



**STATUS-REPORT
LOCAL PUBLIC FINANCES
YEAR 2017**

www.financatvendore.al



**Co-PLAN, Institute for Habitat Development
Tirana, April 2018**



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Methodological note

The status-report of local public finances was drafted based on data provided by the Local Finances Portal www.financatvendore.al. The data indicated in the portal derive from the Government Financial Informative System (Treasury System) at the Ministry of Finance and Economy, which are further elaborated and published on the platform www.financatvendore.al.¹ The data are available in quarterly and cumulative (progressive) terms for the period 2010-2017. In addition to the analysis based on financial data, the drafting of Status Report 2017 was also supported by analysis and studies carried out by third parties and analytical documents of the Ministry of Finance and Economy on government and local finances.

Data on local finances (revenues and expenditures) include only data referring to the first level of local government, municipalities. Also, classifications used for revenues and expenditures follow definitions of law no. 9936/2008 "On the management of budget system in the Republic of Albania", as amended" (Organic Budget Law - OBL). Total revenues in the budget, regardless of source, shall be considered as total financial resources. Furthermore, the financial resources shall be classified into revenues from local resources, shared taxes and intergovernmental transfers (conditional, unconditional and specific). Expenditures incurred by municipalities shall be categorized (i) by economic nature in expenditures for salaries and insurances, operating expenditures and other capital expenditures; (ii) by functional classification of government functions (COFOG); (iii) by funding source - with funds from its own resources or transfers from central government.

In the conditional transfer are included all funds transferred from bodies of central government to local government units and funds from (FZHR). Also, in accordance with provisions of law no. 68/2017 "On Local Self-Governance Finance", the conditional transfer is provided for functions delegated in local government units and for specific projects of local interest. This item includes also the transfer of the Ministry of Social Welfare and Youth for the economic assistance and disability payment.

Finally, for the period 2010-2015, the report consolidates the financial data of 373 local self-government units (municipalities and communes) in data for 61 municipalities established after the implementation of administrative and territorial reform, thus facilitating comparability for following years. For the data production per capita are used the population data according to Census 2011 published by INSTAT.

1. INTRODUCTION

¹ This report was preceded by the report for 2016 and the report of local finances for the nine-month period of 2017 and shall be followed by other reports, which you will find on the platform www.financatvendore.al. In this platform, you may establish your own report to monitor the sources of the revenue generated and how they are spent by your municipality. Also, you may find other documents of interest such as budgets and fiscal packages of your municipality.

Transparency and accountability on the use of public funds are essential elements for the improvement of the provision of local or central public services, for raising awareness and promote action by citizens in decision-making and increasing the accountability of elected persons toward citizens. However, for many reasons, municipalities do not always publish or make available to citizens, in a timely and appropriate manner, information on the financial management of the municipality. The purpose of this report is to present and clarify the funding sources of the 61 municipalities and their usage manner throughout 2017.

The status report of local public finance presents an analysis of the performance, trends and financial situation of the new 61 municipalities at the end of 2017. Since 2017 is the second full year of implementation of the Administrative and Territorial Reform (ATR) and of the decentralization of new functions², this report can also serve to inform the discussion on ATR expectations and the performance in implementing new functions. Comparative analysis with previous years helps in assessing the situation of local public finances before and after ATR, compared to the national situation and/or other municipalities. From a methodological point of view, the comparison with factual data of previous years is done by referring to 373 local government units that are consolidated at the level of 61 municipalities. This allows for some preliminary conclusions on the developments brought by the territorial administrative reform in the operational efficiency of the new municipalities.

This report is part of a series of short quarterly and annual reports on local finances prepared by Co-PLAN, Institute for Habitat Development. Status report of local public finance 2017, is preceded by Status-Report of 2016 and of 2015. The latter is considered the hybrid year of completion of the old administrative division and entry into force of the new division. Annual and quarterly reports are published in the platform www.financatvendore.al.

2. FINANCIAL RESOURCES

² For further information, refer to the law no: 139/2015 "On local government". Based on the appendix no.: 4 of the law no. 130/2016 "On the budget 2017", the new functions transferred at the local level and funded by specific transfers are: dormitories of pre-university education; social services centres; fire and rescue service; teaching and non-teaching staff in pre-school education and non-teaching staff in pre-university education; rural roads; forest management; irrigation and drainage.

The aim of this section is to reflect the sources of the funds with which the municipalities exercise their functions, responsibilities and provide services to the respective community as well as their performance in the period January - December 2017 (progressive data)³ The financial resources available to local government for 2017 recorded a value of around **75.8 billion ALL**⁴, with an increase of 23% compared to the previous year. In nominal terms, total financial resources were estimated to about 14.2 billion ALL. If in the total of local financial resources are included the funds inherited from the previous year, the total resources are estimated at a level of 80.8 billion ALL, marking an increase up to 16.5% in annual terms.

If from the total of financial resources would exclude those categories of revenues deemed to be (conditional transfers), **the revenues over which the municipalities exercise complete (or almost complete) control and have decision-making rights, have marked a value of about 43.5 billion ALL, marking an increase up to 20.9% in annual terms.**

Table 1. Total financial resources (in ALL)

	Revenues from its own resources	Unconditional and specific transfers	Shared taxes	Conditional transfers*	Total financial resources
2010	12,891,663,200	10,561,625,060	1,170,003,470	25,806,764,310	50,430,056,040
2011	12,631,701,000	10,204,712,000	1,308,927,130	23,412,459,060	47,557,799,190
2012	11,988,290,560	9,229,560,860	1,406,942,040	22,726,329,460	45,351,122,920
2013	12,153,488,880	10,955,191,220	1,509,291,620	25,177,716,670	49,795,688,390
2014	14,409,383,700	12,128,442,390	1,065,198,190	28,582,275,720	56,185,300,000
2015	13,056,130,410	11,251,989,590	1,132,951,570	26,356,041,130	51,797,112,700
2016	16,782,224,630	18,146,533,940	1,047,236,690	25,628,574,190	61,604,569,450
2017	20,336,808,369	21,917,678,257	1,227,289,116	32,308,267,287	75,790,043,029

Source: Local Finance portal www.financatvendore.al

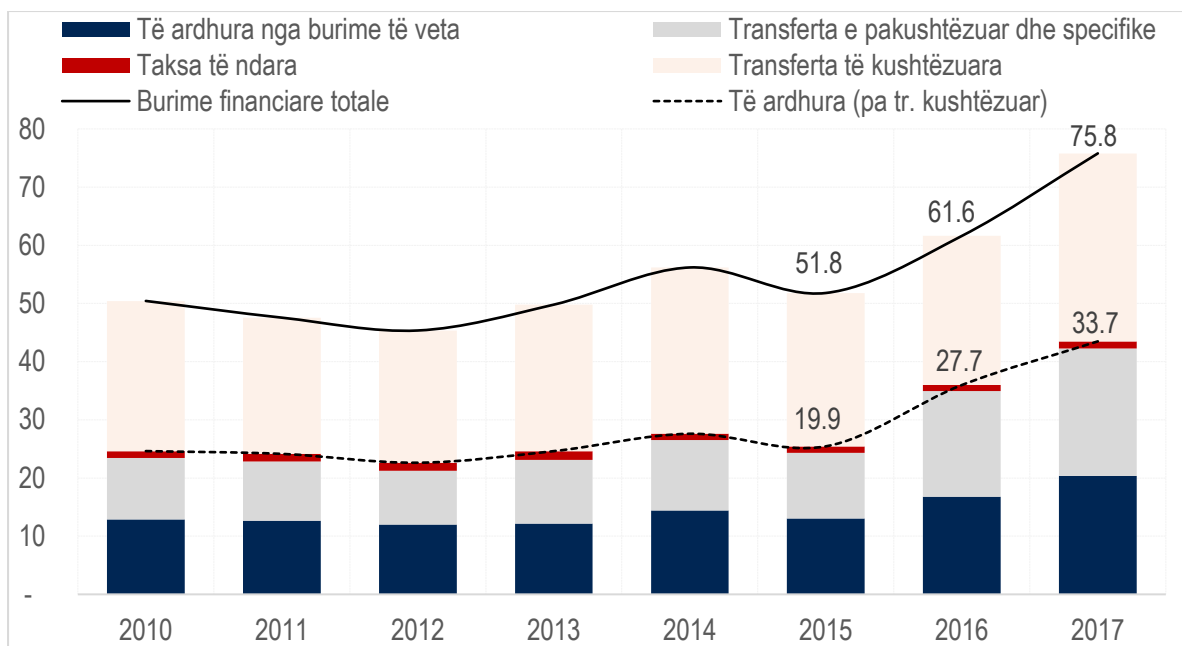
*In the conditional transfer are included all financial means transferred from the line ministries at the local level, respectively from the ministries responsible for infrastructure and transport, education, urban development, health, social welfare, economy etc.

Averagely, during the period 2010-2017, the structure of financial resources available to municipalities does not represent significant fluctuations. Revenues under the full (or partial) authority of the municipalities are estimated about 57.4% of total financial resources and include: revenues from their own resources, revenues from unconditional and specific transfers, revenues from shared taxes. Revenues growth in this category was largely determined by the increase of unconditional and specific transfers of income and revenues from the municipality's resources (taxes, fees, asset transactions and others). Meanwhile, the revenues from shared taxes, contributed modestly to the overall growth of the category of the revenues concerned.

Graph 1. Financial resources (in billion ALL)

³ Total financial resources of the local self-government units include: (i) revenues from its own resources (taxes, fees, others and borrowing), (ii) revenues from intergovernmental transfers including revenues from unconditional and specific transfer, revenues form shared taxes and revenues from conditional transfers.

⁴ This figure does not include revenues from funds inherited from the previous year (conditional or not).



Resource: Local Finances Portal www.financatvendore.al

Even though in general terms (total for all municipalities) the structure of financial

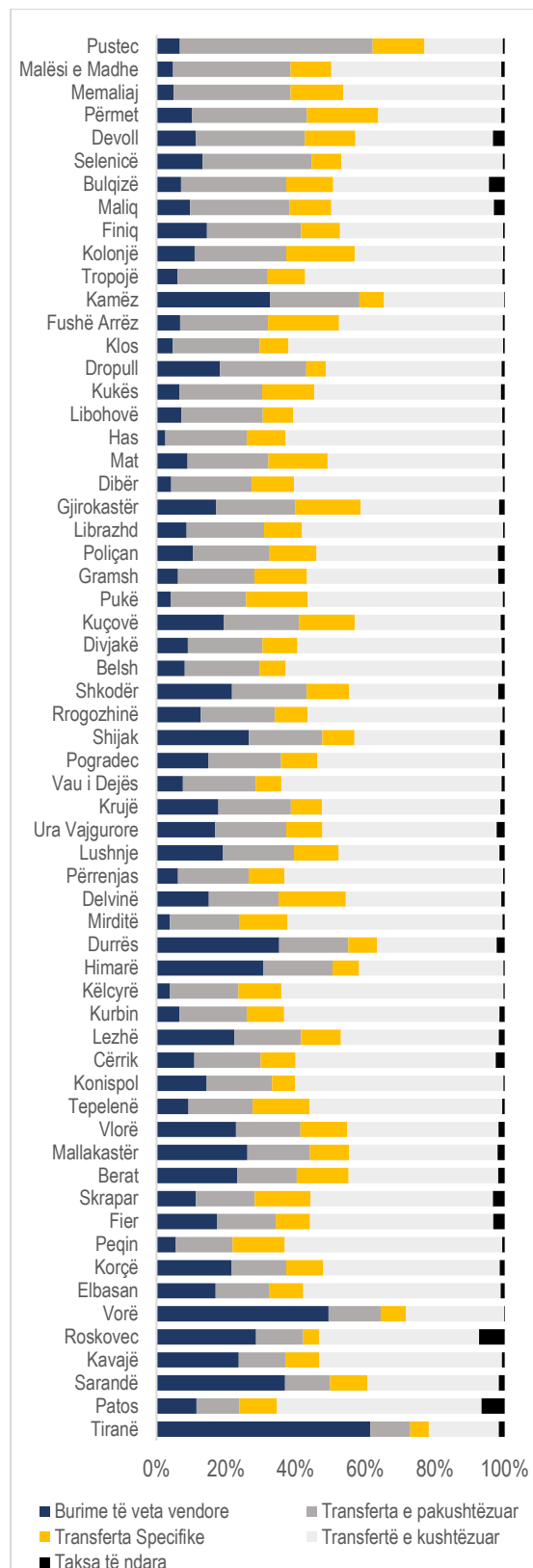
resources for municipalities does not represent significant differences, the analysis at municipal level presents different scenarios. The specific share of financial resources in the local budget is simultaneously a direct indicator of local autonomy and to some extent of their fiscal capacity.

For 2017, data show significant differences between municipalities regarding the share of different sources of funding to total financial resources. In concrete terms, if revenues from their own local resources are estimated approximately 61.4% of the total financial resources in the Municipality of Tirana, in the Municipality of Has, this indicator decreases to a level of 2.5%. The differences marked in the share of revenues from their own local resources to the total of financial resources signal and represent a high correlation between the demography of businesses and the population in the territory. Based on INSTAT data, approximately 28.7% of active enterprises are located in the territory of the Municipality of Tirana. By contrast, in the Municipality of Has, only 0.2% of the active enterprises are located for 2016.

Even during 2017, the conditional transfer turns out to have been an important financial resource for the municipalities in the country. Its share in the total of financial resources fluctuates at a wide range: the minimum level is approximately 11.5% and the maximum level is about 55.4% of total financial resources.

Even though it's some country rich in natural resources (and an important part of exports), revenues from shared taxed (especially mining rent) didn't appear to have had significant share (with minor exceptions) on municipal revenues.

Graph 2. Structure according the financial sources



Resource: www.financatvendore.al

Financial autonomy: how independent are the municipalities?

Even though "financial autonomy" is a broadly cited argument in literature and finance, there is still not a well-defined and widely accepted definition of financial autonomy in the local context. According to Chapman (1999)⁵ the financial autonomy of public administration is defined as its ability to generate revenues in the local economy and to decide on how to spend them independently. Meanwhile, for Petkovska (2011)⁶, financial autonomy refers to the ability of institutions to independently manage their financial affairs without external interference from third parties. Other authors as Ebohon, Osemwota & Agebaku (200)⁷ consider two aspects in defining financial autonomy: the economic and the political aspect. For Scutariu & Scutariu (2015)⁸ and Romanik (2012) financial autonomy relates to the ability of local public authorities to manage available financial resources to solve the problems and to meet local public interests. In their study, they estimate the local financial autonomy as a ratio of revenues from local resources to total financial resources. The European Local Governance Charter (1985) in Article 9, paragraph 2, stipulates *"the need for an appropriate relationship between the financial resources available to a local body and the tasks it carries out. This relationship is particularly strong for functions that are specifically assigned to the local authority."* Based on this definition, a satisfactory level of financial autonomy implies an appropriate relationship between financial resources and local governmental duties/functions/competences. Also, financial autonomy should be seen in two directions: financial autonomy on the revenue and expenditure side. In this informative area, we will try to assess the financial autonomy of revenue by taking into consideration the structure of financial resources and their decision-making authority over these resources. These predictions, translated into the Albanian context, may set some levels of financial autonomy, depending on the elements involved.

Table 2. Financial autonomy (year 2017)

	(A) Local revenues (taxes, fees and others) to total financial revenues;	(B) Local revenues (taxes, fees and others) and shared taxes to total financial revenues;	(C) Local revenues (taxes, fees and others), shared taxes, unconditional transfer to total financial revenues;	(D) Local revenues (taxes, fees and others), shared taxes, unconditional transfer and specific transfer to total financial revenues;
Minimum	2.5%	3.2%	22.5%	36.2%
Maximum	61.4%	63.1%	74.6%	79.9%
Average	27.0%	28.7%	47.1%	57.1%

Source: Local Finances Portal www.financatvendore.al

Despite the adopted concept of financial autonomy, averagely, the level of financial autonomy is estimated to be low in 2017. The (D) indicator, which excludes conditional transfers only, has averagely marked a level of about 57.1%, led by a limited number of municipalities which are in more favourable

⁵ Chapman, J. I., 1999. Local Government, Fiscal Autonomy and Fiscal Stress: The Case of California, Lincoln Institute of Land Policy, School of Public Affairs, Arizona State University, p. 3,

⁶ Petkovska, S., 2011. An analysis of financial autonomy in Macedonian higher education, University of Aveiro, Master thesis, p. 21, <http://www.herdata.org/public/Petkovska.pdf>.

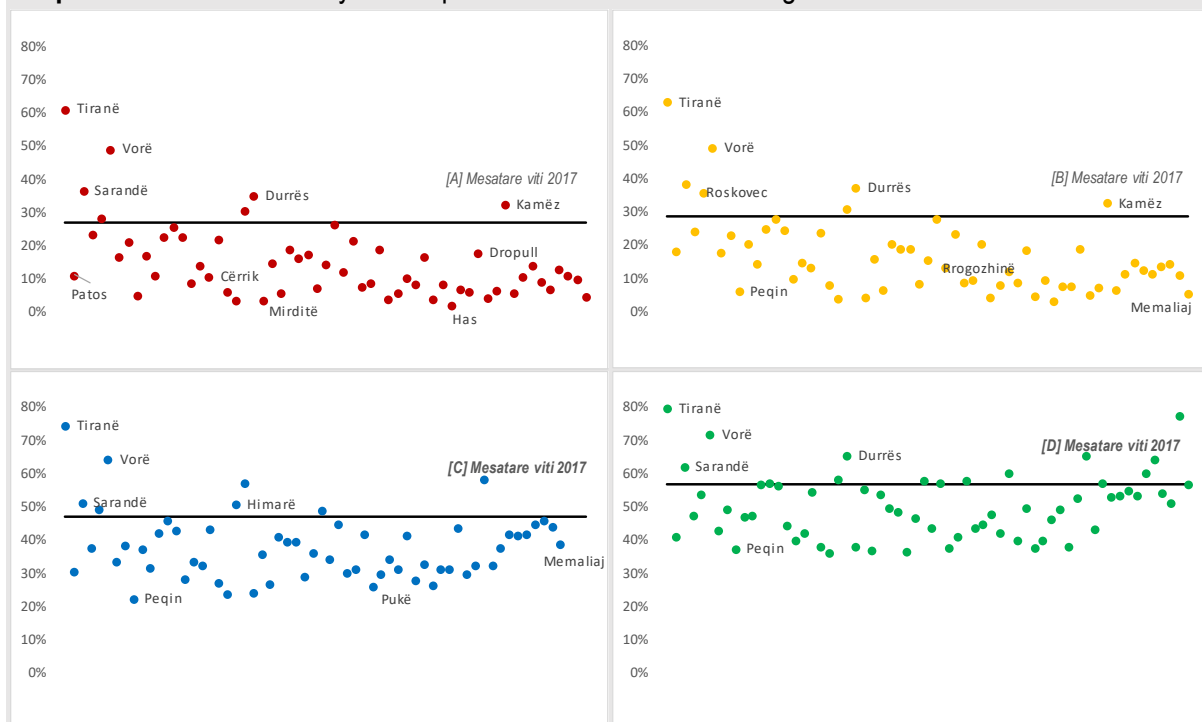
⁷ Ebohon, S. I., Osemwota, O., Agebaku, P., 2011. Autonomy and Local Capacity: An Analysis of the Performance Profile of EDO State Local Government Councils, Medvell Journals, The Social Sciences 6, 3, pp. 235-236.

⁸ Scutariu, A., Scutariu, P., 2015, The link between financial autonomy and local development. The case of Romania, Procedia Economics and Finance 32 (2015) 542 – 549

conditions regarding the population and businesses located in their territory. The (A) indicator, which is the closest indicator to the concept of autonomy, has an average level of 27%, and a wide fluctuation level which marks a minimum level of 2.5% and a maximum level of 27.6 %.

In the case of Municipality of Shkodra, financial autonomy is estimated at a minimum level of 21.7% when only revenues from tax, fees and other local revenues are considered at a maximum of 57.2% when we consider a wider concept of financial autonomy also considering revenues from shared taxes, unconditional and specific transfers.

Graph 3. Financial autonomy: municipalities toward national average



Source: Local Finances Portal www.financatvendore.al

Regardless of the adopted concept of financial autonomy, financial autonomy is estimated to be low for municipalities in the country (WB benchmark for financial autonomy is >80%). Over 85% of municipalities have a level of financial autonomy under the national average. These results suggest a high dependence on the financial resources transferred by the central government. Consequently, even the strategic investment enterprise with high-value becomes difficult as a result of financial constraints connected to the limited space for local borrowing.

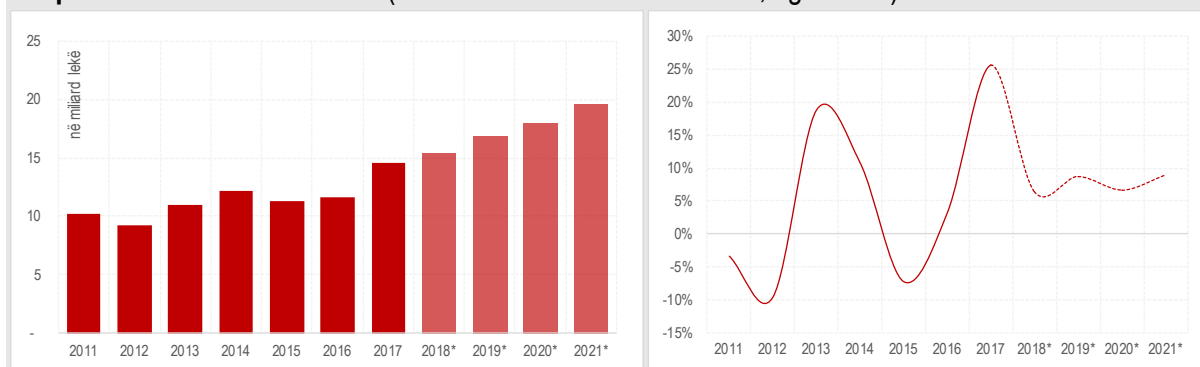
2.1 Unconditional revenues

Among the main objectives of the administrative and territorial reform implemented in 2015 was "the improvement of the governance and of the provision of more efficient public services by local governments; more effective collection of taxes and fees ...". as an instrument to contribute and promote the development in the territory under administration. In addition to the ATR and in accordance with the provisions of the Cross-sectoral Strategy for Decentralization and Local Government 2018-2020, Law no. 139/2015 "On local self-government" was adopted, which transferred to the new municipalities a number of functions that were funded by a specific transfer. In 2016, the specific transfer was about 6.5 billion ALL and in 2017 this transfer was 7.4 billion ALL, for the coverage of staff and operational expenses. Even in 2017, the funds allocated for capital expenditures were negligible, a concern often put forward by the municipalities.

New law on local self-governance finances

In 2017, law no: 68 "On local self-governance finance" was adopted after a long time of consultations launched in 2015 and supported by the Planning and Local Governance (PLGP) Project in Albania. This law is the result of an open consultation process with all stakeholders: local government units, municipal associations; international institutions and partners, civil society, etc. Law on Local Government Finance is established on three important pillars: (i) fiscal and financial autonomy; (ii) fiscal and financial discipline and (iii) open intergovernmental dialogue. In the framework of fiscal and financial autonomy, this Law for the first time stabilizes and defines in quantitative terms the value of unconditional transfer and sanctions its allocation based on the formula adopted by MoFE. In nominal terms, the unconditional transfer has not only been increased, but for the following years it is defined as 1% of GDP of the preceding year (averagely, during the period 2010-2017 the unconditional transfer was about 0.89% of GDP) and can't be lower than the level of the previous year. For many of the municipalities in the country, this source of income is the most important financial source, thus its predictability and sustainability is essential. Also, municipalities are now free to use as per their advantages the financial means gained from it⁹.

Graph 4. Unconditional transfer (in value and annual differences, right chart)



Source: Local Finances Portal www.financatvendore.al

*2018 – 2021 assessments of MFE

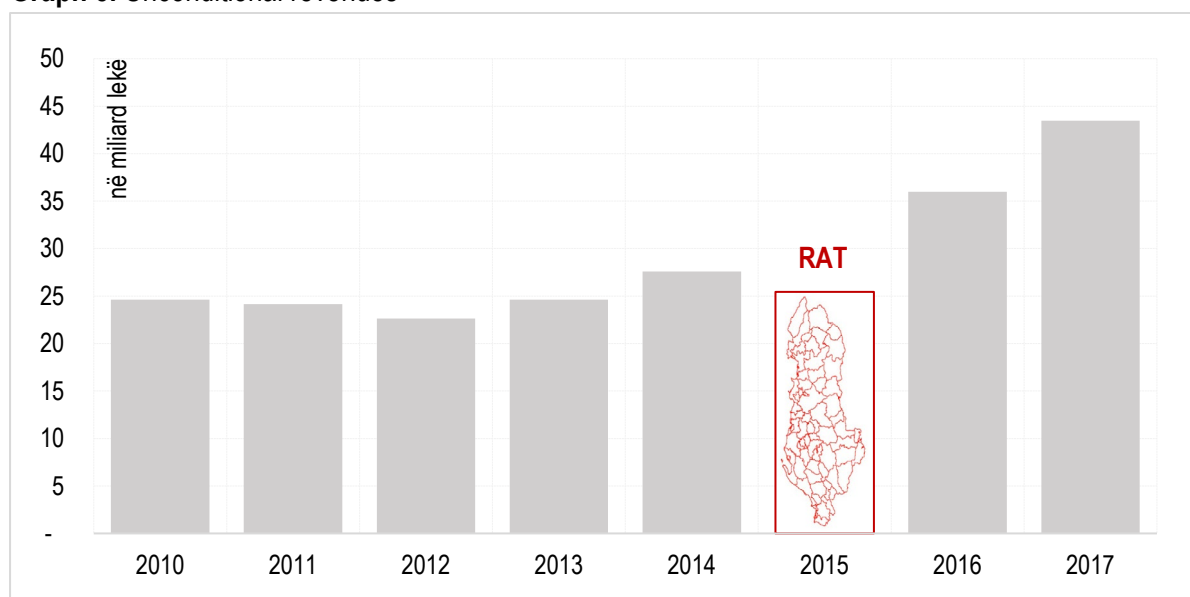
The Law on Local Finances brought significant changes to the category of shared taxes, among which separation of revenues from the tax on personal incomes (TAP), from which municipalities receive 2% of

⁹ Over certain years, the central government has defined rules on how to use unconditional transfer. For example, in 2016, municipalities should minimally spend 40% of the transfer for capital expenses.

the total, was an innovation¹⁰. In addition to the revenue increase, the law also provides some rules for fiscal and financial discipline (realistic provisions and identification and financing of strategic priorities, rules on financial management).

Sources of revenues, over which local self-government units exercise their authority and have (full/partial) decision-making rights (local resources, unconditional and specific transfers, shared taxes), recorded a value of approximately 43.5 billion ALL in 2017 with annual increase of about 20.9%. After 2015, revenues used freely by municipalities are estimated to have been increased progressively. In this regard, significant impact provided the funds from unconditional (increasing) and specific transfers to new functions¹¹.

Graph 5. Unconditional revenues



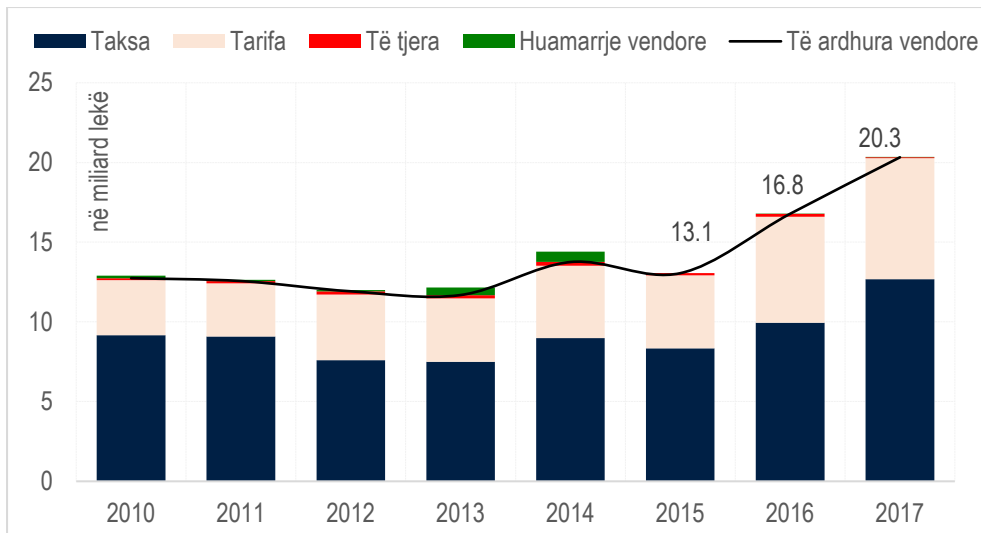
Source: Local Finances Portal www.financatvendore.al

Their own revenues (from taxes, fees, assets and others) recorded a value of approximately 20.3 billion ALL, marking an increase up to 3.6 billion ALL or 22.2% compared to the previous year. The progress of this income category signals the continuation of performance improvement of local revenues in general. Meanwhile, it is difficult to analyse the reasons behind the positive performance improvement in revenues from local taxes and fees: revenue increase from this category is determined by the increase in the overall level of taxation or the expansion of the taxable base in the municipality.

Graph 6. Own revenues from taxes, fees and others

¹⁰ Municipalities shall benefit 25% of the revenues from motor vehicle tax (from 18%).

¹¹ For better comparability between the periods considered from the total unconditional resources, we can deduct the specific transfer value for 2016 and 2017. Excluding the funds from specific transfers to the new functions, it results that the revenues for which municipalities have freedom of use are increased by about 15.9% and 22.4% in 2016 and 2017 respectively.

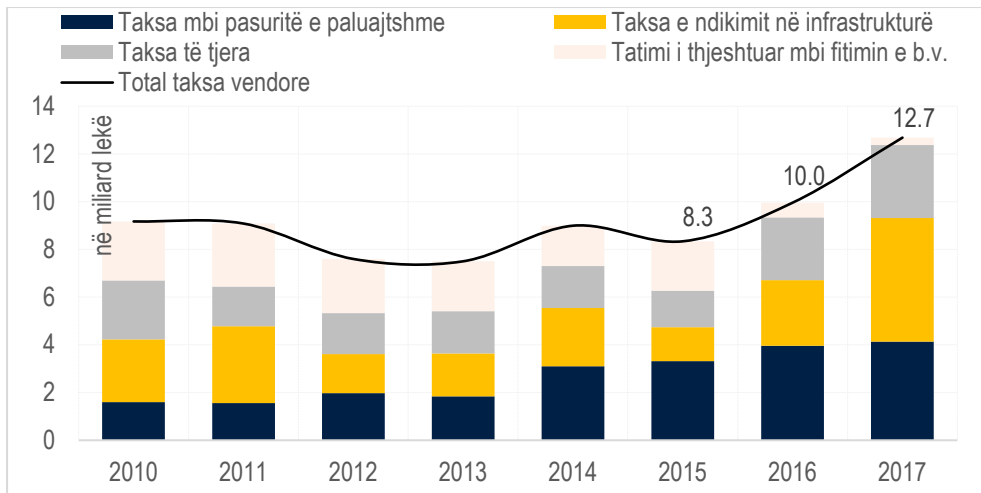


Source: Local Finances Portal www.financatvendore.al

The positive progress of their own revenues in 2017 was significantly conditioned by good performance followed by the revenues from **local tax**, which recorded a level of approximately 12.7 billion ALL, marking an increase up to 27.4% compared to 2016. Analysis detailed as per tax items shows that this positive performance is led by the increase of revenues from the *infrastructure impact tax* which has marked the highest historical level since 2010. Revenues from this tax contributed with approximately 5.2 billion ALL to the local budget, which was significantly higher than the level of this tax of 2.7 billion ALL registered a year ago.

The performance of revenues due to this tax suggests a revival of the construction activity in the country; private constructions (increase in the number of construction permits by municipalities following the adoption of the general local plans with the issuance of about 455 new permits in 2016 up to 819 new permits in 2017) and public constructions (public investments undertaken by the central government). At the municipal level, approximately 66.9% of revenues from infrastructure impact tax were recorded in the budget of Municipality of Tirana (1.6 times higher than the level of revenues from this tax a year ago).

Graph 7. Revenues from local taxes

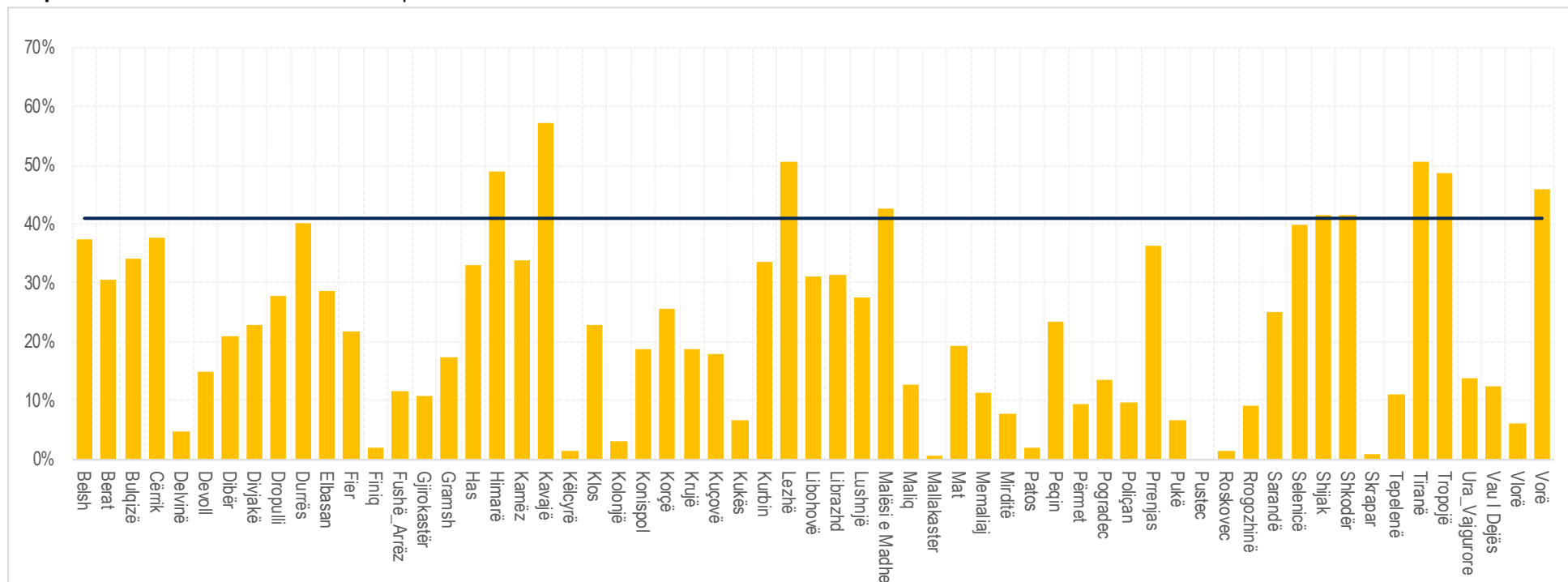


Source: Local Finances Portal www.financatvendore.al

Municipalities need to be very prudent with the use of revenues from infrastructure impact tax, especially the Municipality of Tirana, due to the irregular tax collection nature demonstrated during the last 7 years as well as for exogenous factors that significantly affect it (local government policies and facilities available for construction). Best practices in the usage of this tax suggest that revenues collected from it are to be driven towards short-term investments to rehabilitate environments affected by constructions or infrastructure built on them, rather than in large-scale investment projects or other expenditures policies which last in time (e.g. housing subsidies). This is because the eventual shortage in future receipts from this tax can bring considerable difficulties for municipalities to cope with the multi-year contracts or commitments undertaken exactly with the wrong premise that this tax will continue to perform as it did in 2016 and 2017.

At the average level, TNI revenues (from new construction and revenues from legalization) represented around 40.9% of local tax revenues. For 16% of municipalities, revenues from this tax are above the national average. Meanwhile, in about 14.7% of the municipalities, revenues from this tax represents 5% of revenues, reflecting to some extent even lower development pressures. The implementation of the General Local Plan (PPV) through new construction permits on one side positively influences the increase of TNI revenues for municipalities, on the other hand, places them in a challenging position for the provision of the necessary public infrastructure which also require financing both in the initial development and in ongoing maintenance as well. Since this income depends greatly on the request for development (construction permits and legalization process) and public works, it should not be considered as a continuous income in the budget. The extent of which the municipalities will be able to provide the necessary public services is an issue to be further studied.

Graph 8. Revenues from infrastructure impact tax

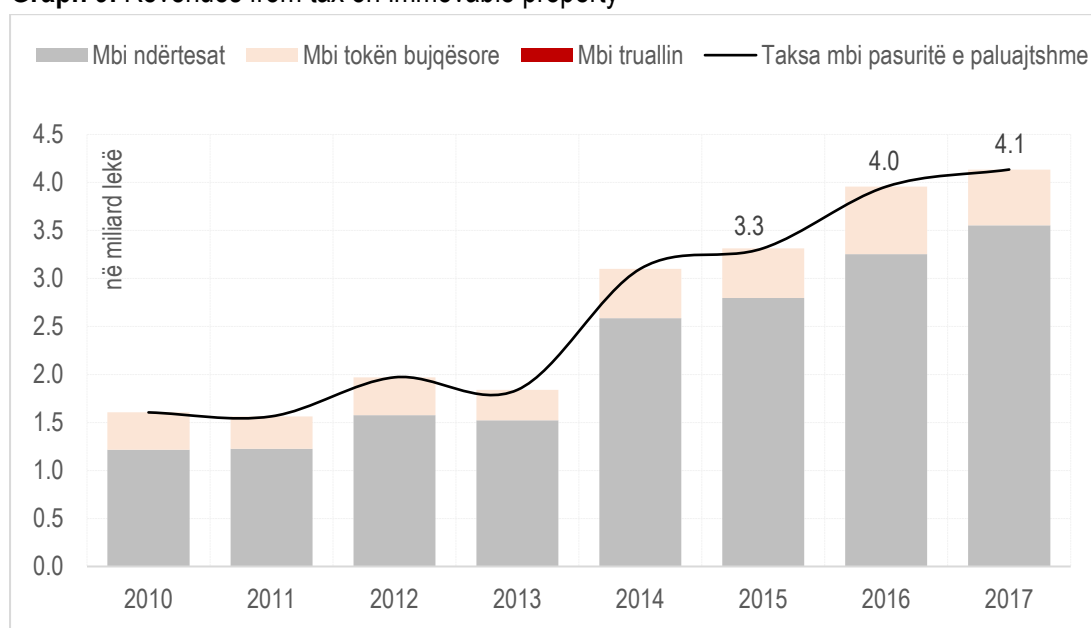


Source: Local Finances Portal www.financatvendore.al

As expected, the revenues from *simplified tax on small business profit* continue to reduce their contribution to the total of local tax revenues.¹² Over the reviewed period, revenues from simplified tax on small business profit have been accounted to 311.2 million ALL, with a decrease of 49.3% compared to 2016. Although to a lower extent, revenues from the hotel service tax and the billboards have contributed positively to the overall increase of local tax revenues.

Another important source of income in the local budget is represented by revenues from *tax on immovable property (buildings, agricultural land)* for 2017, revenues deriving from this tax have been estimated to 4.1 billion ALL, marking with an increase up to 4.5% in annual terms. In all reviewed years, the tax on buildings comprise an average of 85.4% and revenues from agricultural land tax comprise 14.6%, to total of revenues from immovable property tax.

Graph 9. Revenues from tax on immovable property



Source: Local Finances Portal www.financatvendore.al

In contrast to the trend of tax on buildings, revenues from agricultural land tax marked an annual decline of about 17.3% compared to the previous year. The land tax does not appear to have recorded revenues in 2017, and this may be related to the problems of almost total lack of tax base registers (and taxpayers). We may also face the problem of financial reporting thus it is needed a deeper assessment to be made by the authorities.

Property tax: will the properties be served with better infrastructure?

In the framework of fiscal decentralization during 2017, two important steps were taken, which were materialized in the adoption of Law no. 68/2017 “On the finances of local self-government” and reform of

¹² The progressive decline of revenues from this tax comes as a result of amendments in the law no. 9632/2006 “On the local tax system” as amended, according to which starting from year 2016 all small businesses with annual turnover under 5 million ALL are excluded from the tax liability, while for small businesses with annual turnover of 5- 8 million ALL tax rate has been halved.

the tax on immovable property. With the adoption of Law no: 106/2017 "On some amendments and appendices to Law no. 9632, dated 30.10.2006, "On the local tax system", as amended, the fundamental reform of the immovable property tax was approved. Based on this law shall be established the "Fiscal Cadastre" defined as "the central register of immovable property database serving for the purpose of administering the immovable property tax". Also, depending on the minister responsible for finances, the "General Directory of Property Tax" will be established as a budget public legal entity.

For the implementation of this law, DCM no. 132/2018 *"For establishment of the methodology for determining the taxable value of immovable property "building", the tax base for each specific category, the nature and priority of the information and data for determining the tax basis as well as the criteria and rules for the alternative valuation of the tax duty."* Based on this methodology, **the value of the property** shall be represented by the actual value of the immovable property recognized by legal documents or the value determined by one of the alternative methods described in the DCM no. 132/2018. In case of differences between the value declared in the self-declaration for property owned or used and the value calculated with the prices according to the methodology, the value of the tax base shall be the highest value. For properties over which a sale-purchase transaction has been carried out over the last three years, the highest value between the transaction and the value recorded in the ZVRPP shall be taken as the taxable base. In the absence of a price in the two above mentioned ways, the municipalities must set an estimate price for the valuation of immovable properties/property unit, which shall correspond to the average reference price of buildings used for residential purposes according to the cities, as defined in DCM no. 132/2018. In the absence of data on the surface area of the dwelling or property unit owned or used, shall be used the concept of the presumed surface area of 100 square meters for residential dwellings, whereas for privatized dwellings according to law no. 7652, dated 23.12.1992, "On the privatization of state dwelling", as amended shall be applied a presumed surface area of 70 square meters. Municipalities can apply zone/subzone subdivision in their territory and differentiate the tax rate within the +/- 30% limit, and with the decision of the LGU Council, they can reduce the reference price for dwellings in administrative units up to 35% (up to 30% for the Municipality of Tirana), compared to the price of the nearest area.

Starting from 1 April 2018, the tax on the building shall be calculated by multiplying the tax base with the percentage rate of tax as per the following categories:

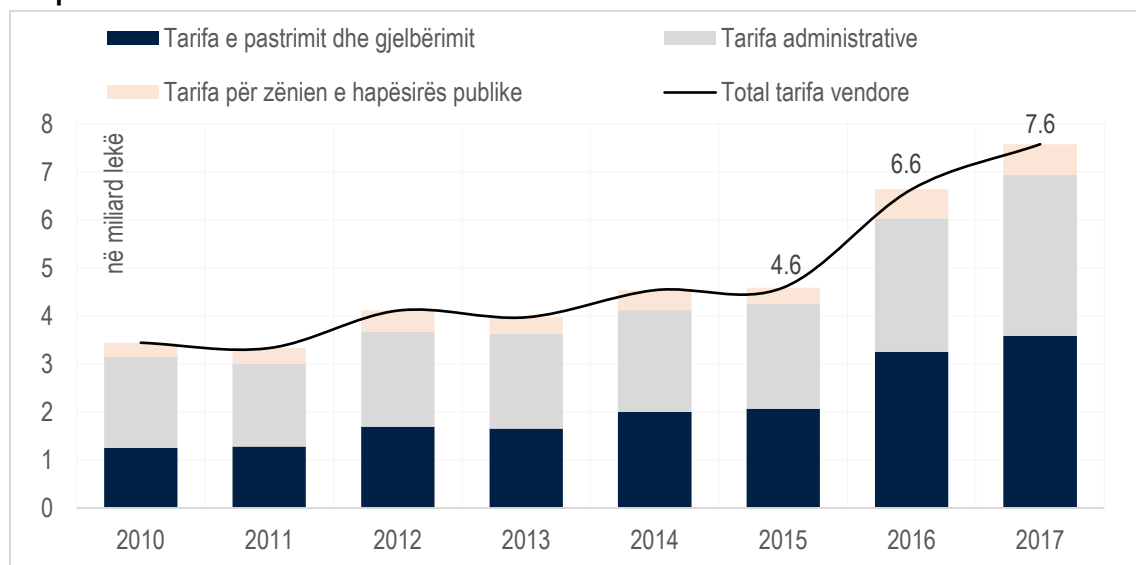
- 0.05%, for the building used and exploited for housing;
- 0.2%, for the building used for economic activity;
- 30% of the respective tax rate for the entire construction site for which the developer has been granted a construction permit and has failed to complete it, according to the deadline set in the approval act of the request for a construction permit.

Following this fundamental reform of the property tax, the creation of a complete and updated database and the application of the building tax based on the "market" value, revenues in the budget of the local self-government units are expected to increase significantly during 2018 and onwards. Although most likely, citizens and business entities will have to pay more than what they paid up to 2017, there is no information on how to use the revenues expected to be generated from it. Regarding the increase of revenues from this tax, will they be reflected in better services

provided by municipalities/improvements and maintenance of the infrastructure that serve the property? Can there be a direct link to local budgets between the generated revenue and its use by the municipality?

Improvement of the performance of revenues from local fees positively contributed to the total revenue performance of the municipalities. As for the total local revenues, revenues from fees comprise a share of 37.3% and represent a category of revenues over which municipalities have full rights. In general, revenues from local fees represent an upward trend from year to year, dictated by the performance of a group of municipalities that have applied increases in the level of local fees as well as the use of UK as tax agents. During 2017, revenues from such fees have been estimated to 7.6 billion ALL, with an increase up to 14.1% in annual terms. Revenues from fees of public services (waste management, lighting and greenery) were estimated to 3.6 billion ALL, with an increase of 10.2% in annual terms. Similar to the first category, revenues from administrative fees and other revenues contributed with approximately 3.4 billion ALL to total revenues from fees. The fee for occupying public spaces also had a positive performance in the period under review, marking an increase of 6.6% in annual terms and by increasing their level in 2016.

Graph 10. Revenues from local fees



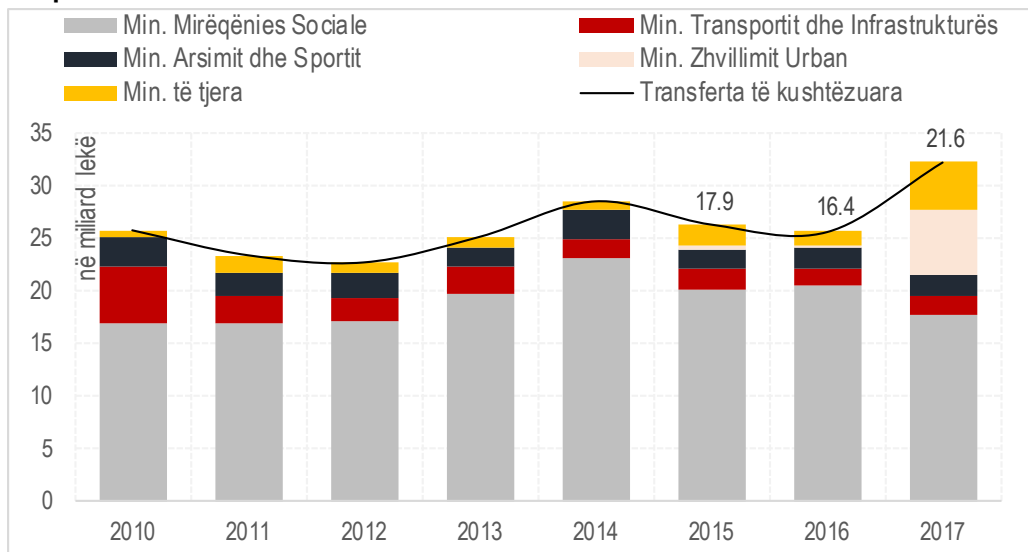
Source: Local Finances Portal www.financatvendore.al

2.2 Unconditional revenues (transfers)

Pursuant to Article 27 of Law no. 68/2017 "On local self-government finances", conditional transfers are provided for the exercise of delegated functions and for specific projects (considered in local, regional or national interest) where local units are required to cooperate. Regarding specific requirements of the law, conditional funds transferred to the municipality shall include not only funds for the exercise of delegated functions, but also the investment funds (including the FZHR). Although they do not exercise control over their destination, the proceeds from conditional transfers represent about 42.6% of the total financial resources of the municipalities. The weight of these transfers to the total of financial resources shrank over the considered period, from an average of about 50% in the 2010-2014 period to an average of 45%

in the last three years. During 2017, the central government transferred 32.3 billion ALL to municipalities in the form of conditional transfers, which marks an increase of about 26.1% in annual terms.

Graph 11. Income from conditional transfers



Source: Local Finances Portal www.financatvendore.al

During this year, there is a significant increase of funds channelled at the local level through the ministry responsible for urban development, from a level of about 169.4 million ALL in 2016 to about 6.1 billion ALL in 2017, which are mostly allocated for the improvement of Water Supply and Development Infrastructure (WSDI). The Ministry responsible for transport and infrastructure transferred about 1.7 billion ALL to the local level. The ministry responsible for education allocated around 2.1 billion ALL in 2017, of which about 1.7 billion ALL is estimated to be allocated to investments for the improvement of the educational infrastructure. The Ministry responsible for social welfare¹³ allocated about 17.6 billion ALL in 2017, marking a decrease by about 13.2% compared to the previous. These funds are transferred to the municipalities in the form of a conditional transfers for economic aid and disability payments, and after that, the municipalities are in charge for their distribution to the final beneficiaries.

3. EXPENDITURES

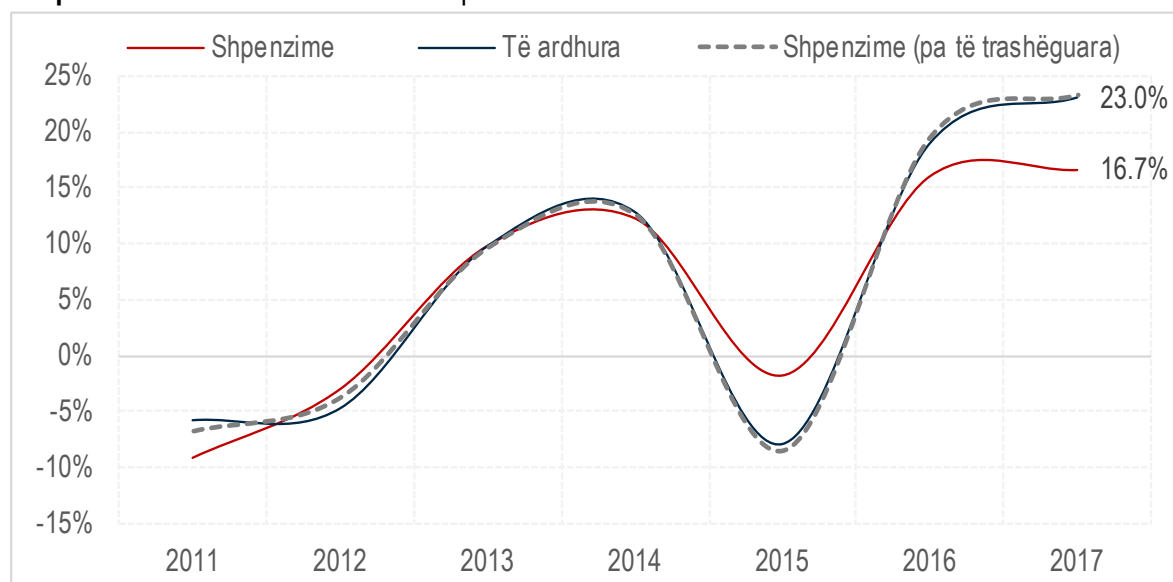
¹³ In September 2017, the Ministry of Social Welfare and Youth was merged and social protection programs passed the portfolio over to the new Ministry of Health and Social Protection.

The use of available financial resources is another important aspect of local public financial management. The expenditure analysis tends to provide a general overview of how the money available to the municipalities is spent: by economic nature (salaries and social insurance, operating expenses and investments), according to government functions (education, economic issues, environmental protection etc.) and their breakdown by way of financing; with own funds or with conditional transfers.

3.1 Local expenditures by source

In total for 2017, about 80.2 billion ALL¹⁴ were spent at the local level, marking an increase of about 16.7% in annual terms. The annual rate of expenditure increase turns out to be close to that of the previous year.

Graph 12. Total annual income and expenses.

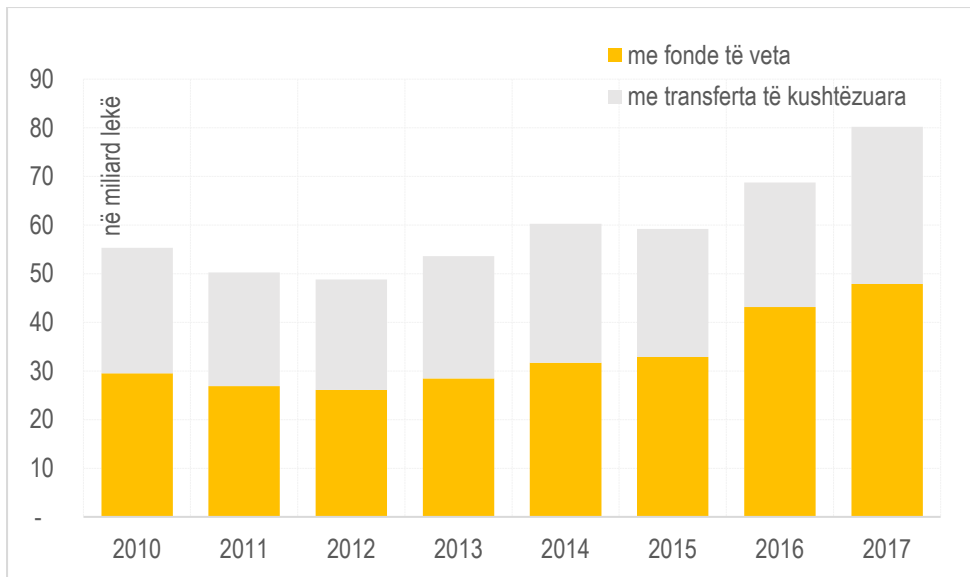


Source: Local Finances Portal www.financatvendore.al

Based on the source of funding, expenditures covered with funds from own resources marked an increase of their share to the total expenditures of the municipalities in 2017. In total, municipalities financed around 59.7% of the total with funds from their own sources. Meanwhile, expenditures financed with conditional funds recorded a value of about 32.3 billion ALL and represented about 40.3% of the total funds during the period concerned.

Graph 13. Expenditures by source of financing

¹⁴ Including expenditures incurred by inherited funds. If out of total expenditures we would exclude those expenditures covered by inherited funds, the total expenditures for the period January - September 2017 would be around 75.1 billion ALL, marking an increase by about 23.3% in annual terms.



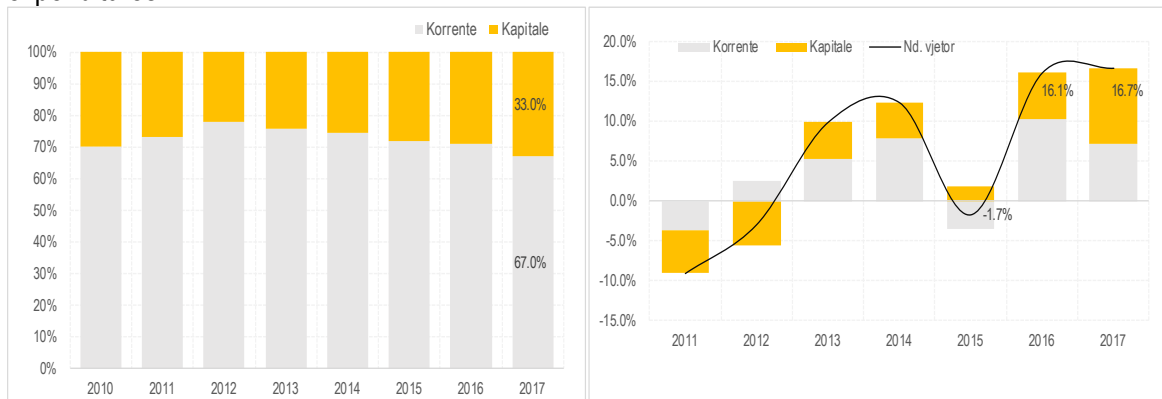
Source: Local Finances Portal www.financatvendore.al

3.2 Local expenditures by economic classification

According to the economic classification, the current expenditures continue to occupy an important share in the total of local government expenditures. Starting from 2014, the share of current expenditures to the total expenditures has followed a slightly declining trend, from about 74.3% in 2014 to about 67.0% in 2017. Although in decline, the current expenditures continue to significantly burden the local budgets and in 2017, they have marked an increase of about 10% in annual terms.

If out of the total current expenditures we would deduct specific transfer financed expenditures for new functions, then we could make an assessment whether the territorial consolidation had the expected effects. In 2016, current expenditures (excluding new functions) fell by about 0.8% in annual terms, therefore the situation differently presented in 2017. **In total, current expenditures have marked an increase by about 9.5% in annual terms in 2017.** However, this outcome can be interpreted in several ways: the municipalities have failed to achieve the desired operational efficiency; funding of new specific transfer functions may not have been sufficient and the municipalities have allocated additional funds for the provision of such functions (e.g. the cost of cleaning of irrigation and drainage channels may have been higher than the costs covered by specific transfers); wage increases in the public sector may have contributed to the expansion of operating expenses; or municipalities have increased the provision of community services in quality terms, etc.

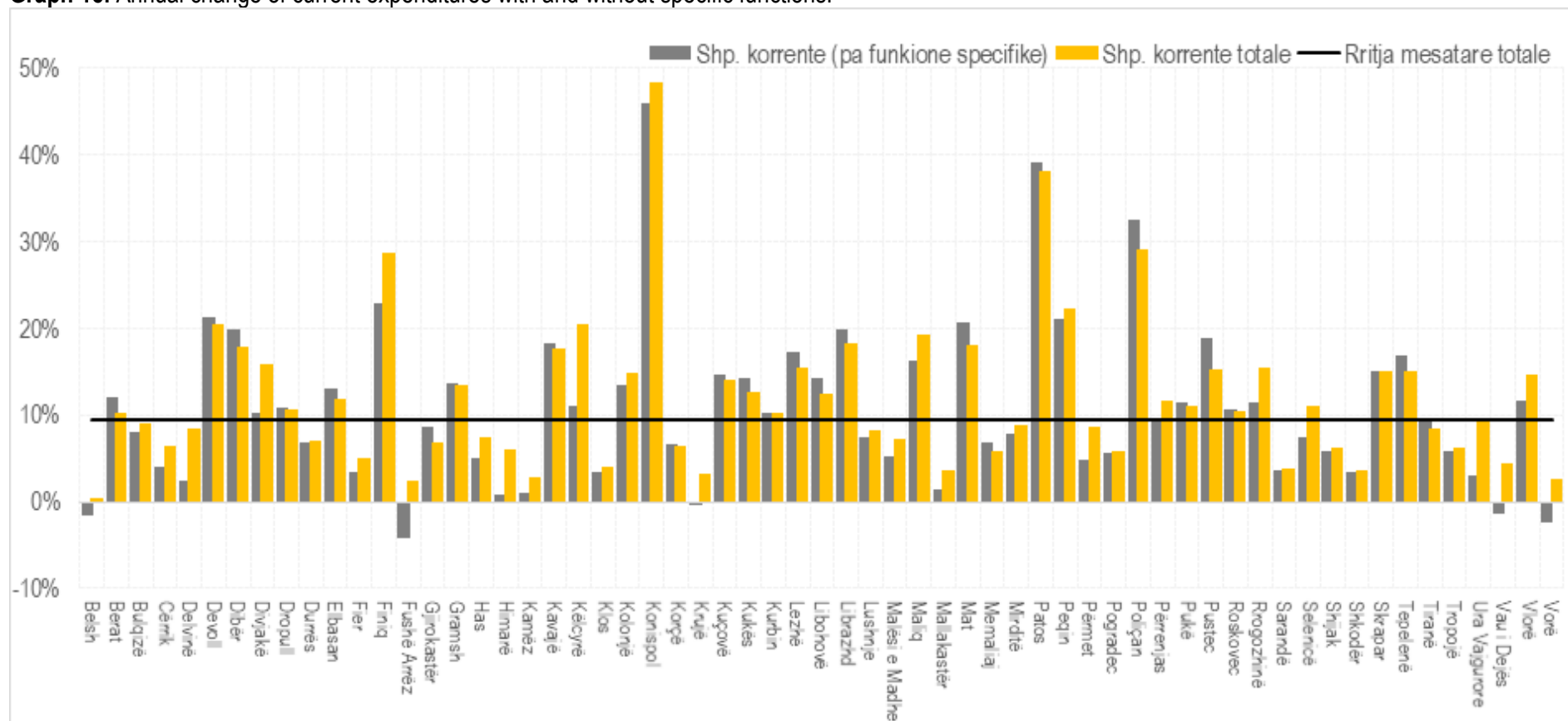
Graph 14. Expenditures structure (left group) and contribution of categories to annual increase of local expenditures.



Resource: Local finance portal www.financatvendore.al

Capital expenditures or investments followed the increasing trend, expanding by about 32.9% in 2017 compared to the previous year. On average, in the last three years the share of capital expenditure to total expenditure has increased, representing about 30% thereof. In 2017, the overall performance of local expenditures was largely determined by the increase in capital expenditures, where about 67.3% of them were financed by municipalities' own resources.

Graph 15. Annual change of current expenditures with and without specific functions.



Source: Local Finances Portal www.financatvendore.al

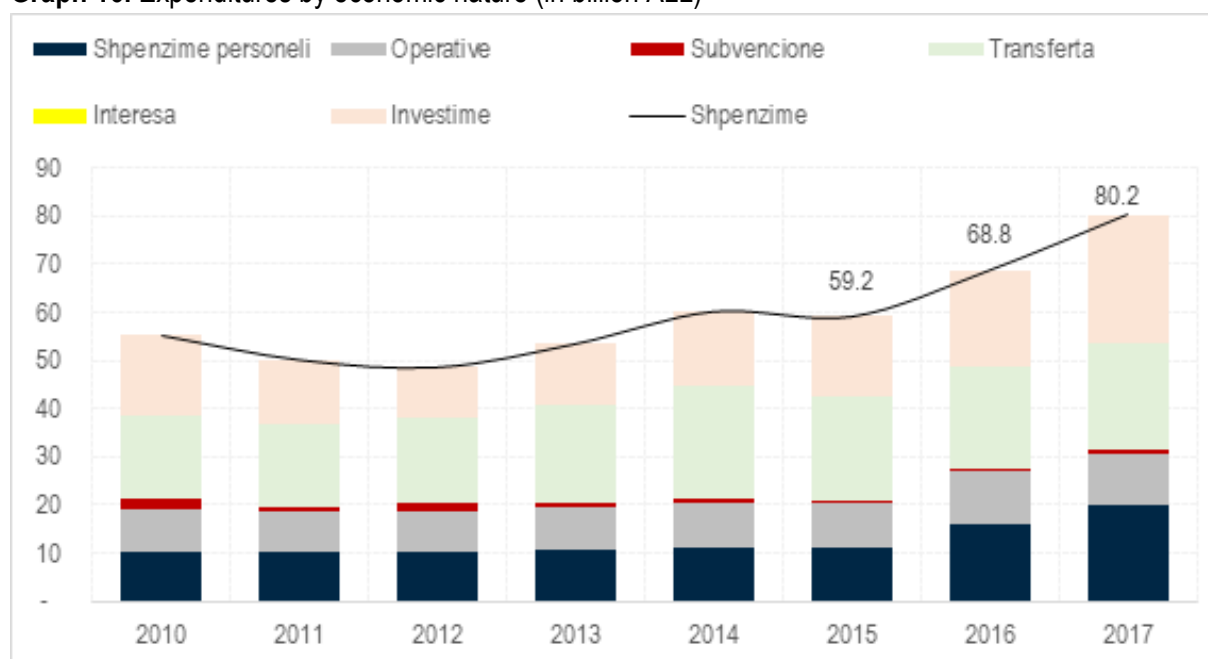
Table 3. Expenditures by economic nature (in ALL) *

Year	Personnel	Operative	Subsidies	Transfers	Interests	Investments	Expenditures Total
2010	10,116,940,990	8,897,978,090	2,406,849,560	17,272,690,180	47,120,150	16,563,733,820	55,305,312,790
2011	10,362,170,110	8,279,042,420	771,306,720	17,258,709,920	31,504,350	13,581,170,320	50,283,903,840
2012	10,124,162,190	8,640,302,400	1,664,639,060	17,515,225,990	34,949,140	10,825,437,810	48,804,716,590
2013	10,821,977,100	8,832,391,950	851,793,490	20,055,724,540	31,962,410	13,035,159,300	53,629,008,790
2014	10,950,916,960	9,686,016,190	571,568,500	23,542,515,510	26,588,820	15,473,342,370	60,250,948,350
2015	10,972,205,170	9,596,366,620	498,544,980	21,565,063,920	55,404,700	16,530,830,220	59,218,415,610
2016	16,211,203,210	10,757,025,170	463,331,890	21,332,496,600	46,025,050	19,941,002,520	68,751,084,440
2017	19,771,022,824	10,781,960,875	1,091,824,458	21,888,147,537	172,859,308	26,505,775,220	80,211,590,222

Source: Local Finances Portal www.financatvendore.al

* The total expenditures shown in the table also include those that are funded by conditional transfers.

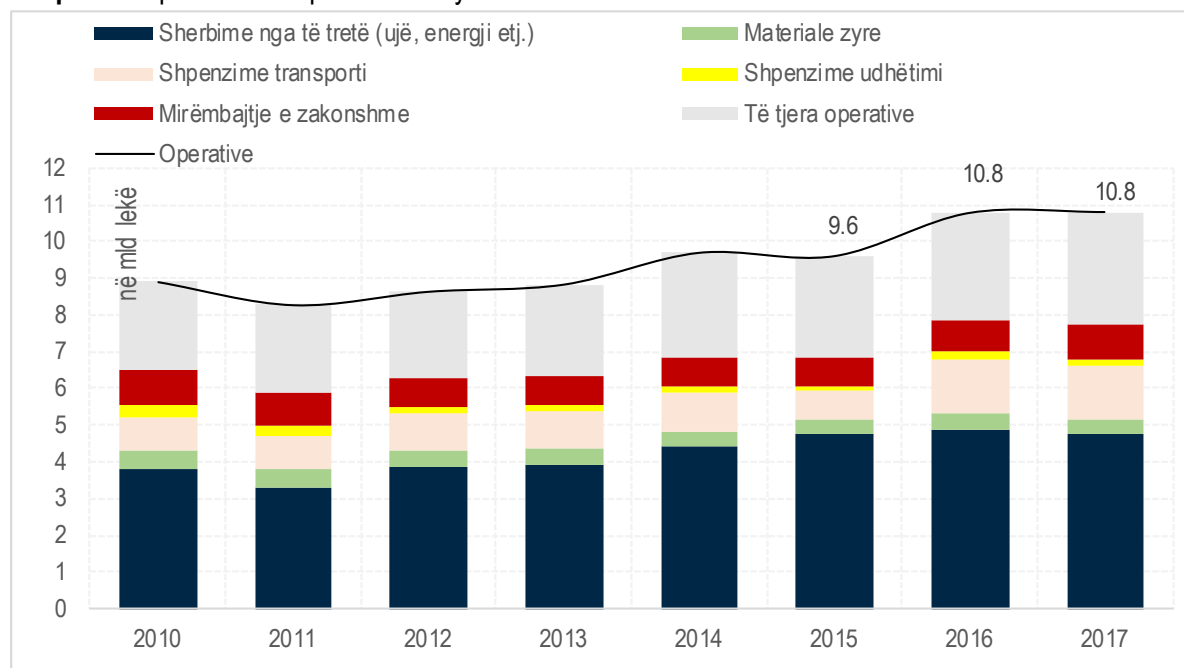
Personnel expenses (wages and salaries) accounted for about 19.8 billion ALL during the period concerned, increasing by about 22% in annual terms. Personnel expenses followed the increasing trend of the previous year, also influenced by the increase in the number of employees as a result of the transfer of a number of new functions to the local level. Personnel expenses for these functions are covered by specific transfers' income. At the same time, another estimated influencing factor is the review of the average salary reference level at the local level (upward trend), which had not previously been affected by the salary increases approved by the central government for public servants.

Graph 16. Expenditures by economic nature (in billion ALL)

Source: Local Finances Portal www.financatvendore.al

Expenditures for *transfers* to family budgets and individuals in need (delegated function) are also an important item in the total of local expenditures. Following the annual narrowing in the previous two years, during the period in question, the expenditures for transfers increased by about 2.6% in annual terms. Mostly, these funds derive from the ministry responsible for social welfare in the form of conditional transfer of economic aid and disability payments.

Graph 17. Operational expenditures by items

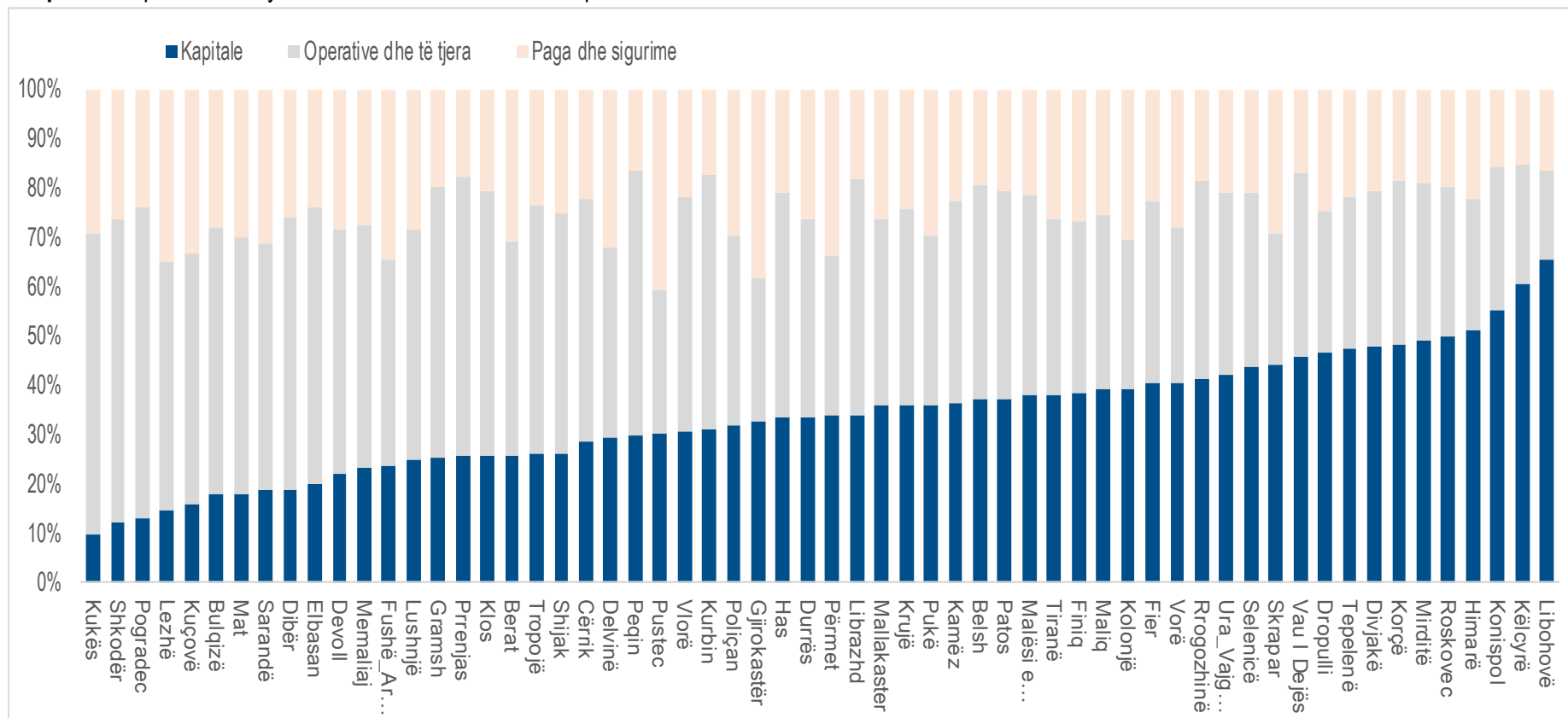


Source: Local Finances Portal www.financatvendore.al

Operational and maintenance expenditures indicate some kind of sustainability over the years. In 2017, operational expenditures marked a value amounting to 10.8 billion ALL, almost the same as the previous year. Despite this fact, the sub-items included in operating expenditures have undergone a slight fluctuation compared to 2016. Specifically, third-party service expenditures decreased by about 3.2%, whereas the usual and other operational expenditures increased by 3.1% and 6.2% respectively.

Capital expenditures or investments constitute an important item of local budgets and a prerequisite for long-term domestic economic development. The data for 2017 identified a significant increase in capital expenditures at the highest historical level since 2010. During this period, investment expenditures amounted to about 26.5 billion ALL out of about 19.9 billion ALL incurred the previous year. This level of investment, about 33% higher compared to the previous year, is funded for about 17.8 billion ALL from its own resources, providing a signal for long-term development orientation of the municipalities and a better performance in revenue.

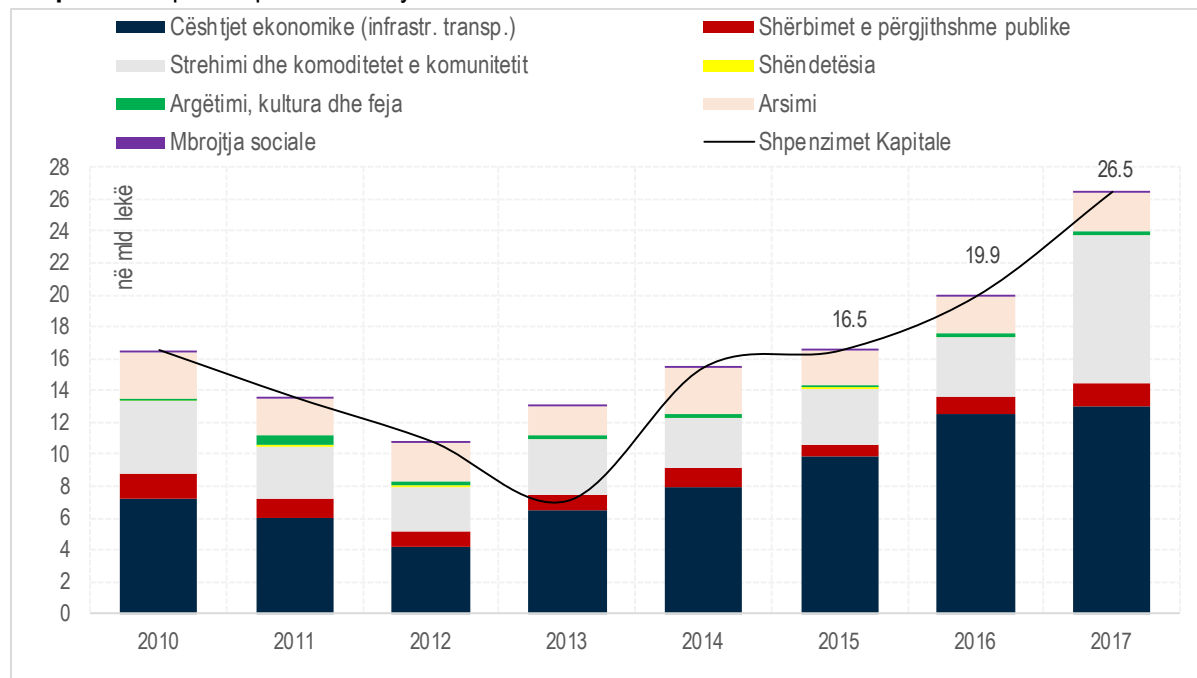
Graph 18. Expenditures by economic nature for 61 municipalities



Source: Local Finances Portal www.financatvendore.al

The function of "Economic Issues" (including transport infrastructure), "Housing and community commodities" (including housing and urban planning, water supply and sewerage, public lighting) occupy the major share of capital expenditures throughout the years in consideration. In 2017, these two functions absorb about 84.1% of total capital expenditures. During 2017, it is observed that investments for the "Economic Issues" function increased by 3.7% compared to 2016; investments in the function "Housing and community commodities" are 2.5 times higher than the previous year.

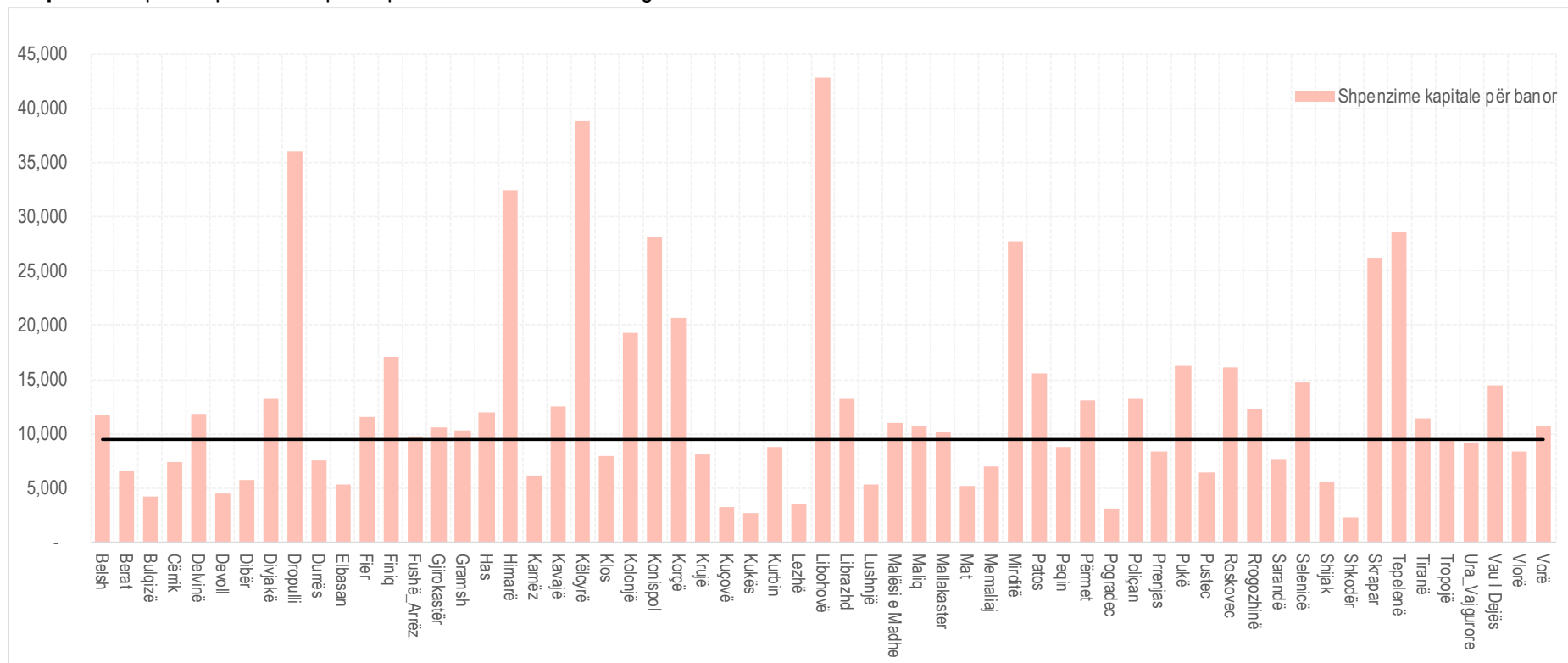
Graph 19. Capital expenditures by function



Source: Local Finances Portal www.financatvendore.al

Over the years, the level of capital expenditures has been fluctuating and represents a good correlation with the performance of the municipality's own financial resources. Often, this fluctuation is influenced and determined by conditional transfers from line ministries and/or the Regional Development Fund. Moreover, the timely segmentation of capital expenditure also affects the performance of the procurement plan for goods, services or public works by local self-government units. At the municipal level, it is observed that the local government allocates about 42.4% of the budget for operational expenditures and other expenditures (includes operational expenditures, subsidies, transfers and interest payments), about 33% in capital expenditures and about 24.6% in personnel expenses (for wages and social insurance). The municipalities have indicated major differences between the three categories of expenditures. Libohova Municipality turns out to have allocated about 65.7% of its annual budget to capital expenditures (maximum level recorded). On the contrary, the municipality of Kukës turns out to have allocated investments amounting only to 9.7% of the available budget (minimum level recorded).

Graph 20. Capital expenditures per capita versus national average



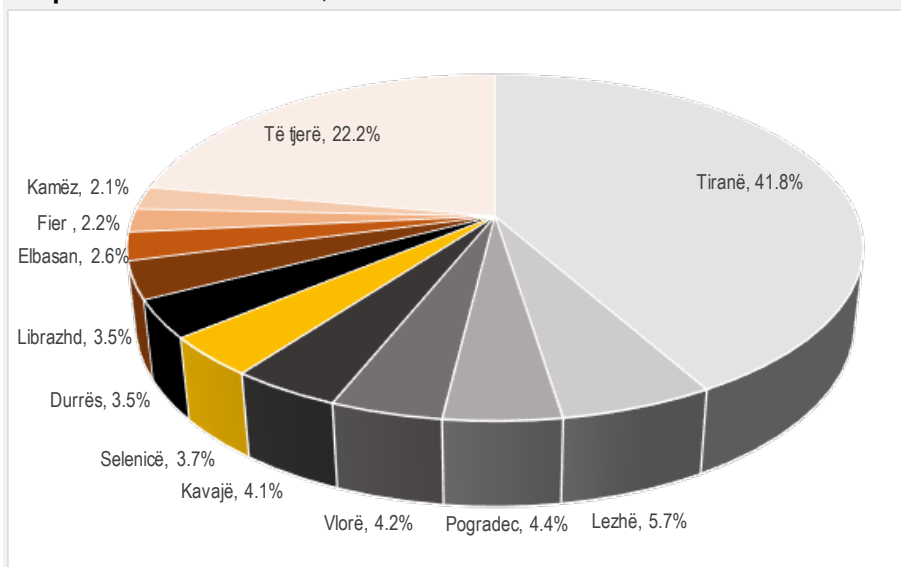
Source: Local Finances Portal www.financatvendore.al

Arrears: what is their share in the budgets of the municipalities?

The arrears of the municipalities were systematically identified starting from 2015, following the approval of the DCM no. 50/2014 "On the adoption of the strategy for the prevention and settlement of arrears of the action plan" and the instruction of the Ministry of Finance no. 5/2014 "On settlement of arrears". Based on the data of the Ministry of Finance and Economy, at the end of 2015, the stock of arrears was about 11.8 billion ALL, which is of concern both at the local and central level. The settlement of these liabilities, partly incurred by the former municipalities that joined the new municipalities following the TAR, constitutes a burden inherent to the local budgets. In this framework, the central government takes over only the "settlement of the obligations for the works carried out, but not yet settled in the framework of funding received from the Regional Development Fund, as well as disability benefits transfers. All other financial liabilities of local government units that are not included above should be provided for in the budgets of the local government units. "

In total, the stock of arrears by the end of 2017 marked about 28.3 billion ALL. In addition to the inherited liabilities of about 11.8 billion ALL in 2015, the stock of arrears newly incurred by the end of December 2017 amounted to about 16.5 billion ALL. The newly incurred liabilities mainly relate to investment agreements, goods and services expenses, and court decisions. During 2017, municipalities paid off about 19.0 billion ALL, resulting in residual liabilities for liquidation in the coming years amounting to 9.3 billion ALL.

Graph 21. Stock of arrears, December 2017.



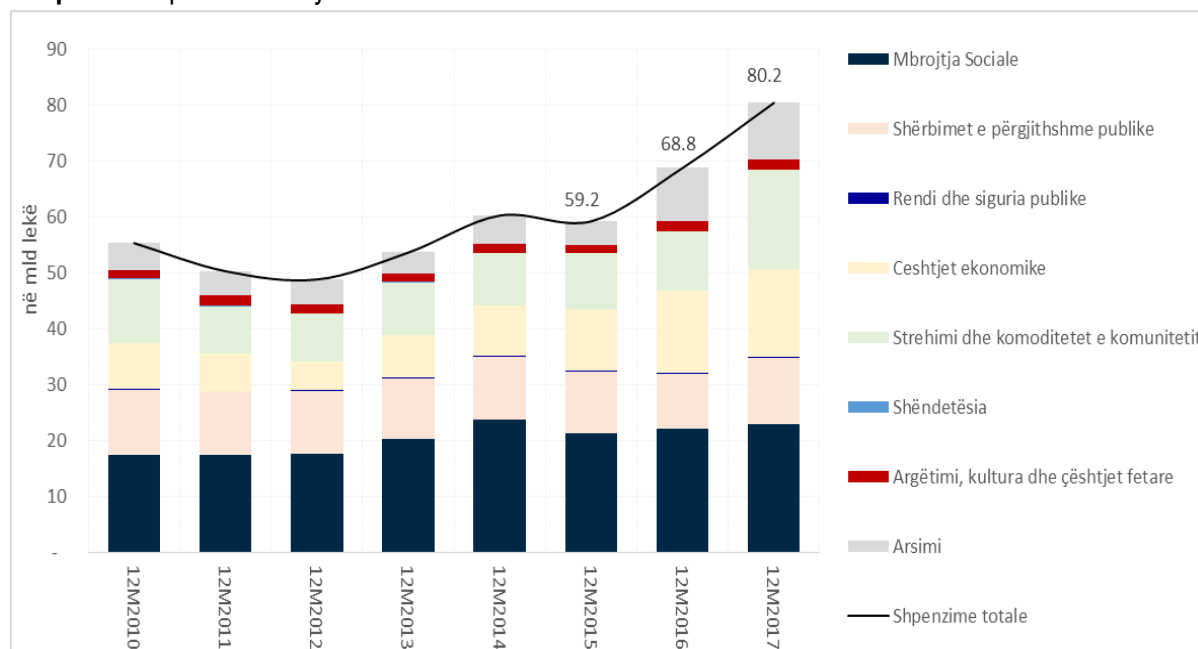
Source: Local Finances Portal www.financatvendore.al

At the municipal level, about 75% of the stock of arrears is carried by 10 municipalities. The maximum level of arrears remains in the Municipality of Tirana, with about 3.9 billion ALL or 41.8% of the total stock at the end of 2017. Lezha Municipality ranks second by the level of arrears, by about 529.7 million ALL or about 5.7% to the total. On the contrary, the Municipality of Dropull does not have any arrears for the period concerned.

3.3 Local expenditures by functional classification

In the classification of expenditures based on government functions (COFOG classification), it turns out that about 28.2% of the financial resources go on the function of "social protection" (mainly these are conditional funds transferred by the ministry responsible for social welfare).

Graph 22. Expenditures by functional classification



Source: Local Finances Portal www.financatvendore.al

In the framework of "Economic Issues", which includes a number of budget programs such as transport, agriculture, forests, etc., there is an increase of expenditures from 14.5 billion ALL in 2016 to about 15.6 billion ALL in 2017. A significant increase of 66.6% in annual terms was also recorded in the framework of "Housing and community commodity", which includes expenditures for local housing, community development, water supply and sewage etc. Increase of expenditure in the framework of "Education" is estimated to come as a result of the new functions transferred to local self-government units (for salaries of teachers and supporting staff in kindergartens and nurseries, and supporting staff in primary and secondary education).

4. CONCLUSIONS

The last three years were characterized by important steps in the field of decentralization of governance from the central level to the local level, in the framework of the National Strategy for Decentralization and Local Governance 2015-2020. In this regard, of importance and with inherent effects for the local government were: (i) implementation of the administrative-territorial reform that brought territorial consolidation from 373 municipalities and communes to just 61 new municipalities; (ii) the adoption of Law no. 139/2015 "On Local Self-Government" which among other things transferred to the municipalities with executive titles a number of new functions; (iii) the adoption of Law no. 68/2017 "On the finances of local self-government" which constitutes an important step towards fiscal decentralization and which was later on followed by Law no. 106/2017 "On some amendments and additions to Law no. 9632, dated 30.10.2006, "On the Local Tax System", as amended.

Due to these changes, the performance of the municipalities on the revenue side is estimated to have followed an improving trend. The financial resources available to municipalities for 2017 recorded a value of around 75.8 billion ALL, an increase by about 23% compared to the previous year. Excluding financial resources from conditional transfers, available municipal resources amount to about 43.5 billion ALL, an increase by about 20.9% in annual terms. Unlike the previous year, income performance in 2017 was significantly influenced and determined by the performance of local tax revenues and fees. However, the current level of collected revenue is far from the potential local resources pose, due to the structural problems in their management.

Infrastructure impact tax from new building contributed to the expansion of local revenues for 2017. Although in the short term, local revenue contribution may be substantial (as has occurred over the years), in the medium to long term, implications may seriously burden local budgets. From this point of view, it is essential to balance the demand for development and service with the necessary infrastructure. For this purpose, it is considered as essential to establish a direct connection in the framework of drafting - implementing - monitoring of the local budget regarding the generated income and the way of its use. Practically, the process from revenue collection up to its allocation must be traceable. Identifying such a link would create the conditions for transparency and accountability on the use of public funds on the one hand, and on the other, better acceptance by the community. The same reasoning applies to the property tax, which, in addition to the expectations for revenue growth in local budgets, should be traceable when used. The Ministry of Finance and Economy, in addition to the good work done so far, has to work harder in monitoring the use of public funds by local government in view of increasing its accountability. Although the overall performance is found to have positive developments, a detailed analysis at municipal level indicates significant differences, particularly in the relative share of funding sources to total domestic revenues.

Total expenditures increased by about 16.7% in 2017 compared to 2016, mainly due to the continuation of the transfer of new functions from central government. Although it is still early to draw conclusions, the increase in personnel expenditures and other expenditures does not agree with the major objective of administrative and territorial reform - increasing operational efficiency and decreasing administrative costs. Capital expenditures marked a significant positive turn during this period. In total, the municipalities invested around 26.5 billion ALL, about 32.9% more than last earlier. The main focus of capital expenditures funded in both levels of governance remains transport infrastructure, housing, urban

planning and water supply and sewerage. Wild fluctuations in the investment level depend on a number of factors, including transfers from line ministries and the RDF, but also from the legal framework for public procurement which requires the pursuit of some processes that may require a longer period of time than 3-4 months.

	Factual Revenues (Excluding Conditional Transfers) (in million ALL)						Revenues per capita** (in ALL)	
	2012	2013	2014	2015	2016	2017	2016	2017
Belsh	86	100	113	103	205	197	10,525	10,124
Berat	474	481	557	565	714	862	11,895	14,357
Bulqizë	213	220	298	241	388	434	12,437	13,899
Cërrik	141	156	177	160	266	294	9,686	10,707
Delvinë	71	70	76	73	139	166	18,319	21,799
Devoll	156	176	188	166	279	333	10,446	12,453
Dibër	429	408	397	349	580	659	9,412	10,693
Divjakë	186	184	224	229	322	370	9,396	10,792
Dropulli	78	80	91	88	121	133	34,556	37,981
Durrës	1,443	1,589	1,769	1,882	2,116	2,451	12,084	13,994
Elbasan	977	1,059	1,397	1,116	1,420	1,628	10,018	11,486
Fier	848	882	989	970	1,186	1,445	9,830	11,979
Finiq	134	121	160	119	179	216	17,022	20,529
Fushë Arrëz	90	88	93	78	133	166	17,973	22,469
Gjirokastër	321	278	321	330	448	485	15,631	16,911
Gramsh	198	200	223	201	312	405	12,867	16,701
Has	83	111	119	130	206	218	12,256	12,959
Himarë	157	154	188	188	273	297	34,955	37,933
Kamëz	642	703	678	727	984	1,166	9,440	11,187
Kavajë	343	389	417	402	556	696	13,861	17,349
Këlcyrë	60	54	64	54	89	104	14,571	16,941
Klos	99	110	108	103	175	197	10,558	11,859
Kolonjë	144	144	156	140	197	230	17,819	20,787
Konispol	71	68	77	67	102	119	12,380	14,409
Korçë	674	632	883	803	1,157	1,260	15,222	16,584
Krujë	342	401	403	395	587	613	9,805	10,247
Kuçovë	194	217	253	234	310	390	9,911	12,475
Kukës	325	361	369	348	533	582	11,102	12,123
Kurbini	213	274	290	256	366	419	7,916	9,059
Lezhë	434	512	633	584	704	814	10,732	12,399
Libohovë	35	44	52	45	62	67	16,810	18,224
Librazhd	184	191	197	186	366	461	11,463	14,451
Lushnjë	489	504	589	571	844	932	10,088	11,136
Malësi e Madhe	198	186	228	188	406	399	13,180	12,958
Maliq	199	214	241	206	376	503	9,000	12,049
Mallakaster	198	249	279	229	412	476	15,206	17,574
Mat	197	213	245	227	315	374	11,402	13,548
Memaliaj	77	81	98	88	145	160	13,571	14,975
Mirditë	220	209	229	224	320	358	14,471	16,192
Patos	240	252	306	289	314	357	13,695	15,559
Peqin	111	131	143	132	224	265	8,570	10,152
Përmet	107	117	141	126	179	196	16,887	18,473
Pogradec	398	373	416	399	614	722	9,979	11,741
Poliçan	90	104	111	109	166	196	15,126	17,929
Prrenjas	130	134	139	126	224	291	8,977	11,693
Pukë	123	117	150	112	184	212	16,619	19,161
Pustec	21	25	27	29	38	42	11,488	12,865
Roskovec	194	223	265	273	333	382	15,299	17,585
Rrogozhinë	127	131	166	148	204	293	9,210	13,209
Sarandë	418	383	446	372	461	510	22,813	25,206
Selenicë	151	145	165	139	214	273	13,077	16,670
Shijak	163	164	203	243	323	329	11,579	11,799
Shkodër	857	1,133	1,090	1,092	1,307	1,504	9,640	11,087
Skrapar	160	164	175	189	284	342	22,901	27,603
Tepelenë	69	79	94	89	146	181	16,315	20,196

Tiranë	6,086	6,932	7,589	6,653	9,952	13,365	17,853	23,976
Tropojë	159	224	195	181	309	263	15,055	12,820
Ura Vajgurore	135	138	183	168	213	280	7,807	10,249
Vau Dejës	189	220	243	233	312	360	10,257	11,833
Vlorë	947	997	1,151	927	1,208	1,450	11,527	13,834
Vorë	327	322	337	345	476	551	18,639	21,598
Total	22,625	24,618	27,603	25,441	35,976	43,440	12,848	15,513

Source: Local Finances Portal www.financatvendore.al

*Presented data include: (i) revenues from local sources such as taxes, fees etc.; (ii) income from unconditional and specific transfers; (iii) shared taxes. Also, the presented income may be subject to timely review for methodological reasons.

**The population according to Census 2011 was used for the construction of per capita indicators.

Annex 2. Expenditure indicators at the municipal level*

	Factual expenditures (in million ALL)						Expenditures per capita (in ALL)	
	2012	2013	2014	2015	2016	2017	2016	2017
Belsh	130	180	146	103	260	291	13,329	14,945
Berat	477	475	825	771	1,119	867	18,645	14,448
Bulqizë	267	253	344	363	403	389	12,906	12,455
Cërrik	144	226	223	176	325	321	11,846	11,689
Delvinë	78	96	103	78	194	173	25,512	22,789
Devoll	213	240	182	156	290	332	10,856	12,410
Dibër	456	451	400	392	685	880	11,112	14,275
Divjakë	212	261	275	376	712	440	20,791	12,848
Dropulli	107	82	97	84	141	135	40,249	38,513
Durrës	1,721	1,638	2,353	2,451	2,419	2,618	13,816	14,950
Elbasan	1,030	1,182	1,839	1,484	1,947	1,677	13,738	11,832
Fier	1,020	889	1,088	1,348	1,941	1,829	16,089	15,157
Finiq	169	137	193	130	143	278	13,555	26,428
Fushë Arrëz	97	113	95	88	129	165	17,424	22,335
Gjirokastrë	284	355	520	520	658	611	22,939	21,297
Gramsh	216	254	271	226	324	498	13,378	20,562
Has	170	154	145	197	262	254	15,598	15,105
Himarë	224	201	281	312	518	288	66,237	36,899
Kamëz	768	775	705	719	834	1,125	8,003	10,797
Kavajë	464	436	614	879	951	675	23,714	16,837
Këlcyrë	75	98	111	63	159	213	25,989	34,787
Klos	121	163	108	116	161	197	9,670	11,845
Kolonjë	165	180	209	166	271	375	24,455	33,893
Konispol	75	89	121	66	149	242	18,013	29,406
Korçë	746	711	1,299	1,470	1,664	1,969	21,890	25,916
Krujë	372	495	466	525	652	695	10,905	11,615
Kuçovë	276	416	380	446	338	368	10,803	11,786
Kukës	365	413	392	371	495	679	10,313	14,142
Kurbin	264	294	326	281	358	641	7,743	13,839
Lezhë	615	576	730	978	726	880	11,058	13,411
Libohovë	44	54	48	49	88	140	23,981	38,108
Librazhd	250	265	221	325	494	614	15,491	19,251
Lushnjë	586	603	698	961	1,060	1,035	12,674	12,372
Malësi e Madhe	229	298	262	161	400	516	12,993	16,725
Maliq	270	219	263	221	470	701	11,252	16,788
Mallakaster	224	344	401	249	347	422	12,821	15,585
Mat	244	271	301	333	377	423	13,665	15,318
Memaliaj	80	124	102	144	128	187	12,014	17,506
Mirditë	313	248	239	314	406	679	18,348	30,729
Patos	330	316	279	246	323	455	14,058	19,826

Peqin	188	184	152	139	223	329	8,515	12,604
Përmet	134	128	191	138	279	305	26,240	28,717
Pogradec	417	469	469	459	557	664	9,050	10,787
Poličan	94	101	116	111	211	245	19,283	22,352
Prrenjas	148	201	139	131	187	321	7,494	12,894
Pukë	153	191	143	194	240	245	21,698	22,126
Pustec	37	32	25	37	39	58	11,954	17,585
Roskovec	218	261	265	190	466	380	21,442	17,467
Rrogozhinë	155	154	155	173	335	319	15,126	14,383
Sarandë	448	448	448	629	487	515	24,088	25,463
Selenicë	245	182	246	184	212	318	12,929	19,402
Shijak	235	198	237	334	325	364	11,670	13,048
Shkodër	1,134	1,123	1,127	1,014	1,127	1,399	8,309	10,315
Skrapar	192	267	291	301	449	380	36,164	30,662
Tepelenë	131	79	134	210	237	321	26,440	35,912
Tiranë	6,158	7,545	7,581	8,261	11,624	13,226	20,853	23,728
Tropojë	274	358	228	233	392	349	19,122	17,034
Ura Vajgurore	147	188	214	185	331	312	12,133	11,430
Vau Dejës	283	270	240	239	320	348	10,510	11,432
Vlorë	1,091	1,087	1,254	971	1,161	1,742	11,077	16,617
Vorë	308	408	358	397	602	458	23,617	17,937
Total	26,078	28,451	31,669	32,862	43,123	47,873	15,400	17,097

Source: Local Finances Portal www.financatvendore.al

*The presented data includes all expenditures made by municipalities with their own funds (including funds inherited from 2016). These data may also be subject to timely review for methodological reasons.

**The population according to Census 2011 was used for the construction of per capita indicators.

Annex 3. Expenditures by economical classification

	Expenditures (in million ALL)				Expenditures per capita (in ALL) **			
	Total	Salary and insurance	Operational and others	Capital	Total	Salary and insurance	Operational and others	Capital
Belsh	612	118	267	227	31,403	6,049	13,691	11,662
Berat	1,507	465	651	391	25,104	7,741	10,853	6,510
Bulqizë	737	204	401	132	23,616	6,545	12,835	4,235
Cërrik	715	157	354	204	26,049	5,733	12,881	7,435
Delvinë	305	97	118	90	40,112	12,817	15,477	11,818
Devoll	547	155	271	121	20,458	5,799	10,128	4,531
Dibër	1,851	477	1,023	351	30,044	7,747	16,601	5,696
Divjakë	945	195	297	454	27,601	5,691	8,661	13,249
Dropulli	270	67	77	126	77,096	19,119	21,951	36,026
Durrës	3,895	1,027	1,555	1,312	22,241	5,866	8,881	7,494
Elbasan	3,789	910	2,122	758	26,739	6,418	14,971	5,349
Fier	3,428	775	1,267	1,387	28,415	6,423	10,500	11,493
Finiq	468	124	164	180	44,455	11,801	15,589	17,065
Fushë_Arrëz	301	104	125	72	40,664	14,066	16,875	9,723
Gjirokastër	926	352	272	302	32,281	12,293	9,469	10,519
Gramsh	984	195	539	251	40,611	8,031	22,235	10,345
Has	601	127	273	201	35,789	7,557	16,242	11,990
Himarë	497	111	132	254	63,603	14,229	16,886	32,488
Kamëz	1,734	391	708	635	16,640	3,748	6,794	6,098
Kavajë	1,412	317	596	500	35,220	7,898	14,858	12,465
Këlcyrë	392	60	95	237	64,174	9,893	15,497	38,783
Klos	511	105	274	132	30,730	6,327	16,483	7,919
Kolonjë	543	165	164	214	49,058	14,944	14,806	19,308
Konispol	418	66	121	232	50,756	8,014	14,634	28,108
Korçë	3,250	607	1,073	1,570	42,771	7,984	14,125	20,662
Krujë	1,331	323	529	480	22,258	5,392	8,838	8,028
Kuçovë	646	216	327	103	20,651	6,898	10,455	3,298
Kukës	1,341	389	822	130	27,940	8,106	17,129	2,705
Kurbini	1,306	225	676	406	28,224	4,857	14,598	8,768
Lezhë	1,546	537	781	229	23,555	8,179	11,892	3,484
Libohovë	239	39	43	157	65,195	10,740	11,631	42,824
Librazhd	1,237	225	592	420	38,796	7,066	18,557	13,173
Lushnjë	1,819	513	854	452	21,741	6,129	10,213	5,399
Malësi e Madhe	892	190	363	339	28,930	6,153	11,770	11,007
Maliq	1,136	287	403	446	27,207	6,870	9,649	10,688
Mallakaster	771	201	293	277	28,472	7,438	10,811	10,224
Mat	792	238	412	142	28,699	8,624	14,927	5,148
Memaliaj	319	88	157	74	29,923	8,244	14,716	6,963
Mirditë	1,248	237	399	612	56,448	10,702	18,036	27,710
Patos	957	197	402	358	41,687	8,560	17,524	15,604
Peqin	767	127	410	230	29,352	4,870	15,687	8,795
Përmet	411	138	134	139	38,694	13,001	12,602	13,091
Pogradec	1,476	349	934	193	23,985	5,675	15,172	3,139
Polican	456	135	176	145	41,601	12,349	16,036	13,216
Prrenjas	808	144	456	208	32,433	5,776	18,311	8,345
Pukë	500	148	172	181	45,178	13,343	15,523	16,312
Pustec	70	28	20	21	21,276	8,637	6,214	6,425

Roskovec	703	140	213	351	32,337	6,417	9,789	16,132
Rrogozhinë	662	124	266	273	29,904	5,582	12,010	12,313
Sarandë	821	257	409	154	40,580	12,725	20,236	7,619
Selenicë	552	117	194	242	33,679	7,107	11,804	14,768
Shijak	598	150	290	157	21,448	5,380	10,417	5,650
Shkodër	2,515	656	1,552	307	18,545	4,836	11,444	2,264
Skrapar	736	214	197	326	59,379	17,216	15,900	26,262
Tepelenë	541	119	166	256	60,437	13,250	18,579	28,608
Tiranë	16,570	4,384	5,853	6,332	29,726	7,865	10,500	11,360
Tropojë	744	174	376	194	36,277	8,505	18,305	9,467
Ura Vajgurore	590	123	218	250	21,623	4,494	7,971	9,158
Vau i Dejës	963	160	362	440	31,634	5,268	11,900	14,466
Vlorë	2,838	622	1,339	876	27,070	5,934	12,775	8,361
Vorë	673	187	213	272	26,367	7,341	8,351	10,675
Total	80,212	19,771	33,935	26,506	28,646	7,061	12,119	9,466

Resource: Local finance portal www.financatvendore.al

* The data presented include all the expenses incurred by the municipalities. These data may also be subject to timely review for methodological reasons.

**The population according to Census 2011 was used for the construction of per capita indicators.