDP were estimated at 1.5% and the total general government revenues at about 5.5% (indicators of decentralization in terms of revenues). Both of these indicators have decreased compared to 2021.
- Revenues from own local sources represented about 31% of the total resources available to municipalities during 2022, increasing by about 7% in annual terms. Local charge revenues were the main contributor to the expansion of revenues from own local sources, representing about 38% of revenues in this category and resulting in an annual increase of about 12%. Although representing about 59% of revenues from own local sources, local tax revenues made a lower positive contribution to the overall performance of revenues created from local sources.
- The increasing trend of revenues from infrastructure impact tax continued throughout 2022, assessed at around 0.5% of nominal GDP. Out of about ALL 10.1 billion of IIT revenues, about 73% was collected by the municipality of Tirana. On the one hand, the IIT has contributed positively to increased revenues in the local budget. On the other hand, it puts them in a challenging position to provide the necessary public infrastructure, which also requires funding for initial establishment and ongoing maintenance, thus increasing the pressure on infrastructure service delivery for municipalities.
- The immovable property tax is still not producing the expected effects on local budgets. The issues faced during implementation, especially for the building tax, hamper the full use of this tax's potential for municipalities. For 2022, about 5.3 billion ALL was collected from the taxes imposed on agricultural land, land and building, a lower amount than one year ago. If we were to add the revenues generated from the property right transfer tax, the total revenues

created from immovable property tax amount to ALL 6.1 billion, almost the same as one year ago (estimated at 0.3% of GDP).

- The stock of arrears was recorded at about ALL 5.9 billion by the end of 2022, showing an annual decline of about 10% affected by an intervention of the central government, making available a specific transfer of about ALL 1 billion. The Municipality of Tiranë records the highest level of arrears, followed by the municipalities of Kavajë and Vorë. The municipality of Pustec is facing serious financial distress (insolvency) as the ratio of long-term debts and arrears to annual expenditures (actual expenditures of the municipality in 2022) reached a level of 1.7, significantly standing above the reference level. Developments in the improvement direction are recorded for the municipalities of Vorë and Kavajë, assessed to have recorded an indicator level below the limit of 80%, thus leaving the area of financial distress calculated in 2021.
- Utilization of available financial resources is another important aspect of local public financial management. Expenditure growth during 2022 was more moderate than in financial resources. As a result, local expenditure indicators - indicators of decentralization in terms of expenditures (own and total funds) to GDP- have slowed down throughout 2022. The same trend is observed with expenditure indicators compared to general government expenditures, which are declining for the second year.
- Efforts to drive investments present significant differences between the two governance levels. The ratio of investments to total government expenditures is relatively stable at the general government level, with small fluctuations from year to year (as measured by the share of capital expenditures in total expenditures incurred). In contrast, in the case of investments made with municipalities' funds to total expenditures, the performance over time presents high volatility, marking a historical minimum by the end of 2022 (estimated at 20%).
- Expenditures incurred by municipalities using their own funds were channelled at 89% into covering current expenditures and increased by about 12% in 2022. This increase is primarily driven by increased operating and other expenses and personnel expenditures.
- Expenditures incurred by municipalities using their own funds were channelled at 20% for capital expenditures and marked an annual increase of about 7%. In the last two years, the investments made using the municipalities' own-source funds have been at the lowest historical values since the ATR.
- Expenditures made with conditional funds continue to play an important role in the total expenditures made by municipalities. In 2022, about 76% of expenditures with conditional funds went to cover current expenses and about 24% to capital expenditures (down by about 28% annually). At the municipal level, investments made using conditional funds represent over 45% of the total investments made in 2022 (from 23% in 2015).
- To fulfil their functions and competencies as defined in the current regulatory framework, in 2022, the 61 municipalities in the country spent an average of ALL 35,098 per inhabitant. Among them, ALL

about 20,853 per inhabitant (increasing by about 12% annually) were expenditures incurred using municipality own-source funds and ALL 14,245 per inhabitant using conditional funds. In other words, for every ALL 100 allocated by municipalities throughout 2022, ALL 59 were from their own sources, and ALL 41 were from conditional funds.

ANNEXES

Annexe 1. Methodological notes

The source of data on the local self-government units (LGUs) of the first level (municipalities) used in the Local Public Finances Report - Status Report 2021 is the Government Financial Information System (Treasury System, SIFQ) at the Ministry of Finance and Economy, published on the official website of MoFE,⁶¹ which were processed and then published on the following platform www.financatvendore.al.⁶² The data are cumulative (or stock at the end of the period), expressed in local currency (ALL) and refer to only 61 municipalities (12 counties are not included in the analysis). To enable historical comparisons with the period before the administrative and territorial reform (TAR) implementation, the data for the period 2010-2015 for 373 local self-government units were re-classified at the level of 61 municipalities.

For analysis, the raw data obtained from SIFQ have been classified by the authors, broadly following the provisions of Law no. 68/2017, "On local self-government finances", Law no. 9632/2006 "On the local tax system" as amended, Law no. 139/2015 "On local self-government", Annual Guidelines issued by the Ministry of Finance and Economy for the preparation of the Annual Budget and Medium Term Budget Program⁶³ and relevant international practice.⁶⁴ Accordingly, data on revenues are categorized, in line with the above, in:

- own source revenues, including revenues from local taxes, charges and other sources;
- shared tax revenues, in line with stipulations in Law no. 68/2017, "On local self-government finances";

- unconditional general and sectoral transfers; and
- conditional transfers from line ministries for delegated functions and/ or investments.

The first three categories have been classified under the common header of **disposable financial resources**, over the use of which municipalities have relative decision-making discretion. On the other hand, municipalities have no decision-making discretion on the amount and how to use funds from the conditional transfers category; thus, these funds are spent according to the provisions of line ministries (in other words, the destination of these funds is predetermined).

To mirror the revenue by source organisation structure, expenditures are also organized into the two following main categories:

- expenditures financed through own funds of municipalities (including own-source revenues, shared taxes, unconditional and sectoral transfers) and,
- expenditures financed through conditional funds (including those categories of expenditures covered by the funds allocated through conditional transfers from line ministries, including investment funds allocated by the Regional Development Fund (RDF).

For both categories of own and conditional funds, expenditures will be presented according to their economic and functional classification of local government (COFOG).

This report is part of a quarterly and annual reports series on local finances developed by Co-PLAN, the Institute for Habitat Development. Previous reports can be found at: <http://www.financatvendore.al/pub/raporte>.

For an overview of each of the 61 municipalities, please consult the Municipality Profiles at: <http://www.financatvendore.al/analiza/profilet>.

Annexe 2. Functions exercised by municipalities

* Based on law no. 139/2015 "On local self-government".

Field	Functions
Infrastructure and public services	<ul style="list-style-type: none"> - Production, treatment, transmission and supply of potable water. - Collection, disposal and treatment of wastewater. - Collection and disposal of rainwater and protection from floods in the residential areas. - Construction, rehabilitation and maintenance of local roads, road signage, sidewalks and public squares - The lighting of public areas. - Local public transport. - Construction, rehabilitation and maintenance of public - Cemeteries, as well as the provision of public funeral services. - Service of public decoration. - Parks, gardens and public areas of grass. - Collection, disposal and treatment of solid and domestic waste. - Construction, rehabilitation and maintenance of buildings of pre-university educational institutions, except for vocational schools - Management and arrangement of preschool education system in kindergartens and nurseries. - Construction, rehabilitation, and maintenance of buildings of primary health service, the organization of local-level education and promotional activities related to health protection, and the management of centres and other services in the field of public health. - Planning, management, development and control of the territory.
Social services	<ul style="list-style-type: none"> - Initiation and management of social services at the local level, for the poor, persons with disabilities, children, women, women as heads of households, battered women, victims of trafficking, mothers, parents with many children, the elderly, etc. - Construction and management of dwellings for social housing. - Construction and management of centres for the provision of local social services. - Creation, in cooperation with the Ministry responsible for social welfare, of a social fund to finance services.
Culture, sports and recreational services	<ul style="list-style-type: none"> - Development, protection, and promotion of the cultural heritage of local interest and management of the facilities for exercising such functions. - Organization of cultural activities, national and local identity promotion, and management of the facilities for such functions. - Development, protection, and promotion of libraries and reading halls for civic education. - Organizing sporting, recreational, and entertaining activities and developing and managing the institutions and the facilities for exercising such functions.

Environmental protection	<ul style="list-style-type: none"> - Implement local-level measures to protect the quality of air, soil, and water quality from pollution. - Implementation of local-level measures for the protection from acoustic pollution. - Organization of local-level education and promotional activities related to environment protection.
Agriculture, rural development, public forests and pastures, nature, and biodiversity	<ul style="list-style-type: none"> - Management, operation and maintenance of irrigation and drainage infrastructure, transferred to their ownership. - Management and protection of agricultural land and other resources, such as unproductive land, etc. - Creation and management of a local agricultural and rural information and consultation system. - Creation and management of grant schemes for local agriculture and rural development financed from the local budget and/or co-financed by third parties, guaranteeing gender-balanced access. - Management of public forest and pasture resources. <ul style="list-style-type: none"> o Protection of nature and biodiversity.
Local economic development	<ul style="list-style-type: none"> - Preparation of strategic development plans and programs for local economic development. - Establishment and operation of public markets and trade networks. - Support small business development through promotional activities, such as fairs and advertisements in public areas. - Organization of services supporting local economic development, such as business information, promotional activities, availability of public assets, etc. - Organization of services supporting local economic development, such as business information, promotional activities, availability of public assets, etc. - Provision of financial grants to support small and medium business activities, as specified in the legislation in force, guaranteeing gender-balanced access
Public safety	<ul style="list-style-type: none"> - Civil Protection at the local level and management of the relevant structures as prescribed by law. - Provision of the firefighting service at the local level and management of the relevant structures. - Guaranteeing good relations across the community, prevention of, and mediation for resolving conflicts within the community. - Prevention of administrative offences and the strengthening, inspection and monitoring of implementing the statutes and regulations of local government units within their local jurisdictions under the applicable legal provisions.

Annexe 3. List of main indicators used in the analysis

Indicator	Description	Value					
		2015	2018	2019	2020	2021	2022
Own source revenues to nominal GDP (%)	Sum of revenues from local taxes, fees and other items to nominal GDP in ALL.	0.9%	1.5%	1.5%	1.5%	1.6%	1.5%
Disposable financial resources to nominal GDP (%)	Sum of revenues from own sources, unconditional transfers (general and sectoral) and shared taxes to nominal GDP in ALL.	1.7%	3.0%	3.1%	3.2%	3.1%	3.1%
Total financial resources to nominal GDP (%)	Sum of revenues from own sources, unconditional transfers (general and sectoral), shared taxes and conditional transfers to nominal GDP in ALL.	3.6%	5.0%	4.8%	5.5%	5.4%	5.0%
Own source revenues to general government revenues (%)	Sum of revenues from local taxes, fees and other items to general government revenues in ALL	3.4%	5.4%	5.5%	5.6%	5.8%	5.5%
Disposable financial resources to general government revenues (%)	Sum of revenues from own sources, unconditional transfers (general and sectoral), and shared taxes to general government revenues in ALL.	6.5%	10.9%	11.2%	12.2%	11.6%	11.1
Indicator of financial autonomy (A)	Sum of revenues from local taxes, fees and other items to general government revenues in ALL	25.2%	29.1%	31.4%	26.6%	29.0%	30.7
Indicator of financial autonomy (B)	Sum of revenues from own sources, unconditional transfers (general and sectoral), and shared taxes to general government revenues in ALL.	30.9%	30.9%	33.4%	29.1%	31.6%	33.6

Indicator of financial autonomy (C)	The ratio of own-source revenues to total financial resources in ALL.	59.3%	59.3%	63.7%	57.2%	58.3%	61.5
Own source funded expenditures to nominal GDP (%)	Sum of expenditures with own sources, unconditional transfers (general and sectoral) and shared taxes to nominal GDP in ALL.	2.3%	2.9%	3.3%	3.1%	2.8%	2.8%
Expenditures with conditional funds to nominal GDP (%)	Expenditures with conditional funds to nominal GDP in ALL.	1.8%	2.1%	1.7%	2.4%	2.3%	1.9%
Total expenditures to nominal GDP (%)	Total expenditures (with own and conditional funds) to nominal GDP in ALL.	1.8%	2.1%	1.7%	2.4%	2.3%	1.9%
Own source funded expenditures to general government expenditures (%)	Sum of expenditures with own sources, unconditional transfers (general and sectoral) and shared taxes general government expenditures (in ALL)	7.5%	10.1%	11.4%	9.6%	8.8%	9.0%
Total expenditures to general government expenditures (%)	Total expenditures (with own and conditional funds) in ALL to general government expenditures.	13.5%	17.3%	17.4%	16.8%	15.9%	15.1%
Public investments to nominal GDP (%)	Total public investments in ALL to nominal GDP in ALL.	4.4%	4.8%	4.4%	5.2%	5.2%	5.4%
Investments of municipalities to nominal GDP (%)	Total investments carried out by municipalities to nominal GDP in ALL.	1.2%	1.4%	1.5%	1.3%	1.3%	1.0%
Own source funded investments to nominal GDP (%)	Own source investments of municipalities (using own sources, unconditional transfers and shared taxes) in ALL to nominal GDP in ALL.	0.9%	0.8%	1.0%	0.8%	0.6%	0.6%
Own source funded investments to public investments (%)	Own source investments of municipalities (using own sources, unconditional transfers and shared taxes) in ALL to public investments in ALL.	20.1%	16.7%	23.5%	14.8%	11.1%	10.4%

Total investments of municipalities to public investments (%)	Total investments carried out by municipalities with own and conditional funds in ALL to public investments in ALL.	26.2%	29.8%	33.1%	25.7%	24.5%	18.9%
Outstanding local debt to nominal GDP (%)	The ratio of outstanding local debt in ALL to nominal GDP in ALL.	0.049%	0.043%	0.034%	0.027%	0.018%	0.017%
Arrears to nominal GDP (%)	The ratio of arrears stock in ALL at the end of the year to nominal GDP in ALL.		0.41%	0.48%	0.43%	0.34%	0.28%
Arrear's stock per capita (in ALL)	The ratio of arrears stock at the end of the year to population based on CENSUS 2011.			2,918 lekë	2,475 lekë	2,316 lekë	2,094 lekë
Insolvency indicator	The ratio of long-term debts and arrears in ALL to approved annual expenditures in ALL for 61 municipalities for 2022						
Average cost per employee (in ALL per month)	The ratio of personnel expenditures to the total number of employees in municipalities (by municipality and total) was divided over 12 months.			54,395 lekë	54,324 lekë	57,289 lekë	56,868 lekë
Number of employees per 1,000 inhabitants	The ratio of the total number of employees in municipalities to the total population (expressed in 1,000 inhabitants)		11	11	12	12	13
Capital expenditures with conditional funds to total capital expenditures	The ratio of capital expenditures with conditional funds to total capital expenditures of municipalities in ALL.						
	Average 61 municipalities	23.5%	44.0%	29.1%	42.3%	54.8%	45.0%
	Municipality of Tiranë	7.3%	22.7%	6.0%	4.3%	14.5%	21.0%
	Average 60 municipalities (excluding the municipality of Tiranë)	27.4%	52.6%	41.2%	58.8%	62.6%	50.6%
Coverage of own source capital expenditures from IIT revenues	The ratio of revenues from IIT to own source-funded capital expenditures in ALL.						
	Average 61 municipalities	11.2%	55.3%	47.9%	62.8%	86.9%	87%
	Municipality of Tiranë	20.2%	104.6%	77.4%	100.6%	220.2%	234.9%
	Average 60 municipalities (excluding the municipality of Tiranë)	8.5%	22.4%	23.2%	24.7%	28.6%	32.2%

Burimi: Përpunime të autorëve bazuar në të dhëna nga MFE, INSTAT, BSH.

Annexe 4. Classification of municipalities by size (number of population)

Criteria	Group	Municipality
Up to 40,000 inhabitants	Small municipalities (43/61)	Pustec, Dropull, Libohovë, Këlcyrë, Fushë Arrëz, Delvinë, Himarë, Konispol, Tepelenë, Finiq, Përmet, Memaliaj, Poliçan, Pukë, Kolonjë, Skrapar, Selenicë, Klos, Has, Belsh, Sarandë, Tropojë, Roskovec, Mirditë, Rrogozhinë, Patos, Gramsh, Përrenjas, Vorë, Peqin, Devoll, Mallakastër, Ura Vajgurore, Cërrik, Mat, Shijak, Gjirokastër, Vau i Dejës, Malësi e Madhe, Bulqizë, Kuçovë, Librazhd, Divjakë
40,001 - 100,000 inhabitants	Medium-sized municipalities (11/61)	Kavajë, Maliq, Kurbin, Kukës, Krujë, Berat, Pogradec, Dibër, Lezhë, Korçë, Lushnjë
> 100,000 inhabitants	Large sized municipalities (6/61)	Kamëz, Vlorë, Fier, Shkodër, Elbasan, Durrës
557,422 inhabitants	Municipality of Tiranë (1/61)	Tiranë

Burimi: Autorët bazuar në të dhënat sipas Census 2011

Annexe 5. Own source revenues per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	969	4,012	2,158	1,880	2,367	2,986	3,580	4,715
Berat	4,449	4,296	5,742	5,128	4,868	5,228	6,013	8,189
Bulqizë	1,192	1,382	1,765	1,371	1,626	1,373	1,861	2,050
Cërrik	2,055	3,611	2,699	2,687	3,137	3,319	3,668	2,928
Delvinë	2,738	6,103	5,808	3,363	3,808	4,724	3,882	3,880
Devoll	1,771	2,406	2,298	2,749	3,978	3,673	4,585	4,766
Dibër	993	1,065	1,103	1,034	1,605	1,316	1,610	1,905
Divjakë	2,105	2,712	2,261	2,847	2,871	2,586	3,385	3,430
Dropulli	10,739	13,810	13,897	12,487	13,742	19,164	22,479	23,692
Durrës	6,712	6,739	7,451	6,948	7,032	5,278	7,827	7,439
Elbasan	3,579	3,849	4,449	4,556	5,270	5,081	5,159	5,574
Fier	3,983	3,638	4,340	5,116	5,556	5,049	5,305	5,188
Finiq	3,107	4,879	5,574	5,782	5,465	6,349	9,780	6,103
Fushë Arrëz	1,727	2,631	2,627	2,625	2,696	1,704	1,482	2,228
Gjirokastrë	4,769	4,854	4,707	5,244	5,696	5,430	6,434	8,674
Gramsh	2,502	1,709	2,239	2,540	2,162	2,259	2,925	3,137
Has	718	716	841	774	757	997	1,629	1,253
Himarë	14,007	20,763	19,770	23,204	31,497	40,388	70,851	80,834
Kamëz	3,921	4,794	5,529	7,509	7,612	4,710	7,268	9,409
Kavajë	5,830	6,926	8,256	9,357	9,633	7,576	10,407	13,483
Këlcyrë	1,803	1,553	1,734	1,903	1,405	1,509	2,443	1,718
Klos	1,038	1,712	1,426	1,672	2,346	1,706	1,974	2,996
Kolonjë	3,363	3,190	3,883	4,417	3,704	4,867	5,919	7,614
Konispol	3,359	5,216	5,142	3,917	3,536	4,667	5,318	4,418
Korçë	5,556	7,221	7,166	7,951	8,512	6,976	9,014	10,127
Krujë	3,118	4,493	3,687	5,353	5,095	4,410	4,625	4,499
Kuçovë	3,210	3,052	4,074	3,776	3,956	3,040	5,804	5,563
Kukës	1,613	1,918	1,695	1,561	2,587	3,348	2,663	5,291
Kurbin	1,232	1,306	1,543	1,337	1,332	848	1,464	1,131
Lezhë	4,375	4,281	5,012	6,098	10,204	4,361	7,522	5,900
Libohovë	2,096	3,087	3,210	2,966	2,488	2,150	2,694	4,993
Librazhd	1,896	2,418	2,917	3,345	3,442	3,371	3,829	4,723
Lushnjë	3,372	4,026	3,863	4,020	4,245	4,252	4,224	4,434
Malësi e Madhe	1,324	4,180	1,177	1,973	1,847	1,710	2,019	1,798
Maliq	1,323	1,967	2,138	2,922	2,124	2,130	2,402	2,790
Mallakastër	3,915	7,245	7,902	11,564	5,101	3,655	6,895	5,361
Mat	1,803	1,800	2,381	1,924	2,447	2,926	3,453	5,874
Memaliaj	1,292	1,590	1,335	1,020	995	1,212	988	2,209
Mirditë	1,222	2,178	1,594	2,424	2,567	1,985	3,787	2,257

Patos	4,454	4,791	4,277	9,257	5,685	7,571	8,277	4,362
Peqin	1,547	1,845	1,482	1,742	2,398	1,871	1,477	1,673
Përmet	3,242	3,841	2,883	3,699	3,623	3,959	3,441	13,036
Pogradec	2,431	3,086	3,677	3,908	4,464	4,471	5,186	6,259
Poliçan	3,287	3,844	3,858	2,916	2,451	2,772	2,686	3,389
Përrenjas	1,566	1,934	1,921	1,975	1,945	2,252	2,627	3,264
Pukë	1,920	2,361	1,670	2,020	1,431	3,106	2,124	3,343
Pustec	975	1,174	1,101	350	1,123	3,988	4,628	2,777
Roskovec	7,056	8,245	9,265	6,875	9,298	7,859	9,889	10,650
Rrogozhinë	2,996	3,164	3,510	3,906	4,165	4,595	6,201	5,582
Sarandë	11,331	13,223	14,754	15,690	18,882	19,895	20,684	25,754
Selenicë	2,359	3,072	4,072	3,391	4,356	3,828	5,129	4,634
Shijak	5,193	6,111	5,335	4,824	5,518	4,954	5,090	6,287
Shkodër	3,280	3,421	4,156	4,703	4,489	4,030	4,555	6,259
Skrapar	5,421	7,209	6,200	5,320	5,631	4,269	3,664	6,319
Tepelenë	1,997	2,353	4,056	4,091	3,458	3,478	5,229	5,154
Tiranë	8,786	13,023	18,307	23,487	24,915	25,026	30,290	31,214
Tropojë	1,734	4,196	2,055	2,381	2,040	1,619	2,516	2,514
Ura Vajgurore	2,991	2,794	3,414	4,257	4,361	4,615	5,331	5,358
Vau Dejës	3,130	3,220	2,426	3,734	3,383	2,140	2,161	2,330
Vlorë	4,128	4,942	5,498	6,359	6,020	6,299	8,635	10,888
Vorë	10,580	13,727	14,766	15,932	15,236	10,864	10,319	11,914
Total	4,663	5,993	7,263	8,652	9,128	8,640	10,591	11,330

Annexe 6. Disposable revenues per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	5,290	10,525	10,124	10,997	11,603	12,661	15,121	17,050
Berat	9,411	11,895	14,357	14,386	14,426	15,059	16,576	19,319
Bulqizë	7,721	12,437	13,899	14,797	14,592	14,750	15,909	18,769
Cërrik	5,836	9,686	10,707	11,014	11,764	12,153	13,689	14,098
Delvinë	9,548	18,319	21,799	19,101	20,607	23,286	24,364	22,804
Devoll	6,195	10,446	12,453	13,318	14,773	14,931	16,362	17,242
Dibër	5,668	9,412	10,693	11,207	12,103	12,263	13,125	14,224
Divjakë	6,684	9,396	10,792	12,150	12,955	12,518	13,816	14,470
Dropulli	25,049	34,556	37,981	44,281	46,379	52,914	60,216	59,639
Durrës	10,747	12,084	13,994	14,108	14,677	13,314	16,605	17,720
Elbasan	7,872	10,018	11,486	12,230	13,421	13,598	14,167	14,928
Fier	8,040	9,830	11,979	13,287	13,854	13,851	14,607	15,117
Finiq	11,291	17,022	20,529	21,284	20,765	23,678	38,987	24,295
Fushë Arrëz	10,543	17,973	22,469	25,522	23,367	23,117	23,908	27,380
Gjirokastrë	11,513	15,631	16,911	18,731	19,613	19,737	23,577	27,639
Gramsh	8,298	12,867	16,701	17,485	17,458	21,900	23,341	19,966
Has	7,739	12,256	12,959	13,203	13,865	14,894	15,852	16,545
Himarë	23,992	34,955	37,933	43,935	52,852	62,355	96,222	105,897
Kamëz	6,979	9,440	11,187	13,639	14,344	11,743	15,129	19,157
Kavajë	10,022	13,861	17,349	18,409	18,842	17,885	22,433	28,465
Këlcyrë	8,852	14,571	16,941	18,853	18,707	19,261	22,562	22,168
Klos	6,195	10,558	11,859	13,673	14,462	14,360	15,173	17,038
Kolonjë	12,664	17,819	20,787	22,996	23,667	25,216	26,831	30,242
Konispol	8,134	12,380	14,409	15,628	15,312	17,314	20,392	24,849
Korçë	10,569	15,222	16,584	17,974	18,884	17,668	20,182	22,228
Krujë	6,605	9,805	10,247	12,198	12,576	12,164	13,084	13,901
Kuçovë	7,501	9,911	12,475	12,557	12,993	12,464	15,835	16,555
Kukës	7,257	11,102	12,123	12,412	14,118	15,405	15,165	18,679
Kurbini	5,526	7,916	9,059	9,451	10,004	9,882	10,661	11,380
Lezhë	8,902	10,732	12,399	14,045	18,641	13,422	17,210	16,863
Libohovë	12,179	16,810	18,224	23,479	22,613	23,113	24,439	27,825
Librazhd	5,845	11,463	14,451	16,094	16,763	17,471	18,143	19,427
Lushnjë	6,828	10,088	11,136	12,117	12,637	12,952	13,076	13,909
Malësi e Madhe	6,113	13,180	12,958	14,565	14,918	15,791	18,007	18,351
Maliq	4,934	9,000	12,049	13,387	12,857	13,366	15,027	15,167
Mallakastër	8,476	15,206	17,574	21,941	15,665	14,403	18,215	17,045
Mat	8,216	11,402	13,548	13,688	14,621	15,742	16,591	20,239
Memaliaj	8,257	13,571	14,975	16,846	16,817	17,435	18,012	20,680
Mirditë	10,129	14,471	16,192	17,975	18,804	18,783	21,046	21,214

Patos	12,607	13,695	15,559	21,087	19,046	19,484	21,974	19,297
Peqin	5,063	8,570	10,152	9,314	10,191	10,424	10,595	11,892
Përmet	11,867	16,887	18,473	21,801	22,045	23,051	23,465	39,330
Pogradec	6,481	9,979	11,741	12,493	13,385	14,266	17,240	17,954
Poliçan	9,982	15,126	17,929	19,607	16,917	17,625	19,266	21,681
Përrenjas	5,064	8,977	11,693	11,943	12,541	13,836	14,508	16,033
Pukë	10,128	16,619	19,161	20,345	20,174	23,275	22,390	25,423
Pustec	8,796	11,488	12,865	15,821	17,028	23,166	24,756	25,831
Roskovec	12,563	15,299	17,585	15,627	19,537	18,226	20,980	23,512
Rrogozhinë	6,672	9,210	13,209	12,821	14,043	20,444	17,164	17,703
Sarandë	18,386	22,813	25,206	27,819	31,248	32,783	36,051	40,009
Selenicë	8,487	13,077	16,670	17,587	18,777	18,915	20,962	22,370
Shijak	8,729	11,579	11,799	12,006	12,864	12,848	13,419	15,532
Shkodër	8,052	9,640	11,087	12,280	12,349	12,404	13,385	15,148
Skrapar	15,262	22,901	27,603	24,182	24,193	24,578	23,478	28,945
Tepelenë	9,947	16,315	20,196	21,453	21,858	22,460	24,579	25,693
Tiranë	11,935	17,853	23,976	29,834	32,011	32,489	38,349	39,320
Tropojë	8,838	15,055	14,875	16,463	16,690	17,288	18,407	19,467
Dimal	6,149	7,807	10,249	11,821	12,792	13,640	15,966	16,714
Vau Dejës	7,654	10,257	11,833	14,240	14,249	13,477	14,062	15,668
Vlorë	8,844	11,527	13,834	15,375	15,517	16,067	19,068	21,802
Vorë	13,517	18,639	21,598	22,835	22,620	18,680	20,499	24,690
Total	9,086	12,848	15,528	17,588	18,535	18,576	21,281	22,720

Annexe 7. Total financial resources per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	15,549	24,521	26,581	25,933	30,348	43,810	46,092	41,167
Berat	18,716	19,812	25,012	23,657	21,555	24,015	29,523	32,077
Bulqizë	21,218	25,812	25,060	28,098	29,940	35,121	45,205	37,508
Cërrik	20,931	21,780	25,043	22,169	23,947	28,982	34,631	29,765
Delvinë	19,535	29,668	39,122	32,777	31,031	35,591	46,510	38,717
Devoll	12,261	16,116	20,501	21,614	25,713	25,452	30,246	33,041
Dibër	19,637	23,593	26,461	26,077	26,258	33,924	34,160	38,923
Divjakë	17,544	19,813	25,545	22,210	22,022	21,577	23,990	23,018
Dropulli	40,169	52,452	76,564	93,749	63,483	95,459	158,948	129,398
Durrës	17,341	18,423	21,274	22,659	23,477	29,800	34,890	32,291
Elbasan	19,808	21,508	26,373	26,598	26,680	29,884	29,164	30,506
Fier	15,983	17,425	25,166	23,774	20,896	24,178	23,532	24,008
Finiq	22,066	26,836	38,556	42,751	30,150	61,724	94,374	61,038
Fushë Arrëz	31,941	34,806	40,798	54,816	53,810	42,403	36,799	41,731
Gjirokastrë	19,588	22,705	27,862	32,272	27,404	30,287	34,706	39,772
Gramsh	25,034	29,667	36,750	38,322	37,473	45,722	49,926	38,915
Has	24,699	31,015	33,640	38,356	33,042	38,313	36,565	39,158
Himarë	38,066	44,407	64,638	68,800	61,474	77,180	153,257	127,108
Kamëz	12,921	15,290	17,030	19,275	21,057	19,684	29,558	30,808
Kavajë	19,751	23,488	35,727	31,216	30,409	40,064	39,781	39,356
Këlcyrë	21,206	27,631	46,328	55,083	54,085	54,917	66,700	51,799
Klos	21,068	26,325	30,745	30,889	31,519	36,014	38,282	37,975
Kolonjë	23,323	31,970	35,952	44,269	39,987	64,479	91,981	85,317
Konispol	18,151	33,766	35,759	49,189	36,003	26,142	34,112	40,897
Korçë	21,183	24,770	33,388	32,398	28,678	26,967	29,394	33,578
Krujë	15,359	17,862	20,890	21,865	24,669	29,099	26,044	27,107
Kuçovë	15,616	17,206	21,341	24,517	21,422	23,604	25,883	28,112
Kukës	25,049	24,322	25,922	27,333	28,537	34,542	34,977	39,948
Kurbin	17,769	20,174	23,443	21,611	21,812	34,745	35,423	33,546
Lezhë	17,766	19,456	22,541	24,353	29,515	25,631	34,181	30,873
Libohovë	20,368	24,504	45,311	78,215	44,591	54,503	73,488	61,005
Librazhd	22,959	27,903	33,992	43,279	36,391	40,709	39,217	39,424
Lushnjë	14,583	17,509	20,493	22,278	20,875	22,326	23,764	23,053
Malësi e Madhe	17,476	24,260	25,163	27,132	30,117	34,348	33,061	30,219

Maliq	13,206	17,380	22,468	25,729	22,351	24,441	28,438	31,011
Mallakastër	26,552	34,125	30,461	37,363	31,002	26,571	34,420	30,413
Mat	20,133	23,496	26,929	28,438	25,189	35,114	57,329	64,403
Memaliaj	21,763	28,120	27,392	30,712	28,146	31,080	33,149	39,004
Mirditë	29,244	31,970	41,897	39,714	41,105	41,110	37,707	38,367
Patos	24,718	24,434	37,420	33,622	32,175	42,319	37,076	36,897
Peqin	14,360	19,879	26,900	24,682	25,726	30,186	32,321	33,632
Përmet	22,252	27,604	28,448	39,557	37,101	38,361	36,359	55,434
Pogradec	18,644	22,572	24,939	27,202	27,786	32,852	42,499	44,170
Poličan	20,643	25,348	37,179	44,242	35,621	37,948	52,942	52,457
Prrenjas	19,527	24,344	31,233	33,683	33,358	38,956	38,548	39,337
Pukë	25,154	30,490	42,211	32,817	31,304	45,295	45,075	38,957
Pustec	12,288	14,668	16,556	19,829	25,236	35,850	62,501	46,584
Roskovec	20,538	23,557	32,455	32,810	36,358	39,777	33,450	37,487
Rrogozhinë	13,466	17,089	28,730	26,383	29,705	41,721	39,326	30,938
Sarandë	40,443	50,123	40,324	55,003	48,759	48,657	59,224	63,487
Selenicë	22,835	26,876	30,947	33,198	35,750	31,920	35,131	36,998
Shijak	15,735	19,904	20,198	21,521	22,860	31,240	36,846	30,754
Shkodër	18,779	18,202	19,273	20,606	20,021	21,931	21,829	23,725
Skrapar	29,164	34,530	56,318	36,526	39,755	62,216	51,466	54,356
Tepelenë	32,565	40,154	44,720	40,110	55,329	39,829	60,538	51,910
Tiranë	16,882	22,790	29,972	38,736	38,321	40,193	46,326	48,458
Tropojë	25,053	31,866	34,078	37,160	35,087	38,942	36,937	40,720
Dimal	13,438	14,872	20,443	21,708	24,217	24,720	24,387	26,972
Vau Dejës	18,962	24,722	32,022	32,828	26,254	28,686	26,963	28,366
Vlorë	16,602	18,716	24,273	25,522	23,529	24,868	30,437	30,159
Vorë	21,206	23,729	30,028	29,001	30,302	34,840	34,908	37,903
Total	18,498	22,001	27,067	29,681	29,099	32,477	36,522	36,966

Annex 8. Owns source-funded expenditures per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	5,287	13,329	14,945	9,894	11,835	14,613	14,298	15,495
Berat	12,836	18,645	14,448	14,550	15,067	13,981	16,543	17,699
Bulqizë	11,644	12,906	12,455	13,648	18,454	14,909	15,395	16,698
Cërrik	6,404	11,846	11,689	10,334	12,786	11,755	12,845	14,986
Delvinë	10,207	25,512	22,789	23,690	21,526	21,387	24,111	22,312
Devoll	5,821	10,856	12,410	12,657	16,677	15,504	16,204	19,487
Dibër	6,358	11,112	14,275	11,150	11,682	11,865	12,141	15,052
Divjakë	10,962	20,791	12,848	11,850	12,879	12,910	13,579	14,663
Dropulli	24,077	40,249	38,513	48,928	45,128	47,738	62,520	76,735
Durrës	13,998	13,816	14,950	12,982	16,520	13,903	14,467	18,775
Elbasan	10,470	13,738	11,832	12,257	13,703	13,321	13,821	14,642
Fier	11,174	16,089	15,157	13,271	14,404	13,307	14,251	14,669
Finiq	12,362	13,555	26,428	31,901	28,847	23,728	30,589	31,619
Fushë Arrëz	11,839	17,424	22,335	33,404	22,950	26,433	23,618	26,205
Gjirokastrë	18,138	22,939	21,297	18,689	20,644	18,280	20,506	24,517
Gramsh	9,327	13,378	20,562	17,107	19,329	21,034	22,327	20,464
Has	11,725	15,598	15,105	14,782	15,681	14,754	15,587	17,391
Himarë	39,886	66,237	36,899	45,256	43,874	47,164	58,749	69,275
Kamëz	6,905	8,003	10,797	13,924	15,723	12,171	15,149	19,260
Kavajë	21,925	23,714	16,837	18,235	20,015	17,753	22,418	27,941
Këlcyrë	10,319	25,989	34,787	23,871	23,007	19,783	22,350	21,476
Klos	6,971	9,670	11,845	13,623	15,897	12,762	15,687	17,713
Kolonjë	14,993	24,455	33,893	30,056	22,818	25,286	28,053	29,805
Konispol	8,054	18,013	29,406	16,612	16,818	17,567	19,961	24,683
Korçë	19,344	21,890	25,916	18,812	20,665	17,894	19,611	21,516
Krujë	8,776	10,905	11,615	11,053	12,608	10,358	12,028	13,339
Kuçovë	14,254	10,803	11,786	13,072	13,612	11,973	15,692	16,236
Kukës	7,731	10,313	14,142	12,338	12,753	13,538	13,620	19,844
Kurbin	6,078	7,743	13,839	9,701	9,631	8,968	11,051	10,777
Lezhë	14,897	11,058	13,411	13,326	18,798	13,767	15,474	17,695
Libohovë	13,391	23,981	38,108	34,579	23,614	24,751	23,048	26,483
Librazhd	10,193	15,491	19,251	19,257	18,264	16,961	17,482	16,708
Lushnjë	11,482	12,674	12,372	12,016	13,116	12,814	12,442	12,975
Malësi e Madhe	5,216	12,993	16,725	14,903	17,506	14,133	15,264	21,134
Maliq	5,282	11,252	16,788	14,163	14,173	13,350	14,293	16,030
Mallakastër	9,205	12,821	15,585	16,620	25,662	14,185	15,647	19,832
Mat	12,080	13,665	15,318	13,122	16,343	16,119	16,174	20,052
Memaliaj	13,497	12,014	17,506	17,801	19,341	15,701	20,207	21,059
Mirditë	14,218	18,348	30,729	19,363	18,396	18,731	20,479	20,324

Patos	10,711	14,058	19,826	22,109	20,744	16,812	19,205	19,316
Peqin	5,316	8,515	12,604	9,814	10,650	10,458	10,861	12,024
Përmet	12,971	26,240	28,717	22,132	22,039	22,526	23,661	27,497
Pogradec	7,452	9,050	10,787	12,591	13,475	14,274	17,020	18,981
Poličan	10,095	19,283	22,352	20,898	16,599	16,844	18,778	21,676
Prrenjas	5,265	7,494	12,894	12,720	10,775	13,767	15,938	15,349
Pukë	17,493	21,698	22,126	21,425	19,878	21,948	25,322	24,290
Pustec	11,180	11,954	17,585	13,749	18,671	20,147	21,455	26,396
Roskovec	8,746	21,442	17,467	22,441	19,137	17,053	22,194	23,335
Rrogozhinë	7,794	15,126	14,383	13,635	13,950	20,589	15,832	18,562
Sarandë	31,087	24,088	25,463	27,915	33,808	31,844	32,676	35,672
Selenicë	11,227	12,929	19,402	23,058	19,520	17,713	19,361	22,783
Shijak	11,990	11,670	13,048	16,046	12,472	12,519	13,613	16,921
Shkodër	7,474	8,309	10,315	11,790	14,590	12,278	12,786	13,800
Skrapar	24,228	36,164	30,662	26,454	21,617	26,912	23,427	26,969
Tepelenë	23,427	26,440	35,912	28,913	22,233	22,292	24,496	28,447
Tiranë	14,820	20,853	23,728	26,987	34,995	32,819	28,628	31,680
Tropojë	11,355	19,122	17,034	17,883	16,253	13,536	21,624	18,941
Dimal	6,761	12,133	11,430	15,006	12,572	13,691	15,803	17,481
Vau i Dejës	7,864	10,510	11,432	10,302	21,254	13,285	13,287	13,576
Vlorë	9,258	11,077	16,617	14,683	16,242	15,957	16,397	18,063
Vorë	15,563	23,617	17,937	26,559	24,220	13,473	22,323	23,656
Total	11,736	15,400	17,097	17,245	19,949	18,323	18,630	20,853

Annex 9. Total expenditures per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	15,545	27,326	31,403	24,829	30,580	45,761	45,269	39,612
Berat	22,141	26,562	25,104	23,821	22,197	22,937	29,490	30,457
Bulqizë	25,141	26,280	23,616	26,949	33,802	35,280	44,691	35,437
Cërrik	21,500	23,940	26,049	21,489	24,968	28,583	33,787	30,653
Delvinë	20,194	36,861	40,112	37,366	31,950	33,692	46,257	38,224
Devoll	11,887	16,525	20,458	20,953	27,616	26,026	30,087	35,286
Dibër	20,327	25,294	30,044	26,020	25,836	33,526	33,177	39,751
Divjakë	21,822	31,208	27,601	21,909	21,946	21,969	23,753	23,211
Dropulli	39,198	58,145	77,096	98,397	62,232	90,284	161,252	146,494
Durrës	20,591	20,155	22,241	21,533	25,320	30,389	32,752	33,345
Elbasan	22,405	25,228	26,739	26,624	26,962	29,606	28,818	30,220
Fier	19,117	23,684	28,415	23,759	21,446	23,634	23,176	23,560
Finiq	23,138	23,369	44,455	53,368	38,232	61,775	85,977	68,362
Fushë Arrëz	33,236	34,256	40,664	62,698	53,393	45,719	36,509	40,556
Gjirokastër	26,213	30,013	32,281	32,229	28,435	28,830	31,635	36,649
Gramsh	26,064	30,178	40,611	37,944	39,344	44,856	48,912	39,412
Has	28,684	34,357	35,789	39,934	34,857	38,172	36,301	40,004
Himarë	53,960	75,689	63,603	70,120	52,496	61,990	115,784	90,485
Kamëz	12,846	13,853	16,640	19,560	22,436	20,111	29,578	30,911
Kavajë	31,654	33,341	35,220	31,041	31,583	39,932	39,766	38,831
Këlcyrë	22,672	39,049	64,174	60,102	58,385	55,440	66,488	51,107
Klos	21,845	25,436	30,730	30,839	32,954	34,416	38,796	38,650
Kolonjë	25,652	38,606	49,058	51,329	39,139	64,550	93,203	84,879
Konispol	18,072	39,400	50,756	50,173	37,509	26,395	33,680	40,731
Korçë	29,958	31,438	42,771	33,236	30,459	27,192	28,823	32,866
Krujë	17,530	18,961	22,258	20,719	24,701	27,293	24,987	26,544
Kuçovë	22,369	18,099	20,651	25,033	22,042	23,113	25,740	27,793
Kukës	25,522	23,532	27,940	27,259	27,172	32,675	33,431	41,113
Kurbin	18,321	20,001	28,224	21,861	21,439	33,831	35,814	32,943
Lezhë	23,761	19,783	23,555	23,633	29,672	25,976	32,446	31,706
Libohovë	21,580	31,675	65,195	89,316	45,591	56,141	72,098	59,663
Librazhd	27,307	31,931	38,796	46,442	37,893	40,200	38,556	36,705
Lushnjë	19,237	20,094	21,741	22,178	21,355	22,188	23,129	22,119
Malësi e Madhe	16,579	24,073	28,930	27,470	32,705	32,689	30,318	33,001
Maliq	13,554	19,632	27,207	26,505	23,666	24,424	27,705	31,873
Mallakastër	27,280	31,740	28,472	32,042	40,999	26,353	31,852	33,200
Mat	23,997	25,760	28,699	27,872	26,911	35,492	56,912	64,216
Memaliaj	27,003	26,563	29,923	31,667	30,671	29,347	35,344	39,383
Mirditë	33,333	35,847	56,448	41,101	40,698	41,058	37,140	37,477

Patos	22,822	24,798	41,687	34,643	33,872	39,646	34,307	36,916
Peqin	14,613	19,824	29,352	25,182	26,185	30,220	32,587	33,764
Përmet	23,356	36,958	38,694	39,888	37,095	37,837	36,555	43,601
Pogradec	19,615	21,643	23,985	27,299	27,876	32,861	42,279	45,198
Poličan	20,756	29,505	41,601	45,534	35,303	37,167	52,453	52,452
Prrenjas	19,728	22,860	32,433	34,460	31,591	38,887	39,978	38,652
Pukë	32,519	35,569	45,178	33,897	31,007	43,968	48,007	37,824
Pustec	14,672	15,135	21,276	17,758	26,879	32,830	59,199	47,149
Roskovec	16,721	29,700	32,337	39,624	35,959	38,604	34,663	37,311
Rrogozhinë	14,588	23,006	29,904	27,197	29,613	41,866	37,994	31,797
Sarandë	53,144	51,398	40,580	55,100	51,319	47,719	55,849	59,150
Selenicë	25,575	26,729	33,679	38,669	36,493	30,718	33,530	37,412
Shijak	18,996	19,995	21,448	25,561	22,468	30,911	37,040	32,144
Shkodër	18,201	16,870	18,545	20,116	22,262	21,805	21,230	22,376
Skrapar	38,131	47,794	59,379	38,797	37,179	64,550	51,414	52,379
Tepelenë	46,045	50,278	60,437	47,570	55,704	39,661	60,454	54,664
Tiranë	19,766	25,789	29,726	35,888	41,305	40,523	36,605	40,818
Tropojë	27,570	35,934	36,277	38,580	34,650	35,190	40,154	40,195
Dimal	14,051	19,198	21,623	24,892	23,997	24,772	24,224	27,739
Vau i Dejës	19,173	24,975	31,634	28,889	33,258	28,494	26,187	26,274
Vlorë	17,016	18,266	27,070	24,831	24,254	24,758	27,766	26,420
Vorë	23,252	28,706	26,367	32,725	31,902	29,633	36,733	36,868
Total	21,148	24,553	28,646	29,337	30,514	32,224	33,871	35,098

Annexe 10. Own source funded capital expenditures per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	1,462	7,262	6,721	1,253	3,400	3,921	4,445	4,344
Berat	5,315	8,801	3,363	2,729	4,087	1,854	2,818	2,809
Bulqizë	6,071	4,625	3,242	3,059	7,100	3,283	3,847	5,014
Cërrik	1,187	4,447	3,374	1,692	3,237	2,415	2,418	4,007
Delvinë	1,167	10,742	6,336	5,766	4,329	2,891	5,314	2,068
Devoll	1,248	3,300	2,848	1,813	4,041	1,954	1,519	3,608
Dibër	1,437	3,863	4,411	2,192	998	1,304	987	2,392
Divjakë	6,231	14,256	4,692	2,246	2,707	3,457	2,427	2,377
Dropulli	4,807	14,255	9,318	12,191	11,569	13,366	23,500	36,263
Durrës	7,333	5,757	6,616	3,693	6,102	3,760	3,150	3,721
Elbasan	3,935	5,473	2,273	1,425	2,424	1,765	1,657	1,608
Fier	4,703	7,078	5,216	2,603	3,369	2,143	2,343	1,794
Finiq	1,960	2,087	9,428	10,690	8,313	4,639	11,086	9,854
Fushë Arrëz	2,820	3,300	7,022	11,587	3,153	5,676	1,966	2,488
Gjirokastër	8,688	9,142	6,597	2,145	2,159	976	2,797	3,973
Gramsh	1,680	3,198	8,008	4,315	5,976	7,274	7,215	3,774
Has	6,124	6,735	5,018	2,890	3,214	1,992	1,307	1,613
Himarë	20,305	44,825	13,948	14,089	10,683	15,383	23,838	30,962
Kamëz	3,317	3,355	5,741	8,054	9,555	6,012	8,304	9,186
Kavajë	14,030	12,854	3,610	2,807	4,121	3,595	4,105	3,017
Këlcyrë	1,170	16,704	21,431	7,705	3,639	1,636	2,945	1,963
Klos	1,796	2,318	3,111	2,986	3,875	1,466	3,356	5,122
Kolonjë	3,750	9,047	14,785	8,855	1,935	3,692	4,575	6,418
Konispol	448	8,670	17,000	3,495	2,330	2,000	2,952	7,104
Korçë	10,053	9,323	12,236	3,685	4,574	2,076	1,477	2,298
Krujë	3,381	4,343	4,137	2,550	3,916	2,160	2,592	3,170
Kuçovë	7,121	2,524	1,271	1,347	1,936	681	3,351	4,192
Kukës	578	1,115	2,705	572	43	907	1,765	5,666
Kurbini	1,265	652	5,377	1,266	1,303	276	2,084	795
Lezhë	7,065	1,756	2,513	451	4,972	2,731	3,406	4,241
Libohovë	2,062	11,614	24,592	18,088	3,330	1,976	1,358	3,882
Librazhd	4,817	7,970	9,853	7,779	5,909	4,744	4,830	3,493
Lushnjë	5,226	4,373	3,061	2,230	2,671	2,148	2,113	1,194
Malësi e Madhe	485	6,720	9,438	6,146	7,375	3,735	4,369	8,051
Maliq	1,218	4,797	8,181	4,771	3,302	2,197	2,441	3,493
Mallakastër	2,545	2,867	6,171	5,437	11,889	1,988	2,192	5,265
Mat	5,592	4,290	3,543	999	2,596	2,061	1,190	4,236
Memaliaj	5,965	2,587	6,784	4,402	4,133	570	3,401	3,793
Mirditë	5,516	6,751	17,298	5,337	3,166	2,088	4,227	2,678

Patos	3,326	4,668	8,802	6,117	8,354	4,545	4,806	4,805
Peqin	648	3,012	5,087	1,403	1,477	648	863	921
Përmet	1,987	12,465	13,091	3,436	3,099	3,355	3,655	5,096
Pogradec	1,476	1,254	2,331	3,060	4,292	1,658	3,032	3,697
Poliçan	1,576	7,524	6,829	3,019	967	1,256	1,081	2,876
Prrenjas	484	886	5,018	3,127	1,916	3,578	4,828	3,679
Pukë	7,643	8,404	5,377	4,634	727	3,267	4,464	2,062
Pustec	4,185	2,260	6,425	1,446	2,396	3,762	2,392	5,894
Roskovec	2,591	13,432	8,370	11,190	7,334	5,376	8,742	10,641
Rrogozhinë	947	6,452	3,814	1,827	2,016	7,794	2,224	2,821
Sarandë	14,334	3,652	5,533	6,560	8,710	8,744	6,554	6,514
Selenicë	4,790	4,347	9,732	10,310	6,515	3,701	6,252	8,597
Shijak	7,398	3,481	3,832	5,678	1,809	2,654	2,856	4,376
Shkodër	1,588	696	2,184	2,045	4,373	2,748	3,082	3,205
Skrapar	10,904	18,044	9,294	4,997	725	5,358	1,439	2,929
Tepelenë	13,453	11,887	17,343	9,543	979	606	737	1,459
Tiranë	5,348	8,499	10,065	9,372	14,437	11,373	5,936	5,650
Tropojë	4,684	9,100	6,085	5,177	2,710	1,328	8,258	4,805
Dimal	799	6,441	5,033	7,042	3,987	3,785	5,364	5,775
Vau i Dejës	2,860	5,330	4,969	2,639	11,378	2,115	1,519	946
Vlorë	744	1,350	5,176	875	1,818	1,611	2,312	1,649
Vorë	7,598	13,408	7,762	11,207	10,493	2,461	10,186	9,327
Total	4,517	5,958	6,368	4,670	6,290	4,510	3,885	4,159

Annexe 11. Total investments per capita (in ALL)

	2015	2016	2017	2018	2019	2020	2021	2022
Belsh	2,688	7,655	11,662	5,015	11,180	21,684	22,334	13,687
Berat	7,077	9,708	6,510	4,486	4,418	2,490	7,832	7,035
Bulqizë	9,136	8,505	4,235	6,744	13,228	11,531	20,737	10,314
Cërrik	7,066	6,462	7,435	2,317	5,596	6,882	11,273	7,336
Delvinë	1,167	10,742	11,818	8,619	4,967	3,132	15,941	3,886
Devoll	1,522	3,300	4,531	3,401	7,916	3,522	5,445	8,847
Dibër	1,765	4,636	5,696	4,227	2,267	6,866	5,160	9,557
Divjakë	11,274	18,820	13,249	6,336	6,173	5,638	5,802	3,684
Dropulli	7,911	21,043	36,026	49,725	17,774	43,877	110,747	93,800
Durrës	7,711	6,381	7,494	5,601	8,449	6,817	8,003	6,096
Elbasan	5,254	6,105	5,349	3,999	4,629	3,684	2,535	2,947
Fier	5,854	7,581	11,493	6,042	3,899	4,438	3,548	2,477
Finiq	2,415	2,087	17,065	21,988	8,313	32,452	57,043	36,684
Fushë Arrëz	5,951	4,038	9,723	27,142	21,062	10,285	1,966	2,488
Gjirokastër	9,888	9,643	10,519	8,900	3,551	3,374	6,406	7,316
Gramsh	2,996	3,498	10,345	8,311	9,637	11,196	14,160	4,147
Has	8,514	12,208	11,990	15,288	8,231	5,613	2,510	2,257
Himarë	26,723	46,348	32,488	30,707	11,757	20,886	71,509	43,430
Kamëz	3,755	3,606	6,098	8,633	11,473	7,824	15,685	12,766
Kavajë	15,311	13,986	12,465	6,751	7,298	16,310	12,423	5,495
Këlcyrë	1,170	17,988	38,783	31,740	27,744	21,722	33,766	16,591
Klos	3,836	3,528	7,919	6,774	7,096	6,797	6,409	6,314
Kolonjë	3,750	12,722	19,308	19,889	8,486	31,589	58,769	49,779
Konispol	3,011	24,125	28,108	30,100	16,535	3,570	9,552	14,709
Korçë	12,203	10,676	20,662	9,645	6,506	2,428	1,966	3,864
Krujë	6,038	5,186	8,028	5,689	9,750	6,090	3,448	5,094
Kuçovë	8,202	2,877	3,298	6,104	3,921	4,454	6,655	8,761
Kukës	3,369	1,115	2,705	2,831	1,205	1,341	3,422	7,439
Kurbin	2,716	2,350	8,768	3,879	3,069	9,466	9,406	6,531
Lezhë	8,014	2,406	3,484	2,169	7,191	4,367	9,655	6,875
Libohovë	2,900	11,787	42,824	64,714	17,698	23,699	42,517	25,944
Librazhd	8,207	10,247	13,173	19,504	10,344	9,339	6,860	5,058
Lushnjë	6,434	5,002	5,399	5,645	4,505	3,783	5,333	2,387
Malësi e Madhe	861	7,354	11,007	10,548	15,090	13,076	10,498	10,502
Maliq	2,033	5,789	10,688	8,242	3,890	2,414	3,219	6,413
Mallakastër	11,575	14,116	10,224	12,359	19,346	4,975	9,254	9,519
Mat	6,000	5,826	5,148	3,035	2,698	8,362	27,553	35,055
Memaliaj	6,448	4,863	6,963	6,758	4,166	570	3,401	3,793
Mirditë	9,678	9,441	27,710	14,806	13,551	9,825	5,367	3,599

Patos	5,334	5,923	15,604	8,526	11,683	14,494	10,225	13,403
Peqin	1,225	3,012	8,795	4,017	4,929	5,725	6,822	7,011
Përmet	2,829	13,392	13,091	11,998	9,690	9,231	7,414	11,922
Pogradec	1,636	1,945	3,139	4,910	6,095	4,686	11,829	12,481
Poliçan	1,576	7,524	13,216	15,586	8,875	6,797	23,814	21,698
Prrenjas	1,175	1,281	8,345	9,589	7,620	9,597	9,552	7,591
Pukë	8,976	9,552	16,312	6,772	2,498	14,171	16,779	4,986
Pustec	4,185	2,260	6,425	1,446	7,240	10,788	35,279	21,572
Roskovec	4,032	15,032	16,132	21,192	17,575	17,600	13,249	15,892
Rrogozhinë	1,032	7,772	12,313	8,796	11,736	21,632	16,298	7,404
Sarandë	25,177	19,650	7,619	20,226	14,390	10,804	16,566	16,159
Selenicë	10,563	9,684	14,768	17,609	14,626	6,101	10,071	13,067
Shijak	7,851	5,137	5,650	8,963	5,448	8,117	13,337	9,056
Shkodër	3,240	1,167	2,264	2,520	4,726	3,377	3,503	3,205
Skrapar	12,238	18,999	26,262	6,405	6,529	30,312	17,708	16,188
Tepelenë	22,678	22,602	28,608	16,038	22,340	2,206	21,416	12,689
Tiranë	5,772	8,864	11,360	12,121	15,355	11,887	6,939	7,153
Tropojë	4,757	10,692	9,467	10,728	5,770	3,873	9,291	7,234
Dimal	2,577	7,828	9,158	10,789	9,770	8,313	7,428	9,570
Vau i Dejës	3,580	8,546	14,466	11,394	14,862	7,128	3,972	2,703
Vlorë	2,357	1,940	8,361	4,016	2,801	2,547	6,014	2,442
Vorë	9,692	13,408	10,675	12,294	13,201	5,963	10,578	10,022
Total	5,904	7,121	9,466	8,334	8,868	7,811	8,604	7,565

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NOTES

- 1 Under this common denominator, important steps were taken which materialised in administrative and territorial reorganisation into 61 municipalities (and 12 regions); the adoption of the National Cross-cutting Strategy on Decentralization and Local Government 2015-2020 (NCSDLG 2015-2020); the design and adoption of the law on the organisation and functioning of local government, which, among other things, transferred a series of new functions exclusively to LGUs; the adoption of the first law regulating local finances; as well as a series of other by-laws.
- 2 Source: Cross-cutting Strategy for Decentralization and Local Governance 2023-2030, approved by a decision of the Council of Ministers, No. 252, dated 20/04/2023 "On the adoption of the cross-cutting strategy for decentralisation and local governance 2023-2030, its action plan 2023-2025 and the passport of indicators" available at: <http://qbz.gov.al/eli/vendim/2023/04/20/252>
- 3 For more information, see law no. 9632/2006 "On the local tax system" amended and DCM no. 135/2018 "On the methodology for determining the taxable value of real estate" buildings", of the tax base for specific categories, the nature and priority of information and data for determining the tax base, as well as the criteria and rules for alternative assessment of tax liability".
- 4 Pursuant to the decision no. 85/2021 "In addition to decision no. 597, dated 04/09/2019 of the Council of Ministers, "On determining the procedures, documentation and monthly amount of economic assistance and the use of additional funds over the conditional fund for economic assistance."
- 5 Indicators were calculated based on MoFE data on the consolidated budget for 2022.
- 6 See Pillar 4, "Increasing local financial autonomy through the consolidation of the own revenue system" according to the "Cross-Cutting Strategy for Decentralization and Local Governance 2023-2030".
- 7 Source: see note 2.
- 8 Published in the Official Gazette of the Republic of Albania No. 110, Dated 08/08/2022.
- 9 In 2017, the building tax underwent a radical reform according to Law no. 106/2017 "On some changes and additions to Law no. 9632, dated 30.10.2006, 'On the local tax system', as amended".
- 10 The reconstruction - repair - restoration program of facilities intended for residential purposes following damage due to natural disasters (earthquakes), will be exempt from the infrastructure impact tax on liability.
- 11 The Construction Confidence Indicator is measured and published monthly and quarterly by the Central Bank of Albania. For more, see:

https://www.bankofalbania.org/Politika_Monetare/Vrojtimet/Vrojtimi_i_bizneseve_dhe_i_konsumatoreve/?rpp=2&msv=&ser=349&crd=0,6,6,1,0,11283&ln=1

- 12 The progressive decrease of revenues from this tax follows amendments made to Law no. 9632/2006 "On the local tax system" amended, according to which, starting from 2016 all small-size enterprises with an annual turnover under ALL 5 million are exempt from tax liability, while for small-size enterprises with an annual turnover from ALL 5- 8 million tax rate was halved.
- 13 Amended with effect from 1 January 2021 by Law No. 122/2020, published in the Official Gazette no. 197, dated 12.11.2020.
- 14 Pursuant to Law No. 68/2017 "On local self-government finances" article 4, paragraph 6 stipulates that "in cases when local taxes or charges are reduced or removed by central government, local self-government units shall be fully compensated, by increasing unconditional transfers, shared taxes, the transfer at the local level of another national tax or a combination thereof." Moreover, Law No. 139/2015 "On local self-government", Article 34 on the basic principles for local self-government finances, point 5 stipulates that "In case the changes in the fiscal policy are accompanied by a reduction of the levels, rates and base of local taxes or of the part of the revenues generated by local government units from shared taxes, the Ministry of Finance shall be obliged to take measures to compensate the reduction, through increased financial transfers and opportunities for local borrowing and/or other forms."
- 15 According to the draft text for public consultation available at: <https://konsultimipublik.gov.al/Konsultime/Detaje/538>
- 16 According to legislation in force, the tax base is the number of nights spent in a hotel (calculated as ALL per night in a hotel per person). Depending on the typology of the accommodation structure and the category of the municipality, the hotel accommodation tax is ALL 140 and ALL 350 in first-category municipalities (Tirana and Durrës), ALL 70 and ALL 175 in second-category municipalities (Vlora, Fier, Saranda, Pogradec, Korçë, Elbasan, Berat, Lushnjë, Gjirokastër, Shkodër, Kavaja and Lezhë), and ALL 35 and ALL 105 lekë in third-category municipalities (all other municipalities except the municipalities falling under the first and second category).
- 17 The terms and conditions for accessing loans from the local government in Albania are specifically regulated in law no. 9869/2008 "On local government borrowing".
- 18 Source: Ministry of Finance and Economy, Debt Registry 2021Q4 and accessed on 09/05/2022 and available at <https://www.financa.gov.al/regjistri-i-borxhit/>
- 19 Nominal GDP according to the Ministry of Finance and Economy: Macro Fiscal Indicators 2024-2026 accessed in May 2022: <https://financa.gov.al/wp-content/uploads/2023/02/Kuadri-Makroekonomik-e-Fiskal-2024-2026.pdf>

- 20 Municipal arrears were systematically identified starting from 2015, following the adoption of DCM no. 50/2014 "On the adoption of the strategy on prevention and settlement of arrears of the action plan" and the instruction of the Ministry of Finance no. 5/2014 "On the settlement of arrears". Settlement of these arrears, partly created by the former communes that joined the new municipalities following the administrative and territorial reform, constitutes an inherent burden on local budgets. In addition, municipalities continue to create new liabilities, increasing pressures on the local budget. In this context, the central government only undertakes *"the settlement of liabilities for the works performed, but unpaid in the framework of funding provided by the Regional Development Fund and transfers for disability payments. All other financial liabilities of local government units, which are not included in the above, shall be provided in the budgets of local government units."*
- 21 The municipality of Tirana is not involved in distributing the specific transfer for the repayment of arrears due to its high capacity to collect revenues from taxes and local charges.
- 22 Per capita indicators are calculated using population data according to Census 2011 (INSTAT).
- 23 In addition, the Ministry of Finance and Economy submitted for consultation the draft law "On some additions and amendments to the law no. 68/2017 "On local self-government finances", where, among other things, it is proposed to move from the concept of "approved annual expenditures" to "actual annual expenditures" (Article 1). Also, in Article 2 of this draft law, it is proposed to use carryovers and uncommitted funds (to the extent of not less than 30%) for repayment of arrears and payment of sub-loans (procedure and method of the fund are stipulated by an instruction of the Minister of Finance and Economy. Source: <https://konsultimipublik.gov.al/Konsultime/Detaje/566>)
- 24 However, according to law no. 68/2017 "On the finances of local self-governance", article 4, point 4, revenues generated from shared taxes shall be used autonomously by municipalities, while according to law no. 9975/2008 "On national taxes", municipalities shall use mineral rent revenues (shared tax revenue) for investments.
- 25 The calculation of indicators per capita was based on the number of the population according to the 2011 Census (INSTAT).
- 26 Following the symmetrical transfer into an exclusive title of some functions in 2016, their exercise was carried out through transferred from the central government to the local government through specific transfers. At the end of the transitional transfer phase of these functions or starting from the beginning of 2019, they will be financed through the unconditional sectoral transfer, which will be used autonomously. Law No. 68/2017, "On the finances of local self-governance," stipulated the size and method for the allocation of unconditional transfer: for each budget year, it is not less than 1% of GDP according to projections and

- macroeconomic estimates adopted by the Council of Ministers and, in any case, may not be less than the total amount allocated in the previous year; its allocation is done through a formula adopted by the Ministry of Finance and Economy.
- 27 Under the MoFE Instruction No. 7/2021, "On the preparation of the medium-term local budget program 2022-2024", the criteria and coefficients of the formula for the allocation of unconditional transfer for 2022 - 2024 will be as provided in Law No. 68/2017 "On the finances of local self-governance" and include population number (harmonising data according to the civil status registry and the 2011 census), population density per km², actual number of students in 9-year schools and high schools in each municipality.
- 28 Locally transferred functions include (preschool and pre-university) education, irrigation and drainage, fire protection and rescue service, forest management, rural road maintenance, pre-university education dormitories, and social service centres.
- 29 Source: Annex 7 "On urban waste management in local self-government units." <https://financa.gov.al/per-buxhetin-e-vitit-2023/>
- 30 For more, see: Annex 4, "On functions transferred to local self-government units", available at <https://financa.gov.al/per-buxhetin-e-vitit-2023/>
- 31 Additional from the Assembly.
- 32 Planned data for the sectoral transfers by MoFE.
- 33 "Lira", Berat, "Balash", Elbasan, "Shpresa" Shkodër, "Opera Della Madonnina Della Grappa", Shkodër, "Besa" Vau i Dejës, "Horizont", Fier and day centres for children with disabilities for the municipalities Kuçovë and Kukës.
- 34 According to Corine 2018, the forest area in Albania is 1.9 million hectares or about 1,952 km².
- 35 According to NTPA 2007, the length of the rural road network is 11,590 linear km.
- 36 Data on the length of the irrigation and drainage network according to the 2019-2031 Irrigation and Drainage Strategy is available at: <https://bujqesia.gov.al/wp-content/uploads/2019/10/FZ-2019-77.pdf>.
- 37 The Ministry of Finance and Economy plans sectoral transfer data.
- 38 Law no. 115/2021 "On the 2022 budget" and Normative Act No. 17, dated 1.12.2022 "On some additions and amendments to law no. 115/2021, "On the 2022 budget", as amended".
- 39 Details on the administration of this fund are provided in Annex 6 of Law no. 115/2021, "On the 2022 budget"
- 40 Under Article 6, point 2, Normative Act No. 17, dated 1.12.2022, "On some additions and amendments to law no. 115/2021, "On the 2022 budget", as amended: "The amount of ALL 1,000 million as a specific transfer shall be distributed by municipality and region, taking the share of obligations of each local self-government unit to the

- total arrears of December 2021 as a criterion, as well as the repayment of arrears for each local self-government unit for 2018-2021. This fund shall be used to repay arrears, according to the rules determined by the minister responsible for finance, prioritising the oldest obligation".
- 41 Under Article 27 of Law no. 68/2017, "On the finances of local self-governance".
- 42 In September 2017, the Ministry of Social Welfare and Youth was merged, and social protection programs were transferred to the Ministry of Health and Social Protection portfolio.
- 43 The increase of economic assistance amount will continue throughout January - June 2021, pursuant to a decision no. 85/2021 "in addition to the decision no. 597, dated 04/09/2019 of the Council of Ministers, "On determining the procedures, documentation and monthly amount of economic assistance and the use of additional funds over the conditional fund for economic assistance."
- 44 Total financial resources of local self-government units include (i) revenues from own local sources (taxes, charges, other funds and borrowing), (ii) revenues from intergovernmental transfers including unconditional and specific transfer revenues, (iii) revenues from shared taxes, and (iv) revenues from conditional transfers. Funds carried over from the previous year are not included in the total amount of resources to record developments in the current year.
- 45 Inclusion of conditional transfers in the total financial resources is based on the provisions of law no. 68/2017 "On the finances of local self-governance", with this category also included among the municipality funding sources.
- 46 This specific transfer so far has been treated as an earmarked transfer, but in the 2019 budget, it is foreseen to be part of the unconditional transfer but dedicated to the sectors intended to be financed.
- 47 For these functions, the central government transfers to the municipalities what are termed conditional transfers, which must be used to provide the predetermined service they were transferred for (otherwise called earmarked funds).
- 48 Functions transferred in 2016 included: pre-university education dormitories, social service centres, fire protection and rescue, rural road infrastructure, forest management, irrigation and drainage. For more information, see <https://www.financa.gov.al/viti-2016-3/>.
- 49 Data refer to 2019 and can be found at: Nalas Statistical Brief: Local Government Finance Indicators in South East Europe, Second Edition, 2020.
- 50 Data refer to 2019 and can be found at: Nalas Statistical Brief: Local Government Finance Indicators in South East Europe, Second Edition, 2020.
- 51 Data refer to 2019 and can be found at Nalas Statistical Brief: Local Government Finance Indicators in South East Europe, Second Edition, 2020; http://www.nalas.eu/Publications/Books/Brief_2nd.
- 52 This category of expenditures includes expenditures incurred with own

- source funds, general and sectoral unconditional transfers, and shared taxes.
- 53 Sectoral transfer funds cover staff expenditures for the new functions. If municipalities want to perform better or increase the quality of these services, costs might be covered by other financial sources (such as municipalities' own revenues).
- 54 Includes operating expenses, subsidies, transfers and interest.
- 55 This figure includes all expenditures incurred by municipalities with their own funds and conditional funds (including expenditures with carryovers).
- 56 Using 2022 data, this box will provide an update of the quantitative analysis of employees and staff costs published in www.financatvendore.al.
- 57 Geometric average 2016 - 2021.
- 58 Calculated as the ratio of staff costs to the number of employees, expressed in monthly terms. This calculation considers total value and is not differentiated by class/category, salary supplements for seniority or qualification.
- 59 According to the World Bank, this indicator should be below 25 employees per 1,000 inhabitants. See Urban Partnership Program (UPP), Improving Local Government Capacity – The experience of Municipal Finances Self-Assessment (MFSA) in South–East Europe, The World Bank, January 2018.
- 60 Calculated using population data from the 2011 Census.
- 61 Source: <http://financa.gov.al/cash-accrual-2020/>
- 62 In this platform you can build your own report to monitor where the local revenues come from and how they are spent by your municipality.
- 63 For more information, see: <https://www.financa.gov.al/buxheti-i-pushtetit-vendor/>
- 64 For more information, see: http://www.seecities.eu/seecities.eu/Portals/0/Images/Stories/Publications/MFSA%20Brochure_Final_Web_PA.pdf?ver=2018-09-10-071023-543U
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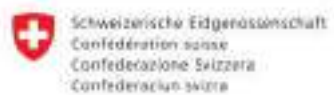
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