

# LOCAL GOVERNMENT IN ALBANIA

Status Report

2022



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*'for sustainable cities'*

# **LOCAL GOVERNMENT IN ALBANIA**

STATUS REPORT

Tirana, 2023

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*Local government affects our everyday life.*

# 1. Introduction and aim of the report

The Institute for Municipalities of Albania comes with this annual report on the situation of municipalities and developments in local government for 2022. This report is a summary of the most important developments that make up the panorama of local government in the span of one year.

The report aims to:

- evaluate the most representative aspects of the activities, functions and performance of the local government in Albania and the connection with the political, institutional environment, etc.;
- evaluate the effectiveness and efficiency of the municipalities, focusing on the fulfillment of the mission of the municipalities, public and administrative services, based on facts and indicators from institutional sources;
- evaluate the dynamics of local developments, intergovernmental relations, transparency of municipalities;
- evaluate the performance of municipalities for the functions assigned to them by Law 139/2015 on 'Local Self-Government';
- evaluate the financial performance of municipalities;
- identify learnt lessons and provide strategic and institutional recommendations for the improvement of decentralization reform

and consolidation of local government, valid for municipalities and government institutions or the donor community, as well as

- to present a summary that is as readable as possible for readers, local and foreign actors who are interested in knowing the dynamics of local developments in Albania.

The report brings to the attention of the reader, either the government, central and local institutions, foreign institutions and any interested party, the problems and difficulties of the local government in providing services and their organization and operation, problems that emerged from the Territorial Administrative Reform or inherited and an appeal that undertaking reforms necessarily requires the widest possible consensus and the most democratic approach possible.

On the other hand, the report aims to increase the awareness of internal and external actors for the necessity of supporting municipalities, but also for the potential and opportunities that municipalities offer for investors, partners, collaborations and investments in various sectors of the local economy, mainly in tourism, agriculture, infrastructure, renewable energy, etc.

Topics, recommendations and suggestions of this report are opportunities to open discussions for improvements and further revisions, in the framework of an ongoing political and technical debate and discussion about reforms in local public administration and decentralization.

## 2. Albania's Profile

**Table 1.** Data on Albania Source: World Bank

Albania	2022
Population, million	2.8
GDP, current US\$ billion	17.2
GDP per capita, current US\$	6,089.5
Upper middle-income poverty rate (US\$5.5)	32.4
Life Expectancy at birth, years	78.6
Number of municipalities	61
Number of regions	12

### 2.1 Local Government in Albania

Local government in Albania is organized in 61 municipalities representing the first level of local government and 12 regional councils representing the second level. Based on the national legal framework, local government enjoy distinct features that constitute the essence of local democracy.

**Method of establishment:** They are constitutional bodies (Articles 108-113 of the Constitution, they are independent from the central executive bodies).

<b>Territorial jurisdiction:</b>	They extend their activity to a certain territory (under a certain jurisdiction) Law 115/2014 on administrative division.
<b>Character of competences:</b>	They have general competences.
<b>Structure:</b>	Municipality has an individual/executive body (the Mayor) and a collegial/legislative body (municipal council).
<b>Funding source:</b>	It is financed from the state budget, own income, and other sources.
<b>Power comes from the vote:</b>	Electoral framework provides that the mayor is the only one elected by direct vote.

The organization and operation of local government is provided by Law on 'Local Self-Government' 139/2015, as well as by Law on 'Local Finances' 68/2017. We underline that a healthy basis for good functioning and local governance is also the implementation of the European Charter of Local Self-Government of the Council of Europe.

## 2.2 Functions of municipalities and regional councils

Local self-governments exercise exclusive functions and powers as well as delegated functions. The law on local self-government has provided for a wide range of functions for municipalities. There are about 41 distributed in these areas:

- infrastructure and public services
- social services
- culture, sports, and entertainment services
- environmental protection
- agriculture, rural development, forests and public pastures, nature, and biodiversity
- local economic development
- public safety.

Unlike municipalities that benefited from the territorial and administrative reform of 2015, regional councils' functions remain those of the 2000s, since the 2015 reform did not include regional councils. Their reformation is necessary to respond to current dynamics, local, regional, and national changes, or reforms.

Shortly the functions of the regional councils are the approval and implementation of regional policies, their harmonization with national policies, at the regional level, as well as any other function provided by law.

Based on their functions, the municipalities have prioritized these 4 topics for 2022:

- Consolidation of operational capacities over strategic ones.
- The stability and adaptability of the government transfer system as well as the strengthening of the public finance management system at the local level, and the payment of local obligations.
- Local economic development that remains an exceedingly difficult challenge for municipalities even 8 years after the territorial reform. Orientation based on local economic development has not yet been understood and has not yet been prioritized. Defining and updating the minimum national standards for service provision, planned in the Decentralization Strategy for 2023-2030 will serve, among other things, as an impetus for municipalities towards development approaches and the local economy.
- Of course, the efforts of good governance at the local level and the issues of European integration and local government have not gone unnoticed.

## 3. Diversity

61 Albanian municipalities are distinguished by the diversity of some features such as demographic diversity, economic diversity, cultural diversity, geographical diversity, and socio-economic factors that exist within their jurisdiction. This diversity may also include factors such as age, gender, ethnicity, language, education level, income, employment and housing status, managerial skills, etc.

Although we have a diversity that is natural and constitutes an important capital, what stands out and must be emphasized is the establishment of some rules for the classification of our municipalities. Today, we do not find any clear classification based on a standard methodology of what would be urban or rural municipalities. Although the territorial reform of 2015 created mixed municipalities, the need for classification remains relevant. What shall we call a small, medium, or large municipality? Today, 12 municipalities are recognized as the center of the region, among which is the municipality of Tirana as the capital city, but we think that there is a need for other definitions. Lack of information or other relevant local statistics, but not only, are obstacles to the model or trend in terms of diversity and classifications.

### **Why do we need the categorization?**

Understanding diversity within municipalities is important because it can have important implications for policies and programs related to education, health care, employment, and social services. In this aspect,

both the government and the municipality itself must guide the policies. For example, according to data from INSTAT and other sources, in 3 regions of Gjirokastra, Dibra and Kukësi, that suffer a decline in population, that might be sufficient to make the decision of reorienting local policies in education or other sectors of the local economy. So, understanding the specific needs of different communities can help municipalities develop policies that are more inclusive and responsive to the needs of all residents, and not stick to those static approaches.

Ultimately, understanding diversity in municipalities requires a more rational and context-specific approach, considering the unique characteristics and dynamics of each community. However, the allocation of financial resources by the government to the local government, setting priorities in urban and rural investments or other issues related to energy and the gray economy are also especially important.

The existence of this municipal diversity should lead us to the asymmetric approach of municipal responsibilities and functions. Here, the positive impacts on services and management or representation will be seen.

## 4. Representation of local government in national and international level

The representation of local government at the national and international level is important for how local government officials and representatives communicate and interact with higher levels of government and other countries. This includes how they represent their community's interests, policies, and programs on national and international platforms.

At the national level, local governments are represented by their associations. 61 Municipalities (Mayors and municipal councils) have historically been represented by the Association of Municipalities of Albania established in 1993, and the Association for Local Autonomy established in 2010. Both organizations have been a strong voice in relations with the government and institutions central, through consultations, opinions, and positions.

Since 2010, these organizations have operated on membership based on political representation. This was not a good approach, but to some extent it is an approach that "resembled" the country's culture and developments. Starting from 2022, the representation of the municipalities passed to the Association for Local Autonomy, after the board of the Association of Municipalities decided to abolish its organization. Whereas the second level of local government is represented by its historical organization - Association of Regional Councils.

At the international level, representation has been quite unstable. It has not been pluralistic or representative. For example, in the Congress of Local and Regional Authorities, the Albanian national delegation was composed without any representatives from the elected opposition. Likewise, in other organizations such as the European Council of Municipalities and Regions or the Network of Associations of Local Authorities in Southeast Europe, etc., municipalities have not been accurately represented.

2022 marked great efforts to unify the voice of the municipalities in a single pluralistic organization but without results. Initiatives were also undertaken by the Council of Municipalities and Regions of Europe - CEMR, Swiss Development Cooperation - SDC and the Network of Associations of Local Authorities in Southeast Europe - NALAS.

2023 is the year of local elections. A pluralistic mosaic is expected from these elections at both levels of representation of the municipality, mayors, and municipal councils. This will be the opportunity to bring local representatives of the whole spectrum together in one organization. Division on political grounds is not good at all. Unity must come from inclusiveness and representation.

### **4.1 Grants of Central Government to Local Government**

The legislation defines sources of financing of the local government. They are government grants, own income and other sources.

For 2022, the government grants have been: unconditional transfer (1% of GDP), sectorial transfer, as well as conditional funds from programs of ministries or government agencies mainly in investments or grants for payment of municipalities' obligations (details in the financial reporting section for 2022).

## 5. Main events that marked 2022 for Local Governments

During 2022, there have been some important developments in the local government. There are some reform' interventions in some sectors. These interventions come as a result of the need to respond to changes and to give a new dimension to some services.

Thus, in the framework of digitization and electronic government, the ***civil register offices*** in municipalities and administrative units suffered reductions, from 350 to 150 in all the country. The services will be provided by e-Albania government portal. The right reform, but it should have been accompanied by other accessible means for categories and social groups that are not users of online systems.

Another development is related to the ***regionalization of the water supply and sewerage service***. This service was an exclusive function of municipalities since 2015. But actually the 58 enterprises that depended on municipalities did not perform well in management, service, or finance. These enterprises created huge debts to the electricity distribution operator, to the Ministry of Finance or to various operators. These companies failed to establish a succesful economic model in 2022, so regionalization was the right step. The debate in terms of decentralization and responsibilities is not the restructuring and reorganization of 58 enterprises to only 15 in the whole country, but the fact that it was decided by law that 51% of the shares of

these new enterprises will be transferred to central government. So this will lead to a weaker role of local government.

**Decentralization strategy.** During 2022, work has started on the new decentralization strategy, since the previous strategy ended in 2020, but in the meantime, a 2-year action plan was implemented. Drafting of this strategy 6 months before local elections was an unnecessary rush. This is because the consultation process is within the same party as well as the political formation (government-municipality). Such a document needs input from across the political spectrum and consensus, as it is a long-term document in purpose and action. It would be a good move if this document is reviewed with the new local elected officials in 2023.

The bipartisan commission for the **review of the territorial and administrative reform of 2015** was one of the most important political events that attracted attention and interest during 2022. The parliamentary commission worked for 6 months with experts and interest groups and did performed well. The commission came out with two reports from the experts of the position and the opposition. This did not mark good political and institutional news and did not produce what was expected.

Regarding support programs on local government, we would like to mention the assistance of the Organization for Security and European Cooperation, Tirana office, for the preparation of the Natural Capital methodology at the local level, and its application in the municipalities of Mat, Pogradec, Roskovec and Selenica. This is being done for the first time in Albania but also in the region.

## 6. Institutional and strategic recommendations

Local governments are still in need of support for capacity building, management, and financial resources.

Municipalities are underfunded when it comes to their responsibilities, functions, and real needs.

Doubling the transfer from 1% of GDP to 2% would mark a new improvement for the quantity and quality of municipal services.

Decentralization, not as a sole goal but not as an end station either.

The model of local government in Albania and the current context requires a transition from symmetrical to asymmetrical decentralization.

Municipalities must think and find local solutions for local problems. Mayors should not only present problems but should articulate concrete solutions.

Municipalities should encourage positive experimentation within the institution: Try, Learn, Repeat, Adapt, ensure Autonomy.

Municipalities need an integrated and orderly management that allows adaptation in real time and real context and for healthy foundations of local economic development.

Municipalities should be more open to partners, actors, donors, and civil society to ensure that local reforms are viable and credible.

## 7. Rights and responsibilities of Local Government Units

2022 did not mark significant changes in the regulatory framework or in the performance of local government units. In terms of their organization and structuring, the situation is very similar to previous years and is characterized by the organization in the central municipality and not very unified structures in the constituent administrative units.

The attempt for a territorial reform undertaken during 2022 was launched with the aim of changing the landscape of the territorial organization of municipalities. The raising of concerns by various local and national actors reached the level of the Parliament with the Special Commission and despite discussions and technical arguments in support of territorial changes, the reform was not finalized as a result of purely political interventions.

While municipalities are resistant to changes in their organization, legislation continues to burden local units with unbudgeted tasks and responsibilities. We mention here the local action groups, which according to Law 36/2022 will have to function in the supervision of municipalities. The role of these groups is theoretically very important, according to the LEADER model that has been followed, designing and implementing local development strategies. However, when it comes to the financing of these strategies, the law foresees as the main sources municipal funds, membership quotas and IPARD funds. Most likely, the latter will be the main pillar around which the work of these groups will focus.

Municipal councils are still characterized by a homogeneous political composition in all 61 municipalities of the country. The climate of support for the Mayor continues, which is based on political affiliation and not on technical conviction about the usefulness of the adopted decisions.

Other municipal issues that prevailed in 2022 were related to waste treatment plants in the municipalities of Tirana, Elbasan and Fier, the regionalization of water supply services, waste water treatment, waste management, or the local debt situation and natural disaster management.

### **7.1 Local legislation during 2022**

Throughout 2022, no legislative initiatives have been noted that would bring significant impact on the local government units, this may be an indicator of stability or the setting of other priorities at the national level.

During 2022, work began on the drafting of the Intersectoral Strategy for Decentralization and Local Governance, 2023-2030, which is expected to be approved soon. At the end of 2022, there were several initiatives for the discussion on the Law on Social Housing and other initiatives that are expected to be finalized during 2023.

The following legislation is extracted from the Center of Official Publications and belongs to 177 official gazettes published from 1 January to 31 December 2022. The legal acts are presented in summary together with the commentary of the Institute for Municipalities.

**Table 2.** Main legal amendments during 2022

<b>Law 89/2022 “On Municipal Police”</b>	
<p>The law reforms the Municipal Police as an executive body at the local level. It contributes to the clearer division of powers, as well as the level of interaction and other law-enforcement structures and why not ultimately.</p> <p>These changes will promote the unification of services offered in different municipalities.</p> <p>The approved law specifies admission procedures in municipal police structures.</p>	<p><i>It could be more complete if a criterion of the number of police officers was established based on the population of the municipality. This criterion should in any case be minimal, leaving room for increasing the number of employees according to specific needs.</i></p> <p><i>Regarding the competences, we note that they have been expanded by adding to the field of road traffic and the environment. However, the powers under the new law look more like the expanded interpretation of the previous powers than newly added new powers.</i></p>
<b>Decision of the Council of Ministers no. 91, dated 9.2.2022 “On the approval of the National Plan for European Integration 2022-2024”</b>	
<p>The plan is an instrument for planning and monitoring the obligations arising from the Stabilization-Association Agreement and the accession process of the Republic of Albania to the European Union. The 2022-2024 plan aims at prioritizing, planning, monitoring, and evaluating the complete alignment of Albanian legislation with the acquis of the European Union as one of the criteria for membership in the European Union.</p>	<p><i>The local government is an integral part of the Integration Plan even through the main attention remains on the central government bodies.</i></p>

<b>Decision No. 539, dated 30.12.2021 “On Methodology and Procedure for the Approval of Tariffs for Water-Sewage Services</b>	
<p>The new methodology is based on the previously used and re-evaluated “cost plus” method, as well as the “ceiling price” method. The “ceiling price” method will be applied to water supply companies that aim to cover 100% of total costs with revenues. The “cost plus” method will be applied to water supply companies that apply for new tariffs and cover up to 100% of accepted operational costs during the regulatory period approved by Regulatory Authority.</p>	<p><i>The change in water and sewerage service fees is expected to improve the difficult financial situation of the Water Supply Companies.</i></p>
<b>Decision No. 302, dated 11.5.2022 “On National Policies for the Reorganization of the Water Supply Sector and Wastewater Removal, Treatment and Processing”</b>	
<p>With the aim of exercising functions and improving the quality of services provided in the water supply sector, as well as removal, treatment and processing of polluted water, two or more local self-government units, within a region or between regions, in accordance with the legislation in force for the organization and operation of local self-government units, may enter into cooperation agreements between themselves and with the ministry responsible for infrastructure and energy for the reorganization of the existing joint-stock water and sewerage companies. When the local self-government units decide to create the</p>	<p><i>This decision is aimed at the regionalization of the water supply and sewerage service. We think that the effects will first affect those companies which do not have a good service delivery or financial performance.</i></p>

<p>joint stock company with the ministry responsible for infrastructure and energy as a shareholder, the ministry owns no less than 51 (fifty one) % of the shares with voting rights.</p>	
<p><b>Law No. 36/2022: On the Organization and Operation of Local Action Groups”</b></p>	
<p>This law defines the basic principles, criteria, responsibilities, and processes for the organization and functioning of local action groups, the design and implementation of development strategies led by the community, in harmony with agricultural and rural development policies, at the central and local level.</p>	<p><i>The law is based on the LEADER methodology and targets IPARD funds, but not only. We think that there should be more financial and human resource support from the central government.</i></p>

## 7.2 Municipal properties

Municipalities have the right to property and the use of their properties to generate incomes. To date, the use of municipal properties is underestimated, not bringing income to the municipalities to the potential that the properties have.

During this year there was an intervention of the central government in the exemption of subjects from local taxes. The case is related to the investor who will develop the “Durrës Yachts & Marina” project, which is exempted from the payment of the infrastructure tax and that of social housing. This exception was made by decision<sup>1</sup> of the Strategic Investments Committee, where the support measures were transferred to the joint company, which will be created by the investor and the Albanian state. The infrastructure

<sup>1</sup> <https://www.aida.gov.al/images/PDF/Vendimet-e-komitetit/VKIS%20MARINA%20DHE%20JAHTET%20E%20DURRESIT%20PER%20JV.pdf>

impact tax is calculated for Durrës at 4 percent (of the sales value of one m<sup>2</sup>), while the fund that goes to social housing is 3 percent of the construction area. The value that will not be paid in taxes will be the part of the Albanian state's contribution to the investment.

Another issue of concern is the registration of state properties in general. Municipalities present the lack of funds for property registration as a difficulty and request from property registration offices more simplified procedures for public institutions, or a dedicated counter.

According to the State Cadaster Agency<sup>2</sup>, in 2020, about 230,000 state properties were registered. Today, this number has reached about 260,000 identified state properties, of these 115,000 properties have been transferred to central and local institutions and 20,000 properties have been registered in the Cadaster.

During 2022, Decision No. 28 “On determining the detailed procedures for updating the lists of state properties and the rules for cooperation between institutions” was drafted. The purpose of this decision is to: a) determine the procedures for the complete or partial updating of state immovable properties, inventoried or not, owned or used or under the administration responsibility of central institutions and local self-government units; b) determining the rules of coordination of activity between state institutions or local self-government units and the State Cadaster Agency, during the updating process.

According to this decision, the local self-government units create special cooperation structures with the relevant directorate of Cadaster Agency, which reconcile between them, to implement the procedures provided by Law no. 20/2020, “On the completion of transitional ownership processes in the Republic of Albania”. All approved properties, updated in favor of local self-government units, will be registered in the real estate register, according to the decision of the Council of Ministers on the approval of the list of state properties.

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2 <https://ata.gov.al/2023/01/23/lame-regjister-per-pronat-publike/>

### **7.3 Municipalities and civil protection**

Civil protection continues to remain a sector in need of the local government. Despite the progress made with the drafting of the legislation, the local situation has seen sporadic improvements. According to a report by the World Bank<sup>3</sup>, municipal staff lacks the understanding of new concepts. Not all municipalities have filled the directorates/sectors with full staff. The way of keeping data at the local level varies from municipality to municipality and is not unified. Most municipalities maintain data at the post-disaster assessment report level (electronic or hard copy), and some municipalities maintain records of these reports electronically. There are deficiencies in the data kept by the municipalities regarding the assessment of losses and damages. There is ambiguity in the way municipalities report within the institution and at other levels of government.

Other challenges still faced by the local structures within the civil protection function are related to the further consolidation and the best possible implementation of the legal and sub-legal framework, the establishment of civil protection databases at the local level; drafting of local risk assessment, drafting of local disaster risk reduction strategies, as well as local civil emergency plans; strengthening local structures with an increase in the number of employees; raising technical and professional capacities, as well as support with investments for the development, modernization of assets and the rehabilitation of the civil emergency infrastructure.

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3 <https://documents1.worldbank.org/curated/en/099430106142216471/pdf/P172145046dbf40a5093060a6deca58f620.pdf>

## 7.4. Transparency and accountability

Local self-government units have the obligation to guarantee the transparency of their activity to the public. Each local self-government unit is obliged to appoint a transparency coordinator and approve the transparency program, ensuring access from everyone, especially from the poorest sections of the community, in accordance with the provisions of the law in force on the right to information. The same provisions are provided for public consultation at the local level.

Municipalities have made progress, especially in the publication of online information, mainly standard information such as the operation of the municipality, the municipal council, the structure, the annual budget or approved local plans, etc. These types of information serve the citizen mostly passively, he receives information without having any reaction to them that would bring interaction with the municipality.

According to the 2022 Annual Report to the Commissioner for the right to information, the municipalities are in the situation according to the chart below in terms of having a transparency program, appointing a coordinator for information, and publishing a register of requests and responses.



**Chart 1.** Transparency of local government during 2022

In relation to “Publication of the register of requests and responses”<sup>4</sup>, the monitoring evaluates with a positive note only those cases where the register has been updated with the requests presented during 2022. The total number of local self-government units, which have updated the register of requests is 57, against 61 monitored municipalities. However, only 29 of the local self-government units have kept the register of revised requests and responses according to the model approved by the Commissioner’s Office, reflecting in it, in addition to the object of the request, the response given by the authority, while 28 of them have not reflected the response given to the request. Regarding the obligation related to the publication of proactive information, which is about “Publication of the Medium-Term Budget Plan 2022 - 2024”, it was founded that 39 public authorities have published it, against 61 monitored (67%).

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4 [Indeksi -i-transparences -bashkite monitorim bashkite dhjetor 2022 me-kopertine-perfundimtar.pdf \(idp.al\)](#)

## 8. Functions of municipalities

### 8.1 Environment protection

The function of environmental protection is one of the functions that is completely neglected by municipalities. This function is mainly related to environmental awareness, environmental education and information, and nature protection, but only a limited number of municipalities manage to plan personnel in this budget item. The responsibilities of LGUs in the field of environmental protection are related to the provision, at the local level, of measures to protect the quality of air, land and water from pollution, the provision of measures to protect against noise pollution, and the development of educational and promotional activities on the protection of the environment.

Referring to the Monitoring Report of the National Strategy for Waste Management, indicator 39, which refers to the number of administrative personnel employed full-time for the waste management service throughout the country, it is observed that this objective **has no progress** and there is no increase in of this number for 2022. Furthermore, urban waste management is a specific topic of the ASPA curriculum, but there is no data on the realization of trainings for 2022<sup>5</sup>, which proves that there is no progress in this indicator either.

According to the 9-month report of the Ministry of Finance, regarding the functional expenses of the local government and according to the weight per function to the total expenses compared to the same period of the previous year, an increase in the weight of the expenses for the functions of

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5 Monitoring Report of the National Strategy for Waste Management, fq.27

“Environmental Protection” is found with about **1.1 billion ALL**. Specifically, the municipality of Tirana during the 9th month of 2022 has financed about 40%<sup>6</sup> of the total expenses of the Environmental Protection function.

From an analysis of human capacities in Albanian municipalities, it is noted that:

- 12/61 municipalities have special directorates for the environment.
- 15/61 municipalities have special sectors for the environment;
- and 5/61 municipalities have environmental inspectorates.
- 29/61 municipalities have the environment in the directorate with other sectors such as forests, agriculture, civil defense and waste, etc.

This situation clearly shows the importance and low priority of the environment as a whole at the local level. Of the 41 direct functions that have been transferred to the local government, 30% of them are closely related to the environment, nature, forests and law enforcement.

All these services continue to be unfunded, and not covered by human resources even though the European Union emphasizes in its progress report for 2022 that: “The state budget for the environment and climate change remains very limited in 2022 and not sufficient to implement the EU acquis. The frequent turnover of staff and the employment of staff without the necessary expertise has further eroded the capacity of the central administration in this area”.

In the view of the Institute of Municipalities of Albania, these functions cannot continue to be equally unfunded even 8 years after the territorial reform. The government should establish the obligation of budgeting and implementation of the environment in the Integrated Planning System and the municipalities should budget human resources, investments and activities for these services<sup>7</sup>.

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<sup>6</sup> 9 monthly report of the Ministry of Finance

<sup>7</sup> EU Progress Report for 2022, pg. 111

## 8.2 Waste management

According to the second monitoring report of the National Integrated Waste Management Strategy<sup>8</sup>, 70% of the produced amount of waste is treated and processed at the national level. Municipalities base their waste data only on the number of populations multiplied by per capita waste production coefficient which varies between large and small municipalities as well as urban versus rural municipalities. In landfills, the lack of scales creates significant challenges for data collection and the ability to provide an effective waste management service. In addition, when waste data is collected through the 'forecast method' verification of such data is difficult. The case of the National Strategy for Integrated Waste Management supported by GIZ/DKTI is a classic example in this regard.

The current situation in Albania with data reporting foresees a self-declaration by the municipalities directly to the National Environment Agency (based on CoM Decision no. 687/2015 amended by Decision no. 538/2021). The Agency has a consolidated data base for the management of waste collected from municipalities as well as from industries that have an impact on the environment. The Agency has the obligation to verify the data declared/reported by the municipalities and then it is uploaded to the Pollutant Release and Transfer Register and prepares the annual report and further shares it with the Ministry of Tourism and Environment as well as with other central institutions, units of local government and the National Institute of Statistics.

During 2022, 18 out of 61 municipalities deliver waste to sanitary landfills or incinerators, which ensures weighing at the entrance to the landfill, and this accounts for 30% of municipalities. While the remaining 70% base the reporting of the amount of waste on the weighing carried out with the assistance of GIZ.

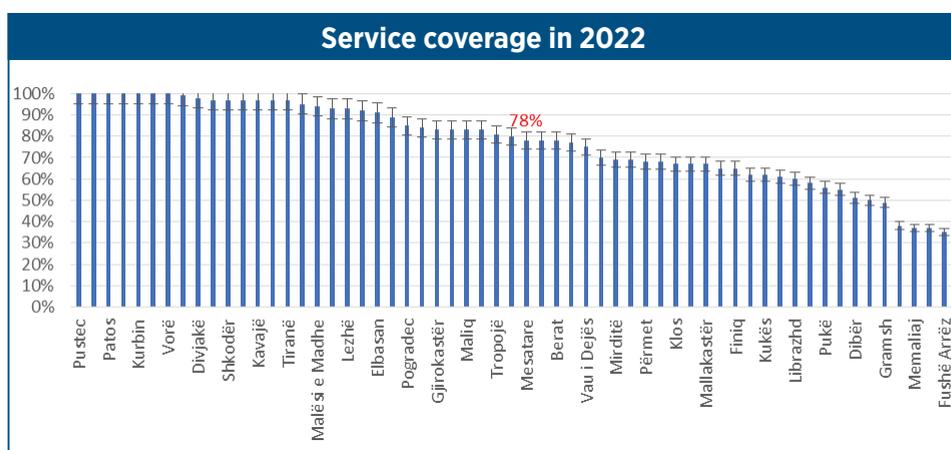
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<sup>8</sup> Qirjo.M., Shaplllo.O., Monitoring report of the National Strategy of Integrated Urban Waste Management 2020-2021. Ministry of Tourism and Environment, Tirana 2021

**Table 3.** Weighting of waste in Albania, 2022

Municipalities	2020	2021	2022
No. of municipalities weighing waste in landfills or incinerators	18	18	18
No. of municipalities that weigh the waste at the disposal site by National Agency	7	27	16
No. of municipalities that do not weigh the waste in the final disposal site	43	16	0

The accumulated amount of waste is estimated at about 705,304 thousand tons of solid waste. It is reported that about 573 thousand tons (or 65% of the accumulated waste in the whole country) have been deposited in the regional final waste disposal facilities. The amount of waste that is deposited in sanitary plants that offer controlled conditions of waste collection has increased by about 40% within a year. However, in 2022 there were attempts to create a reliable urban waste weighing system that was implemented in 61 municipalities in total. The average population coverage at country level for 2022 is 78% as shown in Chart 2 below.



**Chart 2.** Waste collection in %

Recovery and recycling remain at very low levels at 1-3%, where plastic waste accounts for the largest amount at 8%. Of the 199 storage sites identified in 2018, rehabilitation works were carried out during 2022, with a slow progress towards fulfilling the objective of systematization, rehabilitation and closure of all of them by 2025. During 2022, the systematization of a limited number of place deposits from the GIZ program. The level of financing of the integrated waste management sector has reached the figure of over 7 billion Lek, including financing from the state budget (Central Government), budgets at the local level (Local Government) and foreign aid.

During 2022, there was again an increase in funding from the budget at the local level compared to 2021, but in a few cases it is referred to an improvement in the quality of the service or an expansion of coverage by only 2% compared to 2021. Meanwhile, the municipalities refer that they manage to collect the cleaning fee at a rate of 60%<sup>9</sup>.

Progress Report of the Delegation of the European Union for 2022, states that the legal framework for waste management is partially harmonized. The closure of many unsuitable landfills remains a challenge and only a limited number have been closed during the reporting period. Separate collection of household waste and economic instruments to promote recycling and reuse and to prevent waste generation remain at pilot and limited levels.

2022 has marked a regression in terms of strategic projects of incinerators, where the one in Elbasan is not functional and the waste of this region has returned to being thrown into the river, as reported by the investigative media<sup>10</sup>. The incinerators in Elbasan and those of Feri and Tirana present growing concerns in terms of not only compliance with EU legislation on waste, including the principle of the waste hierarchy and recycling objectives, but also pose a major financial challenge for municipalities. which should predict the cost of the incinerator that varies between \$25 in Elbasan, \$29 in Tirana, or \$26 in Fier<sup>11</sup>.

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9 Same document

10 Inceneratori nuk punon, por mbetjet në Elbasan po digjen ([zeriamerikes.com](http://zeriamerikes.com))

11 Note: Durrës Municipality produces 43,545 tons per year and the landfill fee alone is 1.2 M EUR, not including transport costs and cleaning and collection costs.

For many municipalities, the year 2022 has been very challenging regarding urban waste management. During 2022, the government presented a grant of 500 million lek to help 21 municipalities in financial difficulties for the payment of the cost of depositing waste in an incinerator or sanitary landfill, trying not to repeat the situation of 2021. The beneficiary municipalities are: Belsh, Cërrik, Durrës, Elbasan, Fushë-Arrëz, Gramsh, Kamëz, Kavajë, Krujë, Kurbin, Lezhë, Librazhd, Malësi e Madhe, Peqin, Përrenjas, Pukë, Rrogozhinë, Shijak, Shkodër, Vau i Dejës, Vorë. The distribution of funds has been made in function of the volume of waste and the distance and the municipality of Durrës has benefited 200 million out of 500 in total for 21 municipalities .

On the other hand, the findings of the High State Control are of interest, where the municipality of Durrës does not carry out monitoring and accurate weighing of the waste it sends to the Sharra landfill. Specifically, the report has underlined that “from the audit of the implementation of the supervision of the contract with the object “Urban waste disposal, Durrës municipality”, with a limited fund of ALL 1,148,864,000 without VAT, for the months of October, November and December of 2021, it results that the Durrës municipality did not the measurement of the amount of waste that will be deposited in the Sharra landfill<sup>13</sup> is carried out before it is sent to the landfill with its vehicles”.

### **8.3 Water supply and the reform on water and wastewater sector**

The year 2022 is considered the year of the beginning of a radical reform in the water sector in Albania, which aggregates the sector into 15 regional WS companies, from a previously fragmented sector into 58 water supply companies that provide water supply and wastewater services in 61 municipalities country. The main objective of this process is to improve service quality, increase efficiency and improve the financial sustainability of

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13 State High Audit

water supply service providers through economies of scale. In May 2022, the Council of Ministers approved decision no. 302, “On national policies for the reorganization of the water supply sector and the removal, treatment and processing of contaminated water”.<sup>14</sup>

The process of reorganization according to CoM Decision no. 302, dated 11.05.2022 on aggregation of the sector has been followed by National Agency of Water and Wastes the main institution responsible for the

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14 The reorganization of WS companies as Subjects of Joint Powers (SKP-UK) will be carried out through the creation of new joint stock companies with two levels of administration in accordance with the provisions of law no. 9901, dated 14.4.2008, “For merchants and commercial companies”, amended. Local government units that agree to establish the new SKP-UK will follow the standard model charter that serves as the basic acts for the establishment of the SKP-UK. SKPUK will carry out the activity of water supply and sewerage services in the service areas according to the territorial map, approved by AKUM. The established SKP-UK will have in the shareholders’ assembly representatives of the MIE central government, which will hold at least 51% of the shares. The remaining 49% will be calculated in relation to the number of active customers that the existing companies have at the time of signing the agreement for the establishment of the WS regional company. The created SKP-UK are obliged to respect the agreements, contractual obligations, service contracts, as well as any rights derived from them, signed between the Council of Ministers, central ministries and institutions, water supply companies and former units of local government, with international financial institutions and contracting companies. The Ministry of Infrastructure and Energy, in accordance with the approved sectoral strategic documents, will allocate all funds planned for investments from the state budget or international financial institutions only through the new SKP-UK. Municipalities that agree to participate in the reorganization process must approve and take all necessary steps required by applicable laws to proceed with the transfer of the current business of the water utility to SKP-UK and will proceed according to the provisions of law no. 92/2014, dated 24.07.2014 “On value added tax in the Republic of Albania”, amended, in accordance with the reorganization and national plan drawn up by AKUM. The new SKP-UK created by the reorganization in accordance with the territorial division map drawn up by AKUM, within three months from the approval of the Prefect, will apply for obtaining a new license for the provision of water and sewerage services from the Regulatory Body of Water (ERRU).

implementation of this process. This is also confirmed by the fact that until the end of 2022, agreements have been reached on the transfer of the activity of water supply between 50 municipalities, and as a result, 12 regional companies have been created out of 15 foreseen under the reform. The new regional societies created are **WS Korçë, WS Pogradec, WS Durrës, WS Lezhë, WS Dibër, WS Kukës, WS Berat, WS Elbasan, WS Gjirokastër, WS Fier, WS Lushnjë and WS Sarandë**. Until the end of 2022, only 2 WS Regional companies, namely WS Korçë and WS Pogradec, have started exercising their activity on 1 November 2022. The rest of the established WS Regional companies will start exercising their activity on 1 January 2023, with the exception of the company Regional WS Sarandë, which has planned the start of the exercise of the activity on 1 March 2023 due to delays with the signing of the agreement with the company WS Finiq. There are still 11 municipalities which, according to the reform forecasts in the sector, constitute 3 WS Regional companies, namely **WS Shkodër** which includes the municipalities (Shkodër, Vau Dejës, Malësi e Madhe, Fushë Arrëz, Pukë) **WS Tirana** which includes the municipalities (Tirana, Kamëz, Vorë) and **WS Vlorë** which includes the municipalities of Vlorë, Selenicë, Himarë, which have not managed to complete the cooperation agreements even though the municipal councils of these municipalities have taken the relevant decisions. The state of performance of the water supply service by the LGU has been analyzed through two performance report indicators:

- Water supply - hours of water per day (change in hours from last year, i.e. 2022 / 2021 (quality indicator/service coverage),
- Coverage of the population with drinking water service (against the total population of the municipality in %, standard/legal requirement for the service).

Coverage with water supply at 78% and sanitation at 54.4% is insufficient and hinders economic development, especially in the poorest suburban urban areas. In 2022, the duration of water supply for citizens was for 16.3 hours per day, which is 0.9 hours more than in 2021. While for the second indicator for the coverage of the population with water service, it was on average at the level of 78% in the year 2022, against 76.8% in 2021 (with an

increase of 1.2%). Referring to the data collected by ERRU for the year 2022, the duration of water supply was on average 16.3 hours/day in 2022, while the coverage of the population with water supply was 78% in 2022.<sup>15</sup> While sewer coverage was at the level of 54.4% with a small increase compared to 2021.<sup>16</sup>

**Table 4.** Performance indicators for watersupply and wastewater, 2022. Source: ERRU

No	Performance Indicators	Unit Measure	2021	2022	Trend
1	No revenue water	%	64.7	63.4	Increase
2	Cost coverage O&M	%	103	90.5	Decrease
3	Current collection rate	%	79.8	78.6	Increase
4	General collection rate	%	94.1	94.7	Increase
5	Metering Level	%	80.7	82.8	Increase
6	Staff efficiency	(Staff 1000/ connections)	5.28/ 4.9 <sup>17</sup>	4.66	Increase
7	Water supply	hours/day	13.8	16.3	Increase
8	Coverage of water supply	%	77	78	Increase
9	Coverage of sewerage	%	51.9	54.4	Increase

Referring to the table above, it can be observed that the Key Performance Indicators for 2022 appear to have improved in almost all indicators with the exception of the financial indicator O&M Cost Coverage, which has a significant decrease of 12.9% and is directly related to the financial sustainability of WS companies. The improved indicators for 2022 are directly related to the increase in the quality of service offered to consumers and the good management of

15 ERRU, 2022,pg.50

16 Same, pg.50

17 Staffing efficiency of 5.28 staff per 1000 connections includes guard personnel subcontracted to the private sector while 4.9 staff per 1000 WS connections does not include the latter.

WS companies, such as the increase in the Current and General Collection Rate, Metering Level, Water Coverage, and Sewerage Coverage. For 2022, through National Agency, funds have been allocated for investments in the sector from the state budget in the amount of about 8.5 billion ALL (about 70.7 million euros) and 70.2 million euros have been disbursed or about 99.3% of the allocated fund for investments. Most of the funding in 2022 was for ongoing facilities and only 280.8 million lek (about 2.3 million euros) were financed for new facilities. In addition, 1.68 billion lek (about 14 million euros) of foreign funding were financed in the sector, mainly from KfW in continuation of the Municipal Infrastructure Program III, IV and V, the World Bank, SECO and SIDA, from which almost the whole value (99.4%).

However, the sectoral reform of the WS has been seen as a step back in the reform of decentralization and local autonomy where the majority of shares of the WS lean towards the central government (51%) against the municipalities (49%).

### **8.4 Rural roads and infrastructure**

This function means the implementation of interventions in the road infrastructure to achieve optimal standards in the entirety of the roads within the jurisdiction of a municipality, which includes city roads within the municipality and rural roads, that connect the city with the center of the village.

At the local level, the construction, rehabilitation and maintenance of the secondary road network and local roads (urban and rural between villages (or tertiary), as a public asset, is a function of LGUs based on Law 139/2015, article 23, point 4, and Order of the Prime Minister (no. 127/2015) on measures for the implementation of the National Strategy on Decentralisation and the transfer of six (6) functions, one of which is the function of category II and III road management, as well as CoM Decision no. 915/2015 on the transfer of the rural road network and assets from the regional councils to the municipalities.

The total length of Albania’s road network is about 15,000 km and includes national, regional, local and urban roads. The Ministry of Infrastructure and Energy is responsible for the policy and regulatory framework and technical standards. Regarding the institutional arrangement for the administration and management of the road network, the Road Authority is responsible for 3606 km of national roads and the Local Government Units (LGUs) for 9400 km of regional and local roads.

The Albanian Development Fund supports LGUs in the implementation of rural infrastructure projects through competitive government grant funding and a variety of other donor-funded projects. The Secondary and Local Roads Project is co-financed by EBRD, EIB and KfW through a Financial Cooperation Loan aims to improve local infrastructure, increase access to essential services and markets, especially in rural areas, and ultimately contribute for poverty alleviation and economic development.

During the year 2022, the total transfer for this function was 614,582,000 Lek<sup>18</sup> experiencing an increase compared to 2021. The specific transfer for roads experienced a 4% increase of the overall transfer with an increase of 2% compared to 2021, as shown in chart 3.



**Chart 3.** Transfers for roads during 2022. Source: Ministry of Finance

18 Ministry of Finance. Local Budget 2021

Referring to the partial data and from the Albanian Development Fund, from a total of 9800 km of secondary and local roads, the first phase of the inventory has been completed with detailed data for about 4247 km, identified as main roads of the rural road network. Meanwhile, the second phase of the inventory is being implemented and technical projects have been developed for 1200 km of new road segments. In addition, the ADF has trained about 1000 LGU employees for the operation and maintenance of the rural road network, placing at the disposal of the LGU a software for calculating the budget for the maintenance of the secondary and local road network of the municipalities.

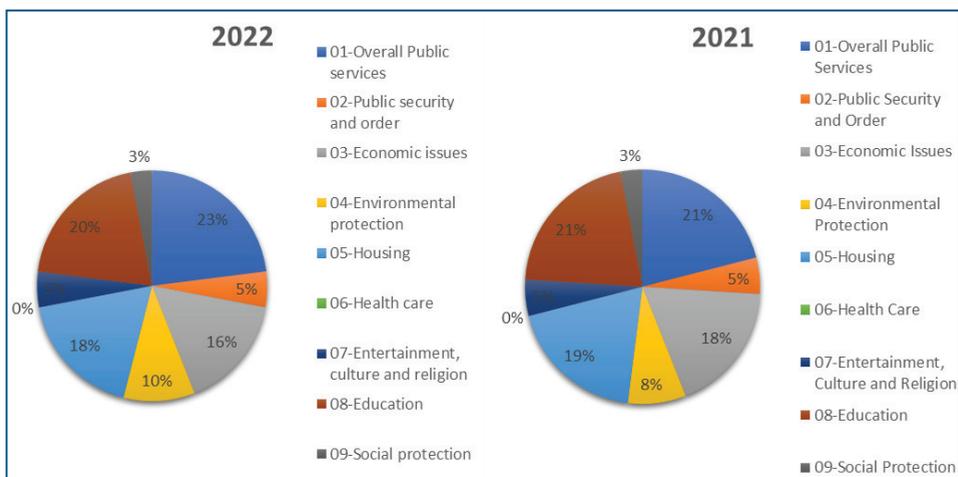
However, in our view, the lack of a detailed inventory of local roads administered by the local government and related investments remains a concern. This would enable a higher transparency of investments and orientation of local policies for this function where decision-making is based on a system of many criteria and not on political preferences.

## **8.5 Maintenance and construction of educational facilities**

The program for the maintenance and construction of educational facilities has as a source of financing mainly the incomes that come from the unconditional sector transfer for personnel payments, the conditional transfer for the payment of scholarship students and the general unconditional transfer that the municipalities benefit from based on the number of students in general high school. Net expenditures are expenditures that are covered by the municipality's own revenues and are used to provide and maintain school facilities and pay support staff salaries. In view of the income from the unconditional sectoral transfer during 2022 we observe a reduction compared to 2021 in support staff and in pre-university education.<sup>19</sup>

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19 MF. Local Budget 2022.



**Chart 4.** Specific weight of local expenses according to functions in the 9th month of 2022 versus 2021.

While in the partial statistics published by the Ministry of Finance for the 9th month of 2022, (Chart 4 above) we note that general expenses for education occupy a weight of 20% of local expenses, marking a reduction of 1% compared to the same period of 2021.<sup>20</sup> But in fact, from the analysis of expenses based on this function, it is noted that we have a 6% increase in the transfer from the central budget for this function and a reduction of -3% from our own income for expenses in this sector. For example, the municipality of Tirana has financed 36% of the financing for the function of “Entertainment, Culture and Religion”.<sup>21</sup>

## 8.6 Social services in municipalities

In Albania, 493 public, non-public and mixed social services are provided, which are provided by 339 institutions, namely 122 public and 217 non-public. As the table below shows, 46% are public social services, against 42% that are non-public services. Only 12% of social services are of mixed form, public and non-public.

20 MF. 9-month local budget monitoring report 2021. [financa.gov.al](http://financa.gov.al)

21 Same, pg.21

**Table 5.** Social services provided at regional level. Source: UNDP

Region	Public	Non public	Mixed	Sum
Berat	19	3	1	23
Durrës	23	18	4	45
Dibër	5	10	3	18
Elbasan	31	41	0	72
Fier	16	4	3	23
Gjirokastër	26	10	2	38
Kukës	8	2	2	12
Korçë	17	16	6	39
Lezhë	5	16	7	28
Shkodër	9	15	19	43
Tiranë	44	65	5	114
Vlorë	24	7	7	38
<b>TOTAL</b>	<b>227</b>	<b>207</b>	<b>59</b>	<b>493</b>
<b>In %</b>	<b>46%</b>	<b>42%</b>	<b>12%</b>	<b>100%</b>

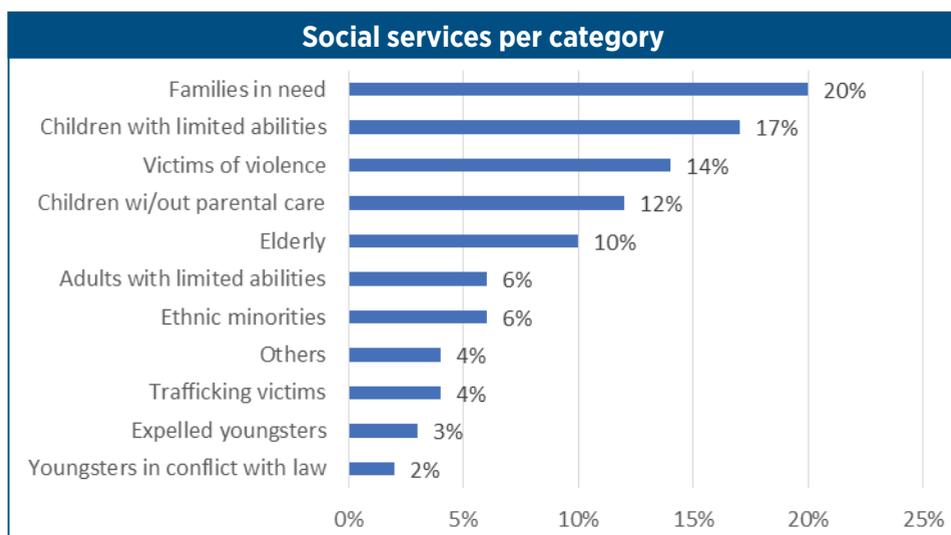
Municipalities are the main funders of services of public institutions, 54%, followed by “mixed” forms of financing services, respectively 24%. The Ministry (the central level of administration) finances 19% of the services of public institutions.<sup>22</sup> While in terms of geographical distribution, the largest number of services are offered in the region of Tirana (114), followed by Elbasan (72), Durrës (45), Shkodër (43), Korçë (39), Vlorë (38), Gjirokastër (38), Lezhë (28), Fier (23), Berat (23), Dibër (18) and Kukës (12). Analyzing the data of the number of services according to the population per 10,000 inhabitants (since there is no official standard), Gjirokastër region has a higher average with 5.26 per 10,000 inhabitants and Fieri with 0.74/10,000 inhabitants.

<sup>22</sup> Raporti-SSS-final-OK.pdf ([undp.org](http://undp.org))

Law no. 57/2019 “On Social Assistance”, Article 8 defines the categories of beneficiaries for the disabled and disabled for work. Whereas CoM Decision no. 597/2019 *“On determining the documentation procedures and the monthly measure of the benefit of Economic Aid and the use of the additional fund on the conditional fund for Economic aid”*, defines the rules for applying to benefit from the scheme of economic aid and the way of appeal. The municipal council has the right to approve the granting of economic aid from the conditional fund for economic block aid up to 6% and or with other local budget funds, for those families that have not benefited from the economic aid scheme.

If social services are analyzed by category as shown in Chart 4, the in-depth analysis also according to the criterion of “Services according to beneficiary groups” shows that:

- in 54 municipalities, or almost in 90% of all municipalities in the country, there is a lack of services for excluded young people, for victims of trafficking as well as young people in conflict with the law.
- 49 municipalities or 80% of all municipalities in the country do not have services for ethnic minorities, Roma and Egyptians.
- 47 municipalities or 77% of the country’s municipalities do not have services for adults with limited abilities,
- 36 municipalities or almost 60% of the country’s municipalities do not have services for the elderly.
- 32 municipalities or more than 50% of the country’s municipalities do not have services for children without of parental care,
- while about 30% of the country’s municipalities do not offer services for children with limited abilities.



**Chart 5.** Categories of social services in municipalities. Source: UNDP

The distribution of services according to beneficiary groups at the municipality level is analyzed by the UNDP study (Mapping social services at the municipality level) in Table 6, where it results that 41 municipalities (60% of the municipalities) provide services for one to four (30 %) groups in need. About 25% of municipalities offer services to 50 to 75% of groups in need, while only 7% of municipalities (4 municipalities, namely Durrës, Elbasan, Shkodër and Tirana) offer services to over 80% of groups in need.

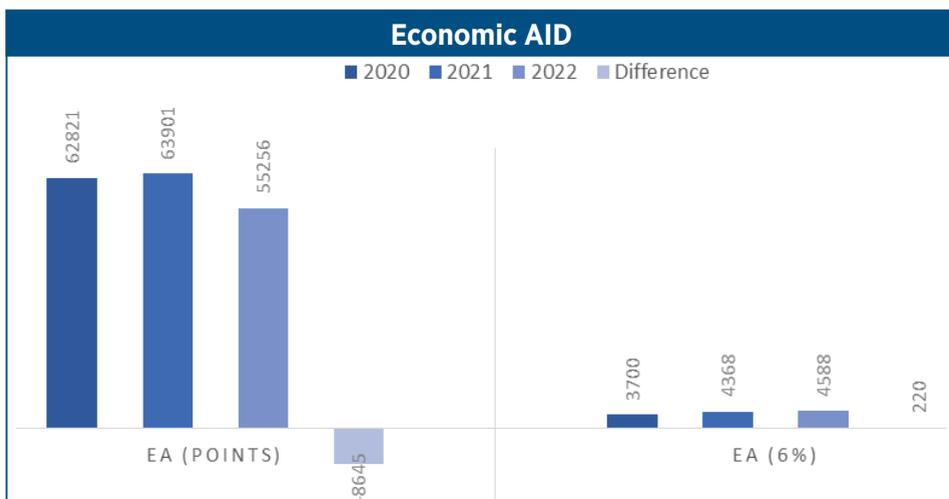
**Table 6.** Social services provision per municipality.

Municipalities that provide services for:	Number of municipalities	Municipalities
<b>No services</b>	<b>5</b>	Rrogozhinë, Libohovë, Tepelenë, Himarë, Delvinë
<b>One group in need</b>	<b>6</b>	Peqin, Selenicë, Pukë, Fushë-Arrëz, Memaliaj, Dimal

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<b>Two groups in need</b>	<b>15</b>	Vorë, Dropull, Mirditë, Kuçovë, Skrapar, Bulqizë, Klos, Cërrik, Tropojë, Has, Gramsh, Finiq, Patos, Divjakë, Mallakastër
<b>Three groups in need</b>	<b>9</b>	Kavajë, Mat, Belsh, Maliq, Pustec, Malësi e Madhe, Konispol, Lushnjë, Poliçan
<b>Four groups in need</b>	<b>7</b>	Kamës, Përmet, Librazhd, Kolonjë, Devoll, Pogradec, Roskovec
<b>Five groups in need</b>	<b>6</b>	Këlcyrë, Berat, Dibër, Përrenjas, Sarandë, Vau i Dejës
<b>Six groups in need</b>	<b>2</b>	Shijak, Kurbin
<b>Seven groups in need</b>	<b>2</b>	Krujë, Kukës
<b>Eight groups in need</b>	<b>4</b>	Lezhë, Korçë, Vlorë, Fier
<b>Nine groups in need</b>	<b>1</b>	Gjirokastër
<b>Eleven groups in need</b>	<b>3</b>	Durrës, Elbasan, Shkodër
<b>All groups</b>	<b>1</b>	Tiranë
<b>Municipalities in total</b>	<b>61</b>	

During 2022, a decrease in the number of beneficiaries with the scoring system is observed compared to 2021 with a difference of -8645, while we have an increase of 220 people added to the 6% scheme, which is determined by the Municipal Council. The table reflects the annual average of beneficiaries according to the 2020, 2021 and 2022 scoring system.



**Chart 6.** Economic aid according to scoring system and according to the 6%.

While in 2022, the families treated with the 6% fund is 4,588, which is greater than the average of previous years, as can be seen in the graph above. In general, the EA scheme, whether with scoring system or with 6%, has been dynamic and has had an impact, and CoM Decision no. 85 10.02.2021 enabled the doubling of economic aid in the first 6 months to mitigate the effects of COVID-19. The changes in the total number come as a result of the supplement given during the covid-19 pandemic last year and also the 2% increase in no. of beneficiary families of the Economic Aid scheme. The average number of individuals part of the scheme for 2022 (not including caregivers and invalids) was 71,056 people with limited abilities.

As can be seen from the statistics, the number of people has decreased compared to 2021. The realization of funds spent on account 606 Fund for the financing of care services in municipalities and districts is: (2020) 94,481,128 ALL or 69%; (2021) 145,188,353 ALL or 78.83%, (2022) 29,272,952,722 ALL or 99%.

## 8.7 Post earthquake constructions in 11 affected municipalities

Following the progress and plan of reconstruction of public facilities and housing, it is difficult to find accurate information about the progress achieved in concrete quantitative or qualitative statistics. In total, the cost of interventions as a result of the earthquake was calculated at 1.076 billion euros or 131 billion lek, which were identified as the need for housing, urban infrastructure, public buildings, mainly health and education. We will analyze the fund for education, since the data are published by the UNDP EU4School program, financed by the EU and UNDP.

The government has identified 63 educational facilities that need reconstruction or construction from scratch in 11 specific municipalities. In this context, it is very clear the process undertaken by the European Union through the EU4Schools program where of the 63 educational buildings included in the reconstruction program:

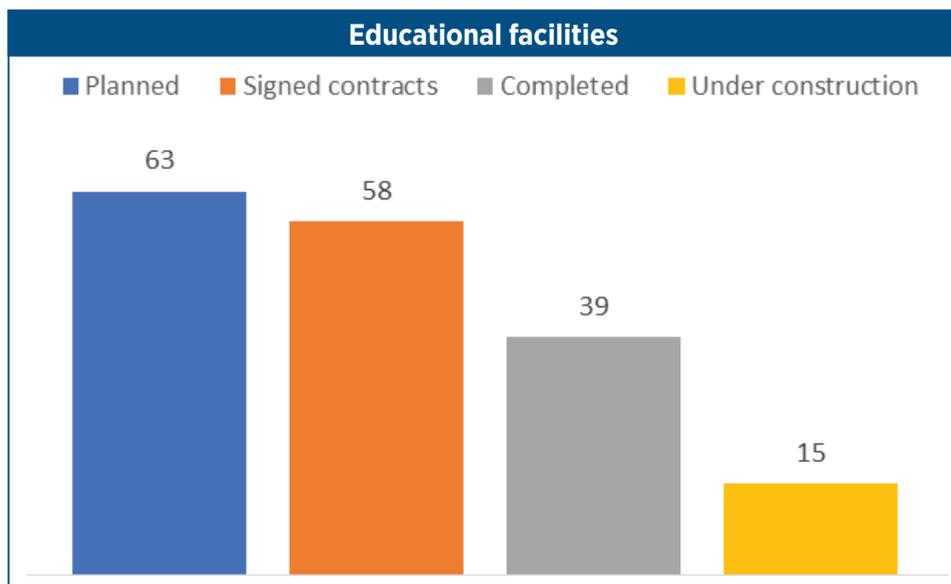
- 61 technical projects out of 63 have been completed;
- The construction of 39 of them has been completed;
- 15 objects are in the process of reconstruction;
- Currently, 58 construction contracts from 63 objects have been signed<sup>23</sup>.

Chart 7 below presents the number of schools according to each municipality and their status. The post-earthquake situation is specifically related to the 11 affected municipalities, which are: Durrës, Krujë, Kamëz, Tirana, Kurbin, Kavajë, Rrogozhinë, Lezhë, Shijak, Vorë and Mirditë.<sup>24</sup>

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23 <https://eu4schoolsportal.al/progress.aspx>

24 <https://portavendore.al/2021/05/25/sfidat-e-emergjencave-civile-cfare-ndryshoi-pas-termetit-e-deri-ne-ditet-tona/>;



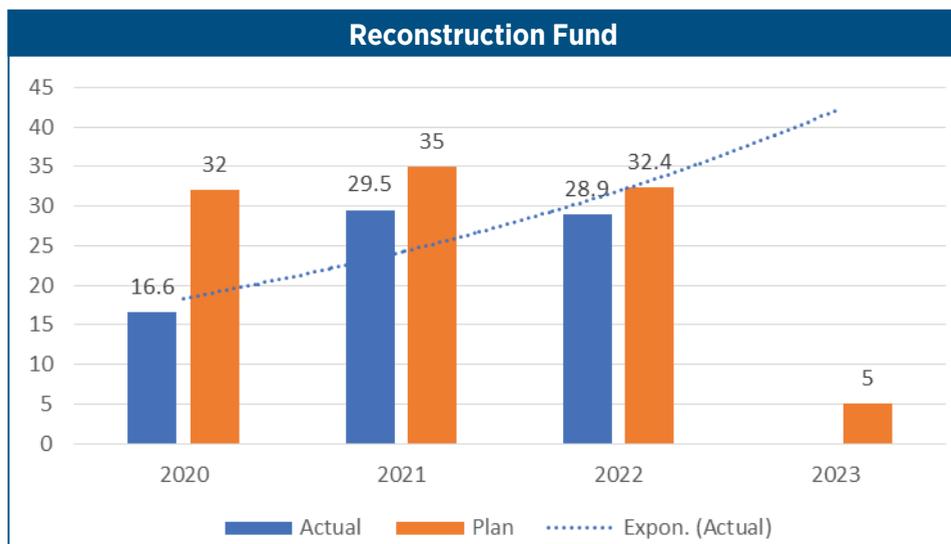
**Chart 7.** No. of educational facilities according to their status. Source: EU4Schools

According to Opendata Albania, in the fourth year after the disaster (March 2023), the Government and the Albanian State have budgeted, allocated and consolidated a total of 75 billion ALL. Specifically, in 2020, 16.6 billion ALL were consolidated, in 2021 there are 29.5 billion and in 2022 there are 28.9 billion ALL realized expenses.

In the initial State Budget for 2022, 20 billion ALL were planned for the Reconstruction Fund. This law has been changed 4 times through normative acts, but only the normative act of the beginning of December (no. 17) also affected the Reconstruction Fund. According to the normative act no. 17 it was added to the Reconstruction Fund with 12.4 billion ALL, 62% more than the initial one, reaching 32.4 billion ALL.

Of the 32.4 billion ALL planned to be allocated for the reconstruction fund in 2022, 89% of them or 28.9 billion ALL were consolidated. Consolidation of the Reconstruction Fund has been continuously improving from year to year, but it has not been achieved more than 90%, showing problems in the progress of the reconstruction process itself.

25 Reconstruction Fund Budgeting and Implementation Plan, 2020 - 2023, changes in the State Budget- Open Data Albania ([ndiqparate.al](https://ndiqparate.al))



**Chart 8.** Reconstruction Fund in billion lek.

Meanwhile, the state program for reconstruction is unclear. According to Opendata Albania, from the monitoring of the two main streams of expenditure in tenders for the reconstruction program at the municipal level and the Albanian Development Fund, there are 856 tenders signed with the Albanian government with a total tendered limit of ALL 96.65 billion against 627 tenders reported in 2021 with a limited fund of ALL 71.8 billion.

- 611 tenders have been announced by 14 municipalities that were affected by the earthquake with a fund of 28.9 billion
- 245 tenders announced by ADF with a fund of 46.4 billion.

According to OpenData Albania and the program “Follow the money”, in 2022 a large part of the tenders were carried out through Restricted Procedures or Negotiation without prior Announcement.<sup>26</sup> This procedure has been followed mainly for reconstruction tenders, shedding more light on the overall transparency of reconstruction and at the local level.<sup>27</sup>

<sup>26</sup> OpenData. Public procurements, procedures without competition in number and value of tenders. 2 March 2022; <https://ndiqparate.al/?p=15445>

<sup>27</sup> Reconstruction Fund Budgeting and Implementation Plan, 2020 - 2023, changes in the State Budget – Open Data Albania ([ndiqparate.al](https://ndiqparate.al))

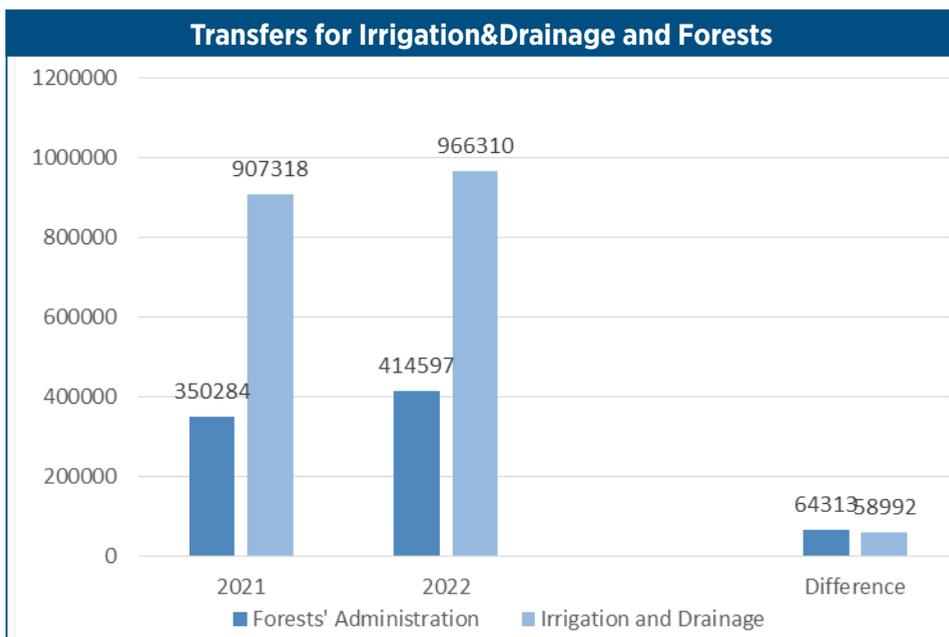
## 8.8 Agriculture and rural development

The functions of municipalities in agriculture and rural development are regulated by Law 135/2015, Article 26, which lists the specific powers in this regard as follows:

- The administration, use and maintenance of the irrigation and drainage infrastructure, transferred to their ownership, according to the law.
- Administration and protection of agricultural land and other categories of resources, such as barren land, etc., according to the law.
- Establishment and administration of the local agricultural and rural information and advisory system, according to the legislation in force.
- Establishment and administration of local grant schemes for agriculture and rural development, financed by the local budget and/or co-financed by third parties, guaranteeing balanced gender access.

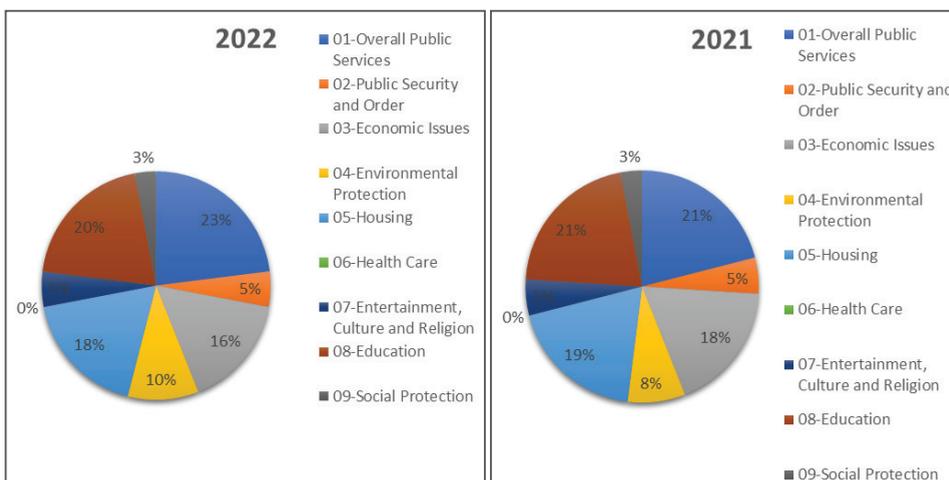
These powers are also expressed in the budget program where the municipality plans expenses are mainly in 3 main directions: a) management of irrigation and drainage infrastructure; b) agricultural services, inspection and consumer protection; c) forest administration.

Chart 9 below presents an overview of the specific transfer in 2022 where there is an increase in both functions. As seen in the chart below, specifically forest management and there was an increase of 18.3% and 6.5% in the field of irrigation and drainage compared to 2021. In terms of irrigation at the level of the country, Albania has 620 reservoirs, but 50% of the surface that was irrigated before the 90s is irrigated.



**Chart 9.** *Transfers for Irrigation&Drainage and Forests.*

Despite this increase, the expenses of this function fall into category 04, economic issues, and in 2022 a decrease in the share of expenses for the functions of this category of 287 million ALL compared to 2021 is observed. Drainage or forest management accounts for 16% of the total weight of the municipality’s functional expenses compared to 18% in 2021.



In general, the function of agriculture and rural development is totally managed by the Ministry of Agriculture, through Agency for Rural development and Agriculture or central agencies. The local government, in general, does not have many powers in the field of agriculture. The extension or advisory service for farmers where local government will play a key role is negligible and continues to be centralized.

## 8.9 Conclusions on functions

The local government continues today not to budget a number of delegated functions. From the assessment of budget expenditures according to their economic nature, functions such as “Environmental awareness” or “Program for the protection of nature” continue to have a low budget today. The same situation appears for the economic account related to the field of agriculture and rural development.

During 2022, there was again an increase in funding from the budget at the local level to the extent of +22% compared to 2020, but in a few cases there is reference to improving the quality of the service or expanding its coverage. Meanwhile, municipalities report that they manage to collect 60% of the cleaning fee.

In the field of water and sewerage, the local government has not made any significant progress, but despite this, the WS’s sectoral reform has been seen as a step back in the reform of decentralization and local autonomy, where most of the WS’s actions lean towards the central government. (51%) versus municipalities (49%).

The water supply situation is 78% of the population and the daily average is 16.3 hours/day. While the national coverage in the field of water treatment is 54.4%, which proves that progress in this sector requires central capital investments.

# 9. Budget Performance of Local Government Units for 2022

## 9.1 Introduction

The implementation progress of the budget of the Local Government Units (LGUs) throughout the year 2022 has been characterized by a positive trend both in terms of income and expenditure. This performance was within the general expectations for a further mitigation of the negative effects from the two natural disasters that hit our country consecutively during the end of 2019 (the earthquake of November 26, 2019) and the beginning of 2020 (the COVID-19 pandemic ) in the country’s economy. The effects of the war in Ukraine have influenced this trend, which have been reflected in a decrease in the global supply of some basic goods, leading to a strong increase in the general level of prices (inflation) in our country.<sup>28</sup>

**Table 7.** Budget Performance of Local Government Units for 2022.

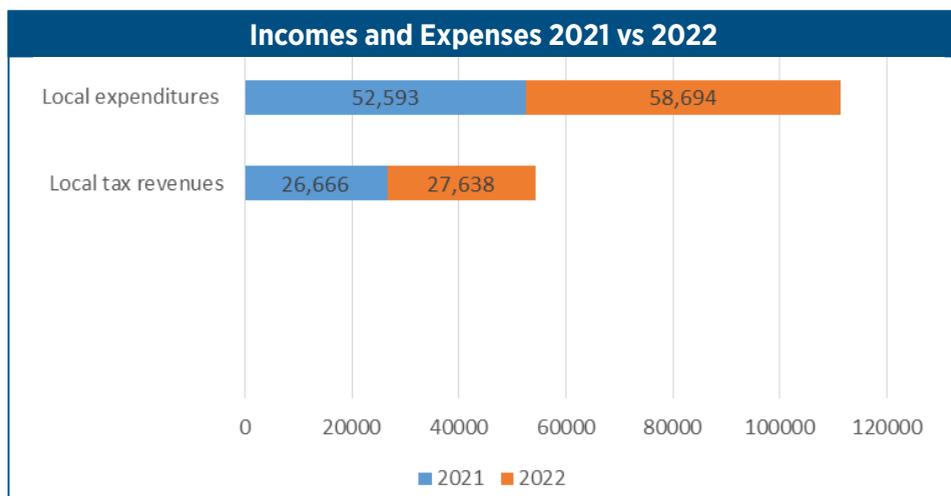
*In million lekë*

	2020 Actual	2021 Actual	2022 Revised	2022 Actual	Difference revised 2022 vs. 2022 actual (in %)	Comparison 2022 actual vs. 2021 actual (in %)
Local tax revenues	21,975	26,666	27,632	27,638	0.02%	3.65%
Local expenditures (total)	51,626	52,593	61,640	58,694	-4.78%	11.60%

Source: Ministry of Finance, [www.financa.gov.al](http://www.financa.gov.al)

28 Macroeconomic and Fiscal Framework 2024-2026 <https://financa.gov.al/wp-content/uploads/2023/02/Kuadri-Makroekonomik-e-Fiskal-2024-2026.pdf>

The above table is graphically reflected below.



**Chart 10.** Comparison of incomes and expenses 2021 vs 2022

As it can be seen, the actual tax revenues for 2022 turned out to be almost the same as the revised plan for the same period. If we were to compare it with the same period of 2021, the tax revenues for 2022 result in an increase of about 972 million ALL or 3.65% more.

On the other hand, local expenditures for the year 2022 resulted in a significant increase of 11.6% compared to the same period of 2021. On the other hand, if the total actual local expenditures for the year 2022 were to be compared with the revised expenditure plan for the year 2021 where a non-realization of ALL 2.9 billion less is observed. In the following, the actual progress of the 2022 budget indicators for LGUs will be presented, offering a comparison with the progress of the previous year.

## 9.2 Financial Resources

The total financial resources of the local government until the end of 2022 recorded a value of 63.6 billion ALL, an increase of about 6.8% compared to the same period of the previous year.

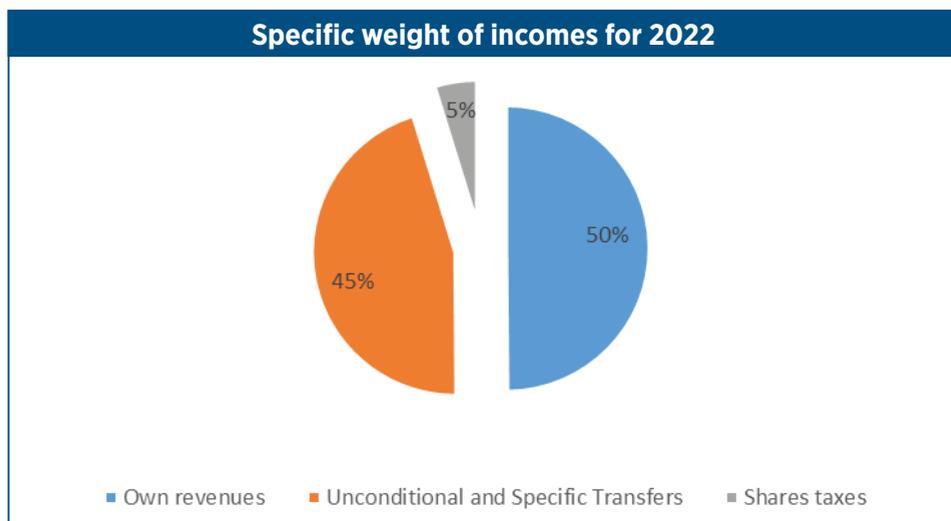
**Table 8.** Financial resources of LGUs by category (in ALL).

	2021 Fact	2022 Fact	Difference (absolute)	Difference (in %)
Own revenues	29,655,841,209	31,725,743,040	2,069,901,831	6.98%
Unconditional and Specific Transfers	27,239,821,876	28,863,571,194	1,623,749,318	5.96%
Shares taxes	2,694,907,071	3,030,878,854	335,971,783	12.47%
<b>Total</b>	<b>59,590,570,156</b>	<b>63,620,193,088</b>	<b>4,029,622,933</b>	<b>6.76%</b>

Source: Ministry of Finance and Economy, Domestic Finance Portal [www.financatvendore.al](http://www.financatvendore.al)

As evidenced by Table 8, income from own resources is the main factor of this increase, resulting in about 2 billion ALL more than the same period of 2021 or with an increase of 7%. While the unconditional and specific transfer continues to grow throughout this period, marking an increase of 1.6 billion ALL or about 6% more than in 2021. Income from allocated taxes increased by about 12.5% more compared to the same period of 2021.

The graph below reflects the weight of each source of income compared to the total for 2022. 45.3% of the income was realized from the unconditional and specific transfer and 4.76% from the allocated taxes. The biggest weight is held by own income with 49.9%.



**Chart 11.** Weight of sources of income against the total

### 9.3 Performance of revenues from own local sources according to LGUs

Revenues from own local sources (local taxes and fees, activities with assets and others) recorded a value of about 31.7 billion ALL, with an increase of about 7% in annual terms, or about 2 billion ALL more than the level of registered in the previous year.

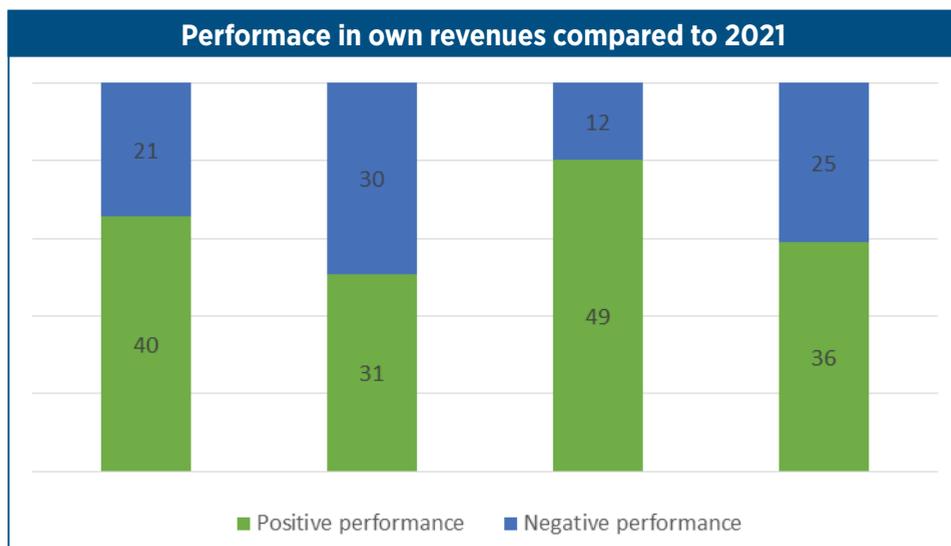
According to the constituent categories, the positive performance of the income from own sources is mainly determined by the contribution of income from taxes (+1.7%) and local fees (+11.3%) in this period. In the item of income from taxes, it is noted that the infrastructure impact tax (+680 million ALL) and the hotel tax (+104 million ALL) had the biggest impact on this increase. Meanwhile, the increase in fee income is mainly due to the positive performance of income from local public service fees (+446.1 million ALL) and from income from fees for administrative and other services (612.1 million ALL).

**Table 9.** Income from own resources by category (in ALL).

	2021	2022	Difference (absolute)	Difference (in %)
<b>Revenues from Taxes</b>	<b>17,972,053,968</b>	<b>18,280,021,325</b>	<b>307,967,358</b>	<b>1.7%</b>
Small business tax	388,404,555	88,319,432	-300,085,123	-77.3%
Property tax	5,164,837,482	5,088,732,958	-76,104,524	-1.5%
<i>Tax on agricultural land</i>	583,939,584	582,822,445	-1,117,139	-0.2%
<i>Building tax</i>	4,580,897,898	4,505,910,513	-74,987,385	-1.6%
<i>Urban land tax</i>	0	0	0	0.0%
Hotel tax	186,414,022	290,470,126	104,056,104	55.8%
Infrastructure Impact Tax	9,455,794,488	10,135,970,015	680,175,527	7.2%
Tax on transfer of immovable property	703,801,123	799,912,989	96,111,866	13.7%
Road Sign tax	331,002,731	361,888,061	30,885,330	9.3%
Others	1,741,799,566	1,514,727,744	-227,071,822	-13.0%
<b>Fee Revenues</b>	<b>11,022,085,847</b>	<b>12,267,891,943</b>	<b>1,245,806,096</b>	<b>11.3%</b>
Revenues from local public service fees (cleaning, greenery, etc.)	4,953,357,991	5,399,484,879	446,126,888	9.0%
Revenues from utility tariffs for occupying public spaces	1,432,501,153	1,620,048,490	187,547,337	13.1%
Revenues from fees for administrative and other services	4,636,226,702	5,248,358,574	612,131,871	13.2%
<b>Net local borrowing</b>	<b>65,429,342</b>	<b>81,846,631</b>	<b>16,417,288</b>	<b>25.1%</b>
<b>Other local income</b>	<b>596,272,052</b>	<b>1,095,983,141</b>	<b>499,711,089</b>	<b>83.8%</b>
<b>Total</b>	<b>29,655,841,209</b>	<b>31,725,743,040</b>	<b>2,069,901,831</b>	<b>7.0%</b>

Source: Ministry of Finance and Economy, Local Finance Portal [www.financatvendore.al](http://www.financatvendore.al)

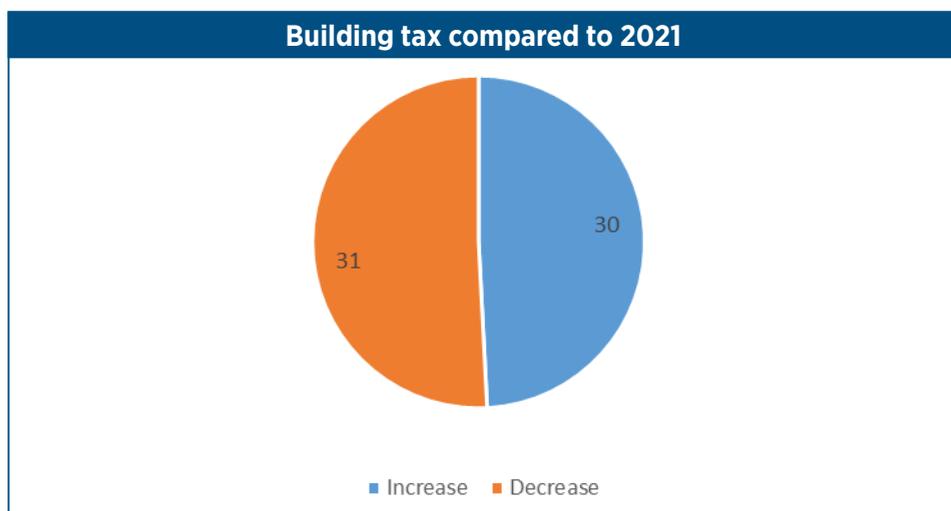
The graph below reflects the number of municipalities according to the differences in income from taxes, fees, and other income for the year 2022 comparing it with the year 2021. 40 out of 61 municipalities have managed to have a positive income performance for this period, while the remaining 21 municipalities had a negative performance in this regard. The main contribution to this increase is given by the municipalities described as “large”: the municipality of Tirana (+514.9 million ALL), the municipality of Vlorë (+236.2 million ALL) and the municipality of Kamëz (+223 million ALL). On the other hand, the negative performance is again attributed to the so-called “big” and “small” municipalities, such as the municipality of Lezhë (-106.4 million ALL), the municipality of Durrës (-67.8 million ALL), the municipality of Finiq (-38.7 million ALL) and the municipality of Mallakastër (-41.5 million ALL).



**Chart 12.** *Income from own resources by category compared to 2021 (in ALL)*

The graph also reflects the performance of the municipalities compared to the following year and in the three categories of own income, taxes, fees and others. Thus, 31 municipalities have collected more taxes during 2022 and 36 other revenues. Fare collection marks the most notable

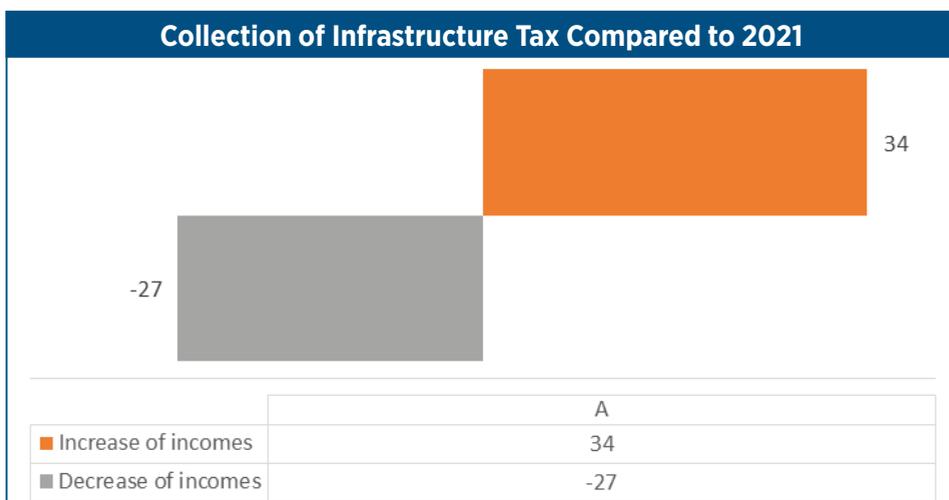
improvement with 49 municipalities performing better compared to 2021. In the following, we will analyze the progress of the collection of the building tax and the infrastructure tax for the 61 municipalities analyzed. The graph below shows that 30 municipalities have performed positively in the collection of the building tax, where Kavajë municipality (+34.5 million ALL), Shkodër municipality (+28.5 million ALL), Kamëz municipality (22.7 million ALL) and Himarë municipality (+ 14.1 million ALL). In relative terms, it is worth mentioning the municipality of Himarë (+100.7%) and the municipality of Kavajë (+46.6%), which have experienced a significant increase in income from this tax. However, this positive performance achieved in these municipalities has not been able to reverse the negative trend observed in the remaining 31 municipalities, which have contributed to the total revenue from this tax for 2022 resulting in a decrease of 1.6% compared to with the same period of 2021, where the municipality of Durrës (-75.7 million ALL), the municipality of Tirana (-66.3 million ALL), the municipality of Mallakastër (-20.2 million ALL) and the municipality of Fier (-14.7 million ALL) stand out.



**Chart 13.** Building tax compared to 2021.

Source: Ministry of Finance and Economy, Local Finance Portal [www.financatvendore.al](http://www.financatvendore.al)

Regarding the progress of tax revenues and the impact on infrastructure illustrated in the graph below, the positive performance observed throughout the year 2022 is attributed to 34 municipalities, mostly the municipalities of Tirana (+112.1 million ALL), Kamëz (+132.7 million ALL), Sarandë (+139.8 million ALL), Vlora (+184.4 million ALL) and Shkodër (55.5 million ALL). Meanwhile, a number of municipalities such as Lezhë municipality (-106 million ALL), Korçë municipality (-18.6 million ALL) and Kurbin municipality (-14.3 million ALL) have performed poorly compared to the same period last year. This can be explained by the fact that the income from this tax depends exclusively on the request for a building permit as well as on their approval by the LGU, which makes this tax not very predictable and therefore irregular in nature. Given that for some of the municipalities analyzed, the income from this tax has an important proportion in the total income from local taxes, these municipalities should be careful in planning the income from this tax in the medium term periods, in order not to encounter situations of “overly optimistic forecasts” that could materialize the possibility of creating arrears alongside their budget expenditures.



**Chart 14.** *Infrastructure impact tax compared to 2021.*

Source: Ministry of Finance and Economy, Local Finance Portal  
[www.financatvendore.al](http://www.financatvendore.al)

## 9.4 Expenditures of Local Government Units

In terms of expenses incurred through own resources<sup>29</sup>, The 61 municipalities spent about ALL 58.4 billion in 2022. Compared to the previous year, about ALL 6.2 billion more or 11.9% were spent. This positive trend is observed in all three sub-groups of expenses, where operational and other expenses stand out, which have resulted in about 25.1% more than the same period last year.

**Table 10.** LGU expenses from its own resources (in ALL).

	Fact 2021	Fact 2022	Difference (absolute)	Difference (në %)
<b>Expenditures from own resources</b>	<b>52,167,376,349</b>	<b>58,390,445,399</b>	<b>6,223,069,050</b>	<b>11.93%</b>
Salary and insurance	23,926,557,986	25,019,411,714	1,092,853,729	4.57%
Operational and other	17,361,198,466	21,725,715,471	4,364,517,005	25.14%
Capital	10,879,619,897	11,645,318,213	765,698,316	7.04%

Source: Ministry of Finance and Economy, Local Finances Portal [www.financatvendore.al](http://www.financatvendore.al)

### Progress of expenditures according to Local Government Units

By analyzing the data on the total expenditures made by the 61 municipalities in 2022 (compared to the same period of 2021), a positive overall performance is found where 52 of the 61 municipalities have spent more in 2022 compared to the same period of last year. Of the 9 recorded municipalities that have a negative performance in this direction, Tropojë municipality stands out with -55 million ALL and Gramsh municipality with -45.1 million ALL compared to 2021, even though both municipalities have performed positively in the direction of income during the year 2022 compared to 2021. It is also

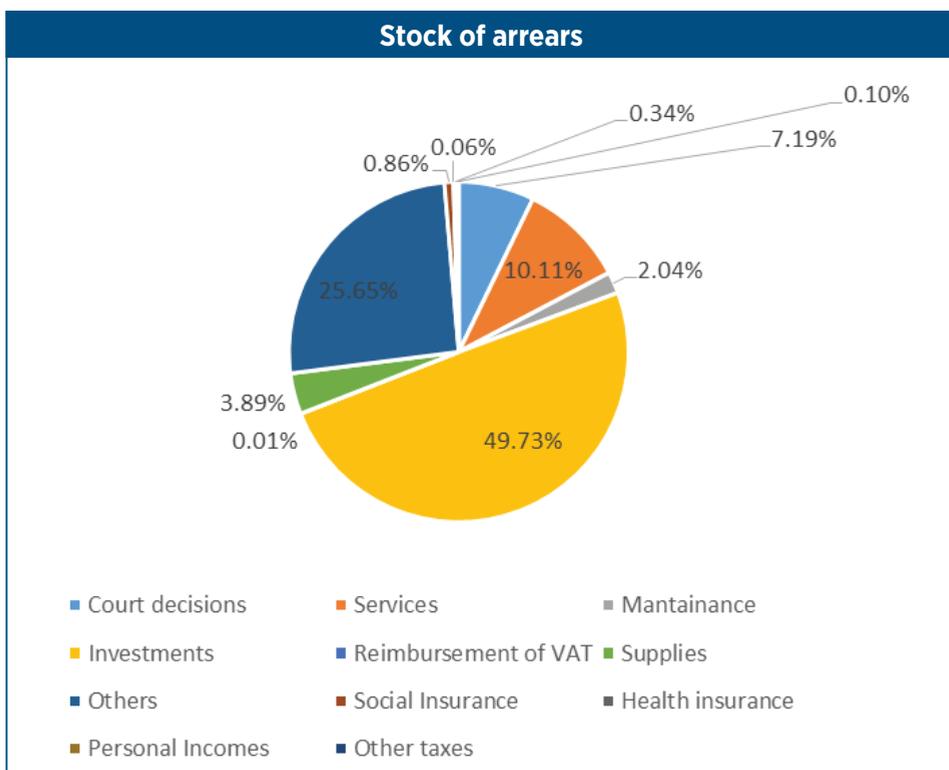
<sup>29</sup> This includes revenue from taxes and fees, allocated taxes and unconditional and specific transfer

worth noting that the municipality of Tirana has the largest share of positive performance in the total expenses of 61 municipalities for the year 2022 with 1.7 billion ALL more than the year 2021.

## 9.5 Accumulated debt of LGUs

From the data published by the Ministry of Finance and Economy, it can be observed that at the end of 2022, the total debt of LGUs reach about 5.9 billion ALL, simultaneously marking a decrease of 621.6 million ALL compared to 2021. However, the performance of the 61 municipalities in this aspect is mixed, referring to the data, it can be seen that 14 of the 61 municipalities have increased the value of arrears, where Tirana Municipality (+526.5 million ALL), Dibër Municipality (+251.9 million ALL), Pustec Municipality (+145.6 million ALL) and municipality of Devoll (+63.9 million ALL). On the other hand, there is a positive progress in the repayment of arrears from municipality of Malësia e Madhe (-253.8 million ALL), municipality of Durrës (+196.3 million ALL), municipality of Lezhë (-183.6 million ALL), municipality of Belsh (-141.4 million ALL) ALL) and Berat municipality (-134.6 million ALL). It is worth mentioning the fact that for the second year in a row, the municipality of Këlcyrë and the municipality of Patos did not create any arrears towards third parties.

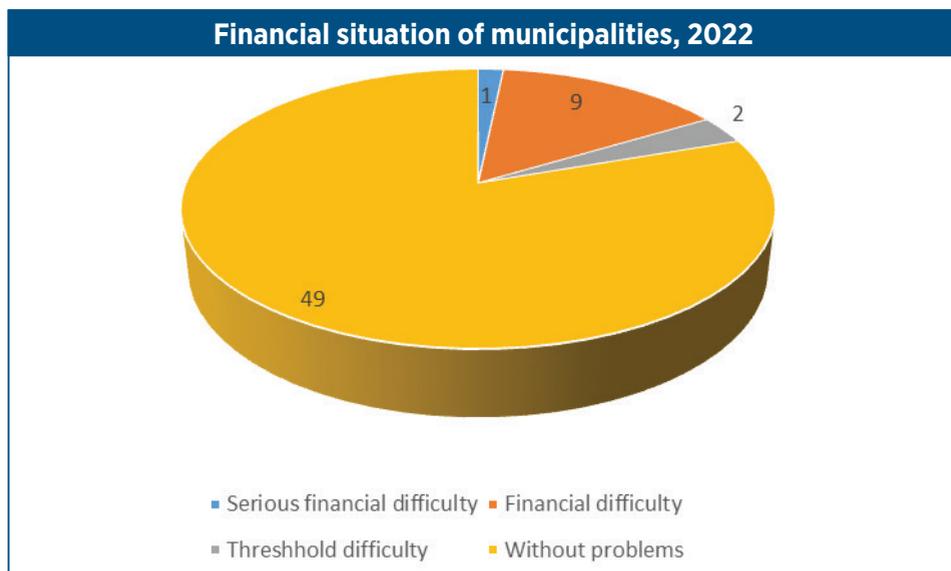
In the analysis of the main components of the arrears recorded until the end of 2022 according to the chart below, it is observed that more than half of the total arrears are accounted for by liabilities to third parties for public investment projects (2.9 billion ALL) . Meanwhile, the liabilities arising from the services performed by third parties as well as for court decisions amount to ALL 593 million and ALL 422 million, respectively. In the item “Other”, with a total of 1.5 billion ALL, the overwhelming part is occupied by LGU’s electricity arrears to OSHEE sh.a.



**Chart 15.** Stock of arrears

Regarding actual expenses incurred by the 61 municipalities from their own resources, it is evident that 10 of the 61 municipalities included in the analysis are in a situation of Financial Difficulty defined in Article 56 of Law No. 68 dated 27.04.2017 “On Self-Government Finances”. local”, since their arrears exceed the limit of 25% of annual expenses. Meanwhile, Pustec municipality (169%) fulfills the criterion of a state of serious financial difficulty defined in Article 57 of the above-mentioned law, as their arrears account for over 80% of annual expenses for 2021. Referring to the table above, Pustec municipality has accumulated most of the arrears towards third parties for public investment projects (146 million ALL). Despite the fact that the relative values of arrears for the municipalities of Kavajë (74.8%) and Vorë (68.4%) are below the level of 80% of the above-mentioned legal limit,

these municipalities must make greater efforts both in terms of income and that of expenses to further reduce this high level of obligations throughout the year 2023 and beyond.



**Chart 16.** *Financial situation of municipalities, 2022*

For these two municipalities, this article provides the following steps to enable the exit from the situation of serious financial difficulty:

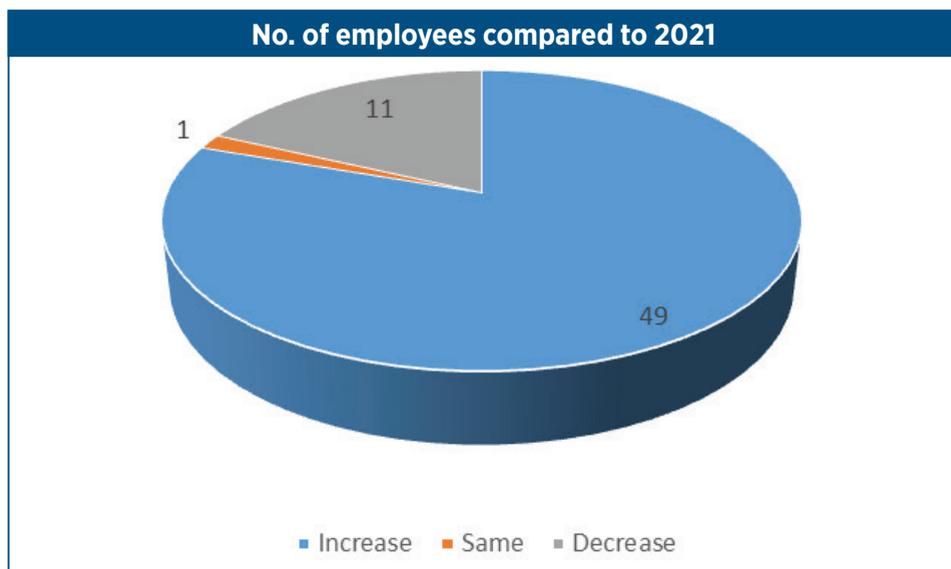
*The Ministry of Finance, upon receiving the notification from the head of the local self-government unit or when it ascertains it, proposes to the Council of Ministers the measures to get out of the situation of serious financial difficulty. In this case, the Council of Ministers decides:*

- a) *to provide financial support in the form of assistance or loans, defining the plan for the exit of the local self-government unit from the situation of serious financial difficulty, as well as the plan for the return of the given amount;*
- b) *to mandate the Ministry of Finance to negotiate the restructuring of debts and outstanding liabilities;*

- c) *to declare the local self-government unit in financial supervision and to authorize the Ministry of Finance as its financial supervisor, strictly respecting the following conditions:*
- i) *the local self-government unit may not take any decision that may lead to an increase in its financial obligations;*
  - ii) *the local self-government unit may not establish new public services, establish public enterprises or any other institution;*
  - iii) *the local self-government unit may not settle any financial obligations, created before the announcement of the case of financial difficulties, except the obligations explicitly defined in the financial rehabilitation plan”.*

## 10. Number of LGU Employees

During 2022, according to the Government's financial information system (SIFQ), the total number of actual employees for the 61 local government units was 36,663 employees. Compared to 2021, an increase of 1859 more employees is evident. 35 of the 61 municipalities analyzed have increased the number of employees compared to the same period last year, where Shkodër (+427 employees), Tirana (+389 employees), Kamëz (+190 employees) stand out. and Memaliaj municipality (+132 employees). On the other hand, there are municipalities that have a downward trend in the number of employees, where Vorë municipality (-33 employees), Roskovec municipality (-13 employees) and Mallakastër municipality (-10 employees) stand out.



**Chart 17.** Change in the number of employees

# Institute Program and Services

The institute will achieve its goals through these activities:

## **TRAININGS:**

- **In the area of legislation**

- o Knowledge and interpretation of laws and elements in the constitution, especially for the part related to the law on local government.
- o Knowledge and understanding of various laws and legal acts of local government operation.
- o Knowledge and interpretation of civil service legislation and the labor code.
- o Knowledge and comparative analysis with the legislation of different countries from where we can implement experiences.
- o Familiarity with drafting a legal act.
- o Familiarity with the drafting techniques of legal acts issued by local government bodies.

- **In the area of decentralization and European integration**

- o Familiarity with the European Chart of Local Self-Government
- o Programs and news related to the continuation of the decentralization reform processes.

- **In the area of administrative reforms**

- o Familiarity with the reform programs in the state public administration and that at the local government levels.
- o Training related to logical norms for the compilation and drafting of missions and visions for local self-government units.
- o Training related to the analysis of public administration, the treatment of SWOT analysis.
- o Personnel management, and selection and qualification techniques.
- o Evaluation and classification and description of works.

- o Internal control system
- o Citizen's card, etc.
- **In the area of general management**
  - o Use of land, forests and pastures.
  - o Management of local government properties.
  - o Sustainable environmental developments
  - o Management of human resources
  - o Management of natural resources
  - o Building a sustainable culture in local public administration
  - o Environment management.
- **In the area of political action and development**
  - o Political leadership
  - o Administrative leadership
  - o Community development.
  - o Communication with the public and other local actors
  - o Knowing and finding the necessary mechanisms and instruments for sustainable local developments.
  - o Decision-making, etc.
- **In the area of financial management and control**
  - o Financing methods and systems.
  - o Budget and income management.
  - o Design and Management of projects.
- **In the field of local public services**
  - o Management of waste, assets and natural capital in the municipality
  - o Environmental issues and control of the territory and its protection
  - o Agricultural development and rural tourism
  - o Local economic development and partnership with business
  - o Integrated social services and one-stop offices
  - o Water supply and sewage service.
  - o Management and protection from risks, etc.

## STUDIES:

- On classification of problems in the local government bodies referring to the factors present in the respective units, especially with the progress of the decentralization reform.
- Comparative studies and analysis with local government systems in other countries, from which we can get the best practices.
- Studies related to the structures and organizational chart of local administrations.
- Studies of European documents pertaining to local government.

## TECHNICAL ASSISTANCE

- Assistance in the field of project design.
- Technical assistance and consultancy in the field of training.
- Technical assistance and consultancy in the field of personnel management and administration restructuring.
- Assistance and consultancy in the implementation of Local Agenda 21 and SDGs.
- Assistance in investment planning,
- Assistance and consultancy in the drafting of regulations.
- Assistance and consultancy in the drafting of strategic development plans
- Assistance and consultancy for archiving documentation
- Assistance and consultancy in drafting the profile of the municipality or municipality
- Assistance and consultancy for drafting the profile and structural organization of municipalities and administrative units.

Specialists and experts with experience in the structures of local government, public administration and civil society have been engaged in the composition of the INSTITUTE.

## Annex 1: Accumulated debt of LGUs for the period 2020-2022 *(in million lekë)*

No.	Municipality	2020	2021	2022	Difference 2022 - 2021	Difference (in %) 2022 - 2021
1	Tiranë	761.8	653.2	1179.7	526.5	80.6%
2	Kavajë	727.8	820.0	837.5	17.5	2.1%
3	Vorë	702.6	515.6	412.9	-102.7	-19.9%
4	Pogradec	338.7	320.6	278.4	-42.2	-13.2%
5	Lezhë	308.4	278.6	95.0	-183.6	-65.9%
6	Roskovec	302.2	175.9	65.1	-110.8	-63.0%
7	Kamëz	265.4	261.2	210.8	-50.4	-19.3%
8	Vlorë	256.6	115.2	113.5	-1.7	-1.5%
9	Malësi e Madhe	223.9	322.8	69.0	-253.8	-78.6%
10	Durrës	185.4	306.8	110.5	-196.3	-64.0%
11	Dibër	174.6	140.6	392.5	251.9	179.2%
12	Kuçovë	156.3	124.2	173.0	48.8	39.3%
13	Elbasan	153.9	107.8	49.2	-58.6	-54.4%
14	Berat	143.3	170.6	36.0	-134.6	-78.9%
15	Lushnjë	134.8	98.5	35.8	-62.7	-63.7%
16	Divjakë	130.2	103.8	37.6	-66.2	-63.7%
17	Belsh	128.2	214.5	45.2	-169.4	-78.9%
18	Dimal	124.1	133.5	156.0	22.5	16.8%
19	Tropojë	119.3	77.2	71.0	-6.2	-8.1%
20	Rrogozhinë	113.2	93.9	77.9	-16.0	-17.0%
21	Cërrik	111.8	181.3	157.8	-23.5	-13.0%

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No.	Municipality	2020	2021	2022	Difference 2022 - 2021	Difference (in %) 2022 - 2021
22	Poliçan	102.7	78.6	40.6	-38.0	-48.4%
23	Selenicë	99.0	54.5	61.8	7.2	13.3%
24	Fier	88.5	193.1	113.7	-79.4	-41.1%
25	Himarë	75.2	27.7	26.6	-1.1	-4.0%
26	Kukës	72.7	108.0	83.8	-24.3	-22.4%
27	Mirditë	66.9	49.7	31.6	-18.1	-36.4%
28	Pukë	59.3	47.4	38.5	-8.9	-18.8%
29	Klos	58.4	41.6	23.9	-17.7	-42.6%
30	Tepelenë	58.1	39.2	26.2	-13.0	-33.2%
31	Devoll	57.3	51.6	115.6	63.9	123.9%
32	Sarandë	57.2	30.9	7.8-23.1	-74.9%	
33	Librazhd	55.8	19.8	10.0	-9.8	-49.6%
34	Korçë	53.3	11.7	0.3	-11.4	-97.5%
35	Delvinë	51.8	51.4	49.0	-2.4	-4.7%
36	Finiq	50.1	52.7	34.7	-18.0	-34.1%
37	Krujë	50.0	36.9	28.5	-8.4	-22.8%
38	Peqin	32.3	63.9	103.4	39.5	61.9%
39	Skrapar	29.6	26.7	15.6	-11.2	-41.8%
40	Bulqizë	28.3	8.0	7.7-0.2	-3.0%	
41	Has	27.5	16.9	8.8	-8.1	-48.0%
42	Memaliaj	24.3	17.4	13.4	-4.0	-22.9%
43	Mat	19.9	20.6	20.5	-0.1	-0.6%
44	Gramsh	19.7	32.5	12.6	-19.9	-61.1%

LOCAL GOVERNMENT IN ALBANIA - STATUS REPORT 2022

No	Municipality	2020	2021	2022	Difference 2022 - 2021	Difference (in %) 2022 - 2021
45	Prrenjas	16.2	12.7	1.6-11.2	-87.6%	
46	Kurbin	15.8	19.9	65.8	45.9	231.2%
47	Maliq	14.1	62.1	10.6	-51.5	-82.9%
48	Konispol	13.6	35.3	14.3	-21.1	-59.7%
49	Kolonjë	12.2	5.3	0.3	-5.0	-94.3%
50	Mallakastër	10.6	10.6	10.4	-0.2	-1.5%
51	Shijak	9.6	7.1	33.2	26.1	366.6%
52	Libohovë	8.0	5.7	28.9	23.2	407.0%
53	Fushë-Arrëz	8.0	5.9	4.8	-1.1	-18.8%
54	Vau-Dejës	7.8	9.6	3.3	-6.3	-65.2%
55	Përmet	6.3	6.2	45.5	39.3	637.9%
56	Gjirokastër	3.3	0.0	9.2	9.2	0.0%
57	Shkodër	3.2	3.4	0.6	-2.8	-83.1%
58	Pustec	1.4	1.2	146.7	145.6	12352.0%
59	Dropull	0.0	2.7	9.0	6.2	228.7%
60	Këlcyrë	0.0	0.0	0.0	0.0	0.0%
61	Patos	0.0	0.0	0.0	0.0	0.0%
<b>TOTAL</b>		<b>6,930.6</b>	<b>6,484.5</b>	<b>5,862.9</b>	<b>-621.6</b>	<b>-9.6%</b>

Source: Ministry of Finance and Economy, [www.financa.gov.al](http://www.financa.gov.al)

## Annex 2: Unconditional transfer to municipalities for 2022

*In thousands lekë*

No.	Municipality	General Unconditional Transfer 2022	Dormitories of pre-university education	Unconditional sectoral transfers							Total <i>In thousands lekë</i>		
				Preschool education		Pre-university education	Fire protection	Social protection	Forest administration	Roads		Irrigation and Drainage	Multi-sport clubs "Partizan" and "Student"
				Divided by formula for teaching staff	For support staff								
1	Belsh	124,983	0	27,491	1,551	1,284	13,866	0	931	8,483	10,563	0	189,153
2	Berat	308,280	27,665	109,155	40,336	14,546	32,725	23,984	5,893	5,228	15,699	0	583,510
3	Bulqizë	273,559	0	54,979	10,104	0	20,003	0	15,004	30,955	14,155	0	418,759
4	Cërrik	148,346	4,644	46,651	5,566	5,882	16,041	0	2,327	1,948	16,927	0	248,332
5	Delvinë	67,724	0	20,909	5,042	1,863	13,997	0	2,655	3,654	10,563	0	126,407
6	Devoll	199,230	0	55,734	3,549	2,595	14,238	0	4,702	11,254	12,107	0	303,409
7	Dibër	425,819	24,326	128,198	29,747	9,921	26,436	0	8,606	15,173	14,927	0	683,153
8	Divjakë	220,870	0	55,459	1,513	1,358	13,276	0	936	8,403	31,499	0	333,314
9	Dropull	83,191	0	2,795	524	1,180	13,866	0	4,647	5,440	6,576	0	118,218
10	Durrës	877,905	22,977	197,350	50,924	19,539	51,851	0	3,341	25,934	47,422	0	1,297,244
11	Elbasan	711,855	28,749	228,936	58,487	34,484	36,089	21,333	12,681	18,878	15,699	0	1,167,190

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<b>12</b>	<b>Fier</b>	618,189	21,500	174,483	41,848	11,439	35,439	27,040	4,211	9,205	61,953	0	<b>1,005,308</b>
<b>13</b>	<b>Finiq</b>	125,140	0	9,058	1,537	0	16,276		3,718	3,032	16,470	0	<b>175,232</b>
<b>14</b>	<b>Fushë Arrëz</b>	81,069	0	23,703	10,084	4,803	21,041	0	20,298	14,508	2,984	0	<b>178,490</b>
<b>15</b>	<b>Gjirokastër</b>	219,985	18,262	82,347	25,210	6,287	30,619	0	7,335	8,278	10,168	0	<b>408,491</b>
<b>16</b>	<b>Gramsh</b>	223,688	6,524	71,310	9,075	3,861	17,837	0	16,101	20,988	10,563	0	<b>379,947</b>
<b>17</b>	<b>Has</b>	148,628	6,800	34,074	3,549	3,060	15,753	0	9,279	1,721	10,563	0	<b>233,428</b>
<b>18</b>	<b>Himarrë</b>	124,998	0	15,110	1,028	645	16,399	0	8,224	4,821	10,563	0	<b>181,787</b>
<b>19</b>	<b>Kamëz</b>	526,497	0	188,930	31,700	10,442	49,677	0	572	0	3,756	0	<b>811,574</b>
<b>20</b>	<b>Kavajë</b>	226,373	12,856	72,864	17,143	6,845	17,721	0	936	6,052	20,834	0	<b>381,624</b>
<b>21</b>	<b>Këlcyrë</b>	62,850	0	8,408	1,513	2,964	14,041	0	3,313	8,278	10,563	0	<b>111,931</b>
<b>22</b>	<b>Klos</b>	144,730	0	27,152	5,546	1,877	13,866	0	7,866	10,867	2,984	0	<b>214,888</b>
<b>23</b>	<b>Kolonjë</b>	124,983	9,820	33,376	5,546	4,254	16,657	0	16,261	9,639	18,843	0	<b>239,379</b>
<b>24</b>	<b>Konispol</b>	62,899	0	11,190	1,551	0	13,866	0	1,810	1,866	11,335	0	<b>104,517</b>
<b>25</b>	<b>Korçë</b>	462,077	22,114	147,076	43,865	19,592	31,163	0	15,805	7,067	47,566	0	<b>796,325</b>
<b>26</b>	<b>Krujë</b>	295,925	0	85,114	16,658	3,778	19,777	0	6,247	7,679	17,242	0	<b>452,418</b>
<b>27</b>	<b>Kuçovë</b>	168,659	0	61,519	18,655	7,243	15,195	2,650	1,535	2,174	14,155	0	<b>291,785</b>
<b>28</b>	<b>Kukës</b>	329,778	19,644	92,433	31,764	5,132	56,828	2,525	11,959	20,749	6,576	0	<b>577,388</b>
<b>29</b>	<b>Kurbin</b>	234,268	0	85,705	23,675	15,894	16,542	0	2,958	4,180	21,605	0	<b>404,827</b>

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<b>30</b>	<b>Lezhë</b>	340,463	9,399	101,851	27,731	18,397	39,055	0	8,242	5,589	23,920	0	<b>574,646</b>
<b>31</b>	<b>Libohovë</b>	42,729	0	6,174	1,551	1,191	13,866	0	2,841	6,859	2,993	0	<b>78,203</b>
<b>32</b>	<b>Librazhd</b>	287,603	0	69,972	10,104	3,283	14,837	0	9,179	26,012	14,155	0	<b>435,146</b>
<b>33</b>	<b>Lushnje</b>	417,311	9,348	141,465	31,280	11,838	15,606	0	1,817	7,916	49,109	0	<b>685,689</b>
<b>34</b>	<b>Malë e Madhe</b>	304,520	4,253	54,168	3,025	5,479	25,100	0	17,694	13,945	13,878	0	<b>442,062</b>
<b>35</b>	<b>Maliq</b>	309,640	0	80,163	4,072	10,732	13,866	0	6,038	9,368	41,659	0	<b>475,539</b>
<b>36</b>	<b>Mallakastër</b>	164,087	0	60,256	15,630	7,044	15,545	0	2,996	7,735	14,155	0	<b>287,449</b>
<b>37</b>	<b>Mat</b>	195,016	12,738	56,822	18,655	7,680	17,003	0	9,467	27,154	12,563	0	<b>357,098</b>
<b>38</b>	<b>Memaliaj</b>	107,766	0	32,753	5,042	7,762	14,066	0	3,432	4,730	2,993	0	<b>178,543</b>
<b>39</b>	<b>Mirditë</b>	207,162	22,116	49,138	17,134	7,880	19,827	0	16,000	20,224	16,155	0	<b>375,635</b>
<b>40</b>	<b>Patos</b>	134,575	0	43,404	12,605	3,717	19,045	0	1,144	1,949	15,741	0	<b>232,180</b>
<b>41</b>	<b>Peqin</b>	134,477	0	39,942	5,062	4,058	14,540	0	1,511	4,647	10,563	0	<b>214,800</b>
<b>42</b>	<b>Përmet</b>	122,060	6,634	22,510	5,042	4,947	17,412	0	6,079	7,332	10,563	0	<b>202,580</b>
<b>43</b>	<b>Pogradec</b>	371,147	0	134,639	7,583	9,930	19,645	0	18,041	22,001	11,335	0	<b>594,321</b>
<b>44</b>	<b>Polican</b>	102,099	0	27,559	6,935	5,334	15,407	0	4,181	3,684	3,793	0	<b>168,992</b>
<b>45</b>	<b>Përrenjas</b>	179,902	0	44,491	5,081	3,780	16,341	0	8,068	19,824	12,563	0	<b>290,050</b>
<b>46</b>	<b>Pukë</b>	115,050	13,822	31,735	12,605	7,680	19,495	0	13,048	6,945	2,984	0	<b>223,363</b>
<b>47</b>	<b>Pustec</b>	36,255	0	6,075	325	0	18,876	0	918	335	5,984	0	<b>68,767</b>

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<b>48</b>	<b>Roskovec</b>	115,119	0	30,719	2,541	2,437	13,866	0	1,144	4,257	7,348	0	<b>177,430</b>
<b>49</b>	<b>Rrogozhinë</b>	148,325	0	32,372	6,070	2,477	13,276	0	1,486	0	10,563	0	<b>214,569</b>
<b>50</b>	<b>Sarandë</b>	134,873	18,567	45,797	13,109	3,796	18,999	0	2,716	0	6,576	0	<b>244,433</b>
<b>51</b>	<b>Selenicë</b>	176,714	0	28,218	4,558	10,022	15,866	0	4,767	2,955	16,555	0	<b>259,654</b>
<b>52</b>	<b>Shijak</b>	141,939	0	38,496	6,555	3,131	18,276	0	936	51	6,576	0	<b>215,961</b>
<b>53</b>	<b>Shkodër</b>	665,861	58,505	126,163	53,445	25,911	41,893	36,651	11,866	20,135	29,451	0	<b>1,069,880</b>
<b>54</b>	<b>Skrapar</b>	127,428	11,198	36,029	11,216	9,793	19,537		9,530	13,592	15,563	0	<b>253,886</b>
<b>55</b>	<b>Tepelenë</b>	86,777	6,800	33,566	8,067	3,690	14,412		5,302	6,622	2,988	0	<b>168,225</b>
<b>56</b>	<b>Tiranë</b>	2,523,451	90,860	620,016	261,174	91,645	119,614		10,353	21,270	22,506	32,000	<b>3,792,888</b>
<b>57</b>	<b>Tropojë</b>	212,844	0	44,046	11,596	3,738	17,452		15,578	9,369	3,484	0	<b>318,108</b>
<b>58</b>	<b>Dimal</b>	142,830	0	48,006	524	1,689	13,997		918	4,049	19,686	0	<b>231,698</b>
<b>59</b>	<b>Vau i Dejës</b>	230,732	8,813	40,685	1,047	2,457	13,276	19,958	6,944	6,134	12,878	0	<b>342,925</b>
<b>60</b>	<b>Vlorë</b>	565,117	26,042	209,457	66,049	33,264	43,796		6,279	2,920	41,600	0	<b>994,525</b>
<b>61</b>	<b>Vorë</b>	125,574	0	44,044	2,541	5,273	13,276		932	525	10,563	0	<b>202,729</b>
<b>Total</b>		<b>16,591,944</b>	<b>524,975</b>	<b>4,532,238</b>	<b>1,135,242</b>	<b>520,822</b>	<b>1,378,149</b>	<b>134,140</b>	<b>409,597</b>	<b>564,582</b>	<b>966,310</b>	<b>32,000</b>	<b>26,790,000</b>
<b>Total in euro</b>		<b>135.5 mln</b>	<b>4.2 mln</b>	<b>37 mln</b>	<b>9.2 mln</b>	<b>4.2 mln</b>	<b>11.2 mln</b>	<b>1 mln</b>	<b>3.3 mln</b>	<b>4.6 mln</b>	<b>7.8 mln</b>	<b>261 mijë</b>	<b>218 mln</b>

Exchange rate 1 euro = 122.41 lek

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