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ANALYSIS OF THE BUDGET OF THE MUNICIPALITY OF DURRA

MTBP 2024 - 2026

Note: The analysis was prepared on the basis of the approved budget for 2024 and the budget program for the period 2024-2026 with reference to Decision No. 195, dated December 22, 2023

vocabulary

- ✓ **Separate taxes**

They are national taxes collected by the central government and shared in whole or in part with municipalities.

- ✓ **Local taxes**

They are fiscal obligations of the municipality which are paid according to legal provisions and the determinations of the Municipal Council.

- ✓ **Local tariffs**

They are obligations that individuals or businesses pay in return for receiving a service provided by the municipality.

- ✓ **Conditional transfers**

These are funds that the Central Government (state budget) gives to the municipality to be used only for specific projects or delegated functions of the municipality.

- ✓ **Unconditional transfers**

These are funds that the Central Government (state budget) gives to the municipality to use unconditionally, without interest and without the right to return.

- ✓ **Specific transfers**

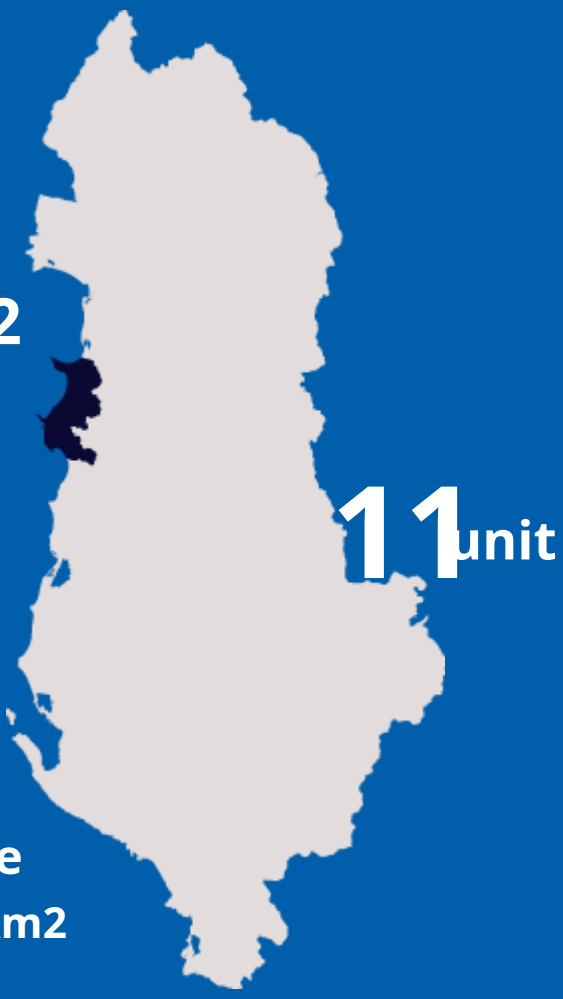
These are funds that the Central Government (state budget) gives to the municipality with the condition that they be used only for specific functions that the municipality has received from the Government by special law.

- ✓ **Legacy from last year**

They are municipal budget funds that were not spent at the end of the previous budget year and can be used in the current budget year. They can be with a destination or without a destination. Depending on this, they can be used during the current year with a defined destination (for those projects or specific budget items for which they were committed during the previous year but have not managed to be spent) or without a destination (for any budget item or project).

General information

Durres Municipality



Population
332,102

11 unit

Surface
338.3 km2

The Municipality of Durrës is composed of 11 units. The city of Durrës is located in the west of the country Administratively (6 Regions in the dSukth, Ishëm, Katund i Ri, Rhashbull and Manaz) with an area of 338.3 km2. according to the Civil Registry, of which 31% are Mural and 31% are in the municipality of the city of Durrës.

The municipality has about 103,282 families, with a gender ratio of 49% women and 51% men. m100%.

20 km road network9 Its linear km extends to about in the urban area 136.

The municipality has 790 employees and is managed by about 1, elected Mayor **Thereiana Sako.**

General development sThe municipality relies on two main directions:

- tourISm
- Fishing
- The industry is leaving. hand processing

What is the purpose of this report?

From the way it is conceived, that is, in a simple form and with understandable terminology, it aims to explain how the municipality collects, distributes and spends taxpayers' money, or in other words, public money.

This document shows what the budget offers not only in financial figures but also what services are offered to citizens and what is the planned performance for the next three years.

What is the Medium-Term Budget Program?

The Medium-Term Budget Program (MTBP) is an instrument for presenting in an integrated, multi-year manner the forecast of public revenues and financial resources for the planning, management and delivery of public services. As such, it is a key component of national and local planning.

The MTBP process-It presents in an integrated manner information on the forecasts of total revenues and resources and sets out the objectives for which they will be spent, the necessary costs and the type of each service to be provided. Among other things, this includes linking the goals and objectives of the municipality to strategic goals set out in local and national strategies. The MTBP process disciplines local financial prudence by planning public expenditure within a realistic local financial framework. At the same time, it aims to ensure that local public services meet the growing needs of residents by showing how public expenditure on the strategic development priorities of the local unit is translated into concrete decisions for the provision of local public services, with clear links between local policies and annual expenditure priorities.

Main sources of income for the Municipality

Main sources for 2024



As for the other two years of the MTBP, we conclude that this division tends to be maintained in the other years, where for 2025 its own revenues account for 52%, while for 2026 reaches 53%. Meanwhile, Government Transfers decrease to 43%, while inherited funds from the previous year remain constant at 200 million lekë or 4% of total revenues.

In nominal terms, the following table presents the values by source of income for the three years of the MTBP:

Source of income	2024	2025	2026
Own Income	2,344,450,000	2,369,570,000	2,439,490,000
Transfers from the Central Government	1,969,653,000	1,969,653,000	1,969,653,000
Inheritance from year t-1	200,000,000	200,000,000	200,000,000
Total	**4,514,103,000**	**4,539,223,000**	**4,609,143,000**

Decision No. 195, dated 22.12.2023 "On the approval of the Medium-Term Budget Program 2024 - 2026 and the detailing of the budget of the Municipality of Durres for the year 2024".

Own income

Own-source revenues are all revenues that are generated and administered at the local level, under the authority of the local self-government unit, according to the legislation in force.

These local revenues include revenues from local taxes, from separate taxes, from tariffs for public services and other local revenues, the planning of which is based on the fiscal package of the Municipality of Durres, which determines the types of taxes, the taxable base, categorizations and subcategorizations, payment installments, the time of their execution, facilitating conditions, structures responsible for the collection of duties and tax agents.

➢ Local Tariffs

According to Law 86/2017, "Local fee" is a payment that an individual, natural person or

legal entity makes in exchange for a specific service received, a specific public good used, or a right granted by the local self-government unit.

Referring to Law 139/2015 “On Local Self-Government”, Article 35/5, municipalities generate revenue from local fees for: public services they provide; the right to use local public properties; granting licenses, permits, authorizations and issuing other documents, for which they have full authority, except in cases where otherwise provided by law. Municipalities decide themselves on the level, method of collection and administration of local fees, in accordance with the general national policies and principles set out in the laws in force.

Local tariffs include tariffs for:

a) fees for the occupation and use of public space and facades; b) fees for the collection and disposal of waste; c) fees for water supply and sewerage; ç) fees for irrigation and drainage services; d) fees for administrative services and the issuance of licenses, permits and authorizations; dh) temporary fees, in accordance with circumstances determined by law; e) other fees, determined by the council of the local self-government unit; ë) other fees, determined by law.

➢ Revenue from Local Taxes

Local taxes include: a) real estate tax, which includes taxes on buildings, taxes on agricultural land and taxes on land, as well as on transactions carried out with them; b) tax on the impact on infrastructure from new constructions; c) local tax on hotel service activity; ç) table tax; d) temporary local taxes, which are imposed in the manner provided for by law; dh) local tax on the economic activity of small businesses; e) local tax on personal income, tax on income generated from gifts, inheritances, wills or local lotteries; ë) other taxes, determined by law. For 2024, this group of revenues is expected to account for 48% of the Municipality's own revenues.

- ***Small business tax revenue***

- ***Revenues from real estate taxes***

The real estate tax includes: a) building tax, b) agricultural land tax and c) land tax.

All natural or legal persons, domestic or foreign, owners or users of the above assets, in the territory of the Republic of Albania, regardless of the level of use of these assets, are subject to the real estate tax.

Tax base: It is the construction area in square meters of the building or part thereof, above and below ground level and for each floor.

The main weight in the income from the Real Estate Tax is the tax on business and household buildings. With the increase in the number of businesses, household subscribers and better debt collection planning, it is planned that for the year 2024 this tax will increase to the value of 532,000,000 lek.

- ***Revenue from hotel accommodation tax***

The basis of the hotel accommodation tax is the number of nights stayed in the hotel per person, and is determined by law.

The tax obligation belongs to the client staying at the hotel, an obligation which is held by the hotel on behalf of the municipality in whose territory the hotel is located. The hotel invoice states the price of the accommodation and the tax value above it.

The municipality has planned an increase in revenue for 2024 due to expectations as a result of the increase in the number of tourists and the number of businesses in this category.

- ***Revenues from infrastructure impact tax from new construction***

This tax is administered by the Municipality of Durrës. According to Law 68/2017, Article 12, the revenues from the infrastructure impact tax on new constructions should primarily be used to finance local public investments.

The selling price per square meter is based on the reference value of the market value as defined in the Council of Ministers' instruction, "On the approval of the average cost of housing construction, by the National Housing Authority", which is approved every year.

Based on Law No. 9632 dated 30.10.2006 “On the local tax system” as amended, Law No. 107/2015 “On territorial planning and development” Article 39 and Article 46, the level of the infrastructure impact tax for new non-public constructions is provided as follows:

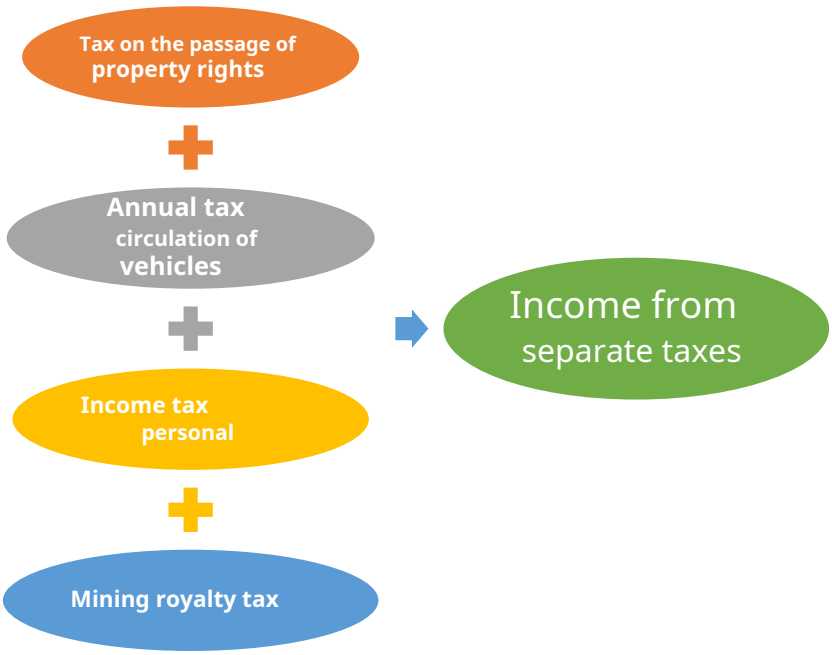
In 2023-2024, an increase in revenues from this tax is expected, around 44%. This increase is planned based on the New Local Plan with Decision No. 4 dated 27.07.2022 of the National Territorial Council, the increase in permit requests and the increase in revenues referred to last year.

➢ Revenue from Shared Taxes

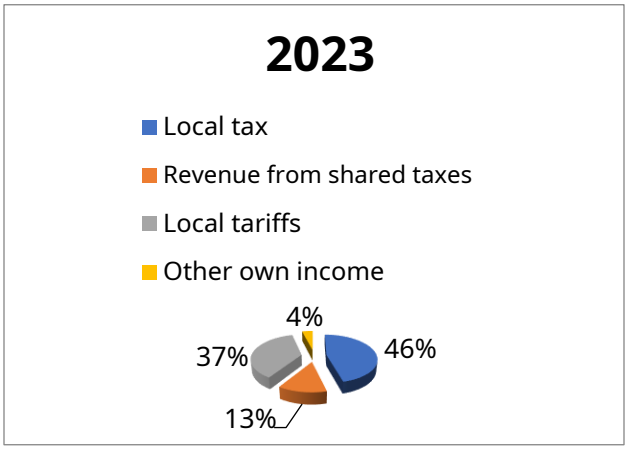
According to legal provisions, the municipality receives a portion of the revenues collected by the Central Government, such as from personal income tax, used vehicle turnover tax, property transfer tax, and mineral rent.
For 2024, they are projected to amount to 13% of the Municipality's own revenues and are planned to increase by about 9%.

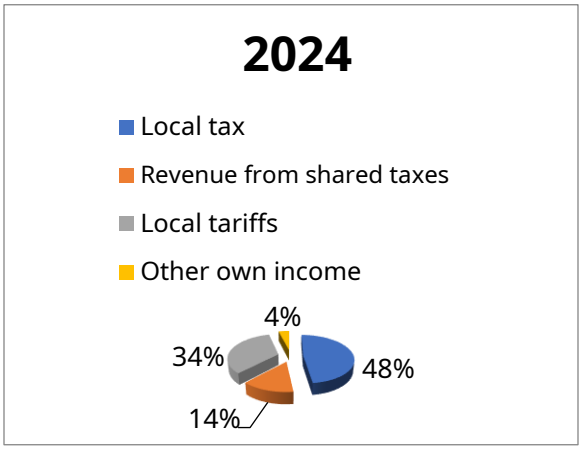
An important part of this category is the tax on the transfer of ownership rights for Immovable Property, as well as the annual tax on used vehicles. The tax on the transfer of ownership rights/immovable property is planned to be lower compared to the plan of previous years as a result of the decrease in applications at the offices of the Albanian Civil Service Commission, while the annual tax on the circulation of used vehicles is planned to increase as a result of the increase in revenues from this tax.

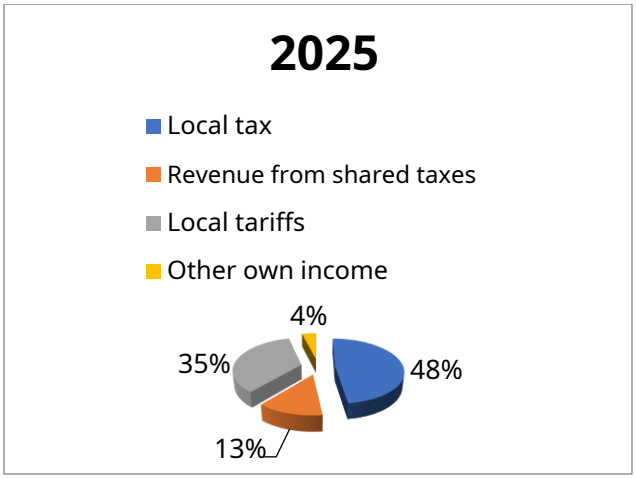


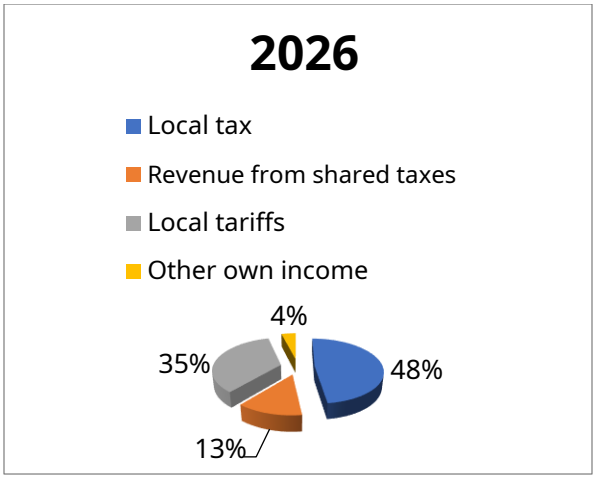


The weight of each component of the item "Revenue from own sources" 2023 - 2026:

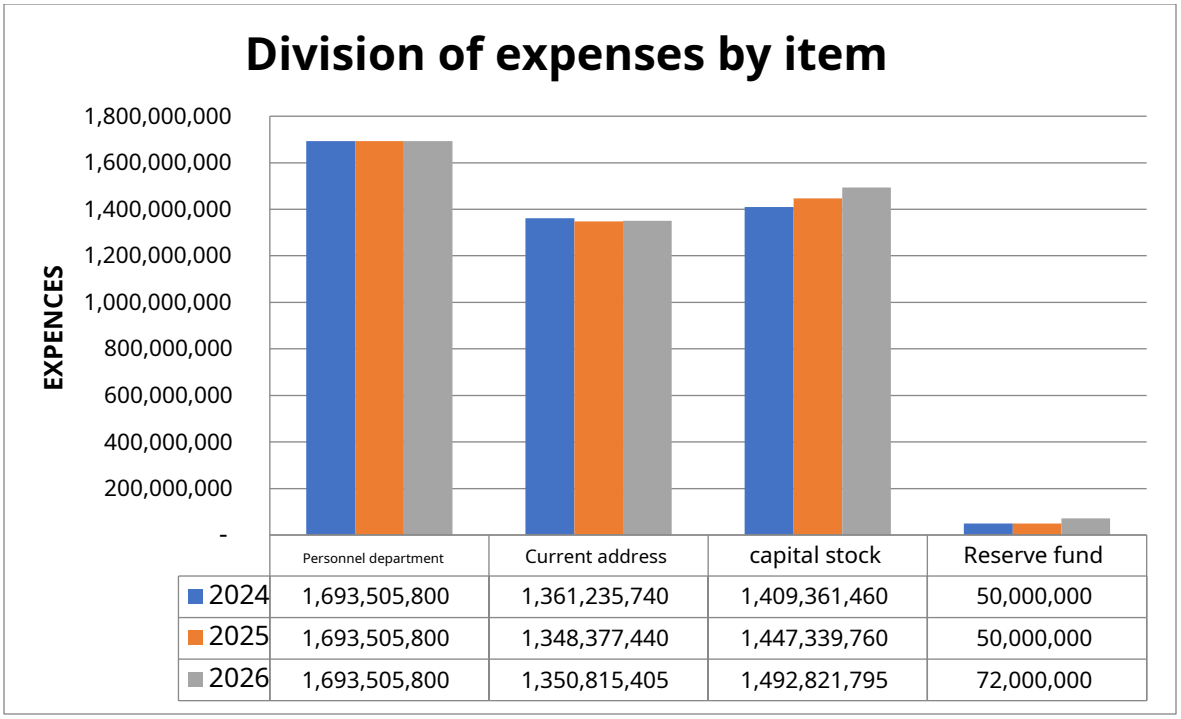








“Follow the money” as a principle for understanding fund allocation



The table above presents the Municipality's planned expenditures on an annual basis for each year of the MTBP, dividing them between current, personnel, capital and reserve fund expenditures.

Personnel expensesfor 2024 will be 14% higher than those planned for 2023 and amount to 38% of the budget for 2024. The increase in personnel expenses has resulted from the increase in salaries for employees of the Municipality and its subordinate enterprises and institutions during 2023, as well as the increase in the number of employees in total by 64 people, including firefighters, social services staff, schools and kindergartens.

In the group of**current expenses**includes operational maintenance expenses, purchases of goods and services, expenses for electricity, water, telephone, internet, fuel, subsidy funds to assist families in need, rewards for excellent students, the District quota, etc. The financing trend during 2024 - 2026 remains stable.

In the group of**capital expenditures**Investment projects, construction, reconstruction, equipment purchases, etc. are included, which have their own revenue as a source of financing. For 2024, these expenses are planned to be 37% higher than in 2023.

Item Name	2021	2022	2023	2024	2025	2026
	Fact	Fact	Plan	Plan	Plan	Plan
Tangible Assets		14,699	47,000	15,000	4,000	-
Tangible Assets	550,610	631,015	974,619	1,394,361	1,443,340	1,492,822
Capital Expenditures	***550,610***	**645,714**	***1,021,619***	**1,409,361**	**1,447,340**	**1,492,822**
In % of total budget	*22*	*20*	*26*	*31*	*32*	*32*

Where to invest more???

INVESTMENTS (In Lek)	2024	2025	2026
	1.409,361,460	1,447,339,760	1,492,821,795

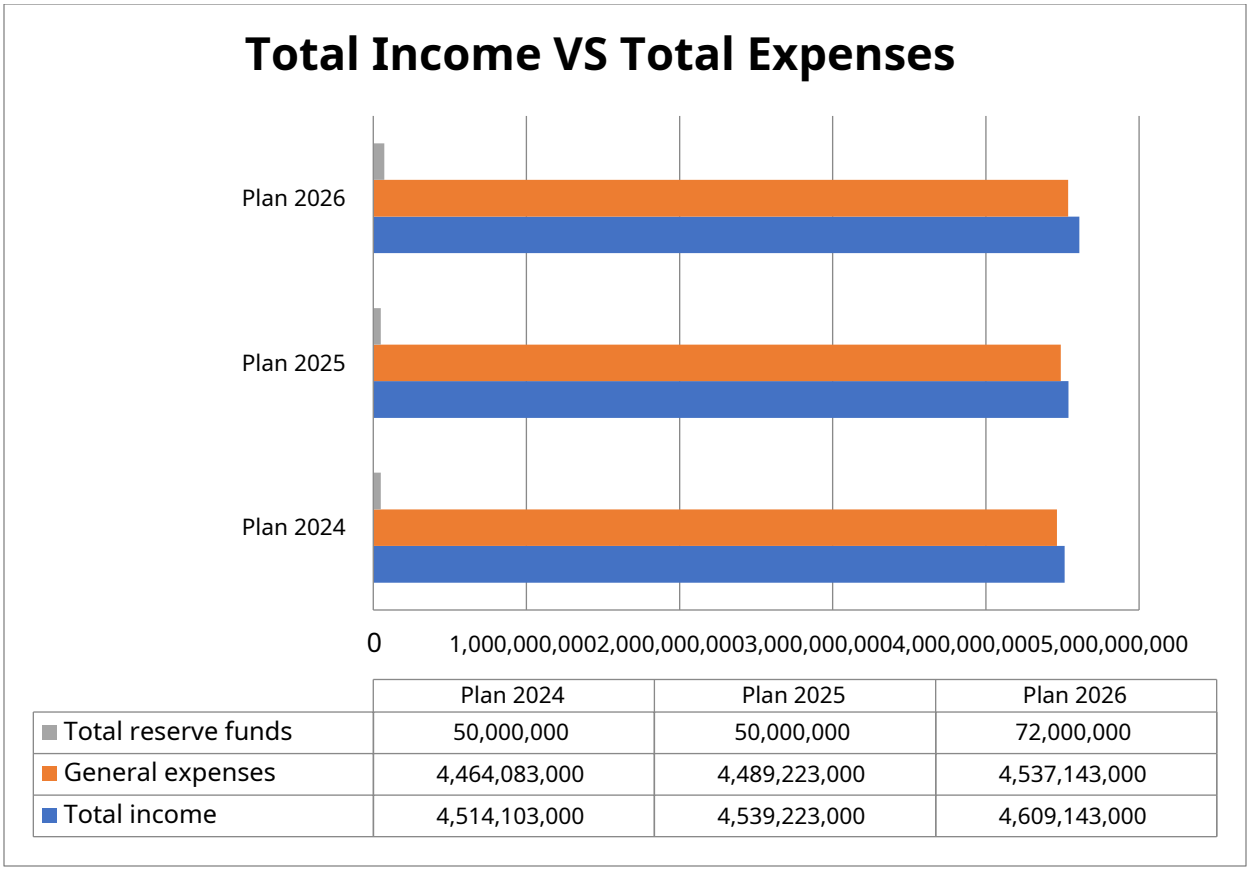


Investments as a catalyst for development – key projects

Capital investments are considered catalysts for development. The Municipality of Durrës has planned investments of around 1.4 billion for 2024 and aims to maintain a sustainable trend for the next two years.

The main facilities that will begin construction during 2024 are:

1	Reconstruction of the Palace of Culture (co-financing with the Ministry of Culture which finances 278 million)
2	Reconstruction of the "Taq Dafa" swimming pool
3	Reconstruction of the “Nikolet Vasia” Gallery
4	Archaeological excavations of mosaics and other ancient ruins at the “Gjergj Kastrioti” high school
5	Construction of 9-year school "Met Hasa"
6	Reconstruction of the 9-year school "Demokracia"
7	Reconstruction of the garden in the village of Shkalla, Manëz Municipality
8	Construction of 9-year school "Vadardh" Sukth
9	New construction of Manëz high school, Manëz Administrative Unit
10	Equipment with urban elements of public spaces and signage
11	Reconstruction of buildings of administrative units no. 1,4,5, Sukth and Rrushbull
12	PV security cameras in public spaces of the city of Durrës
13	Purchase of vehicles for firefighters
14	Supply and installation of road signs
15	Materials for parking lots in the city of Durres
16	Reconstruction of roads in 5 Administrative Units
17	Reconstruction of roads in the city of Durres
18	Reconstruction of the Taulantia promenade (segment from Pista to Sphinx Square)
19	Rehabilitation of road lighting in the city of Durrës



	Plan 2024	Plan 2025	Plan 2026
Total reserve funds	50,000,000	50,000,000	72,000,000
General expenses	4,464,083,000	4,489,223,000	4,537,143,000
Total income	4,514,103,000	4,539,223,000	4,609,143,000

The table above presents an aggregated summary of total revenues versus total expenditures, highlighting the element of the reserve fund, as a fund that reflects the difference between revenues and expenditures.

"Public Servants" - the number of employees in the Municipality of Durres

By 2024, the total number of employees will be**1920 people**Compared to 2023 there is an increase of**64 people**In detail, the number of employees of the Municipality and its subordinate enterprises and institutions is presented in the following table:

Institution	No. of employees 2023	No. of employees: 2024	Difference
Municipality Administration	300	305	5
MZH	48	56	8
Municipal Police	80	80	-
Local Territory Protection Inspectorate	14	14	-
"Aleksandër Moisiu" Cultural Center	42	41	- 1
Economic Education Center	554	584	30
"Teuta" Multi-Sports Club	22	22	-
Football Club	8	8	-
Durres Municipal Services Enterprise	311	316	5
Road Enterprise	238	121	- 117
Municipal Enterprise Plazh	172	172	-
Social Centers	40	43	3
Library	16	16	-
Children's Cultural Center	11	11	-
Urban Parks Agency	-	131	131
Total			64

- 8 people are added to the fire service
- 5 people are added to the Social Services Directorate
- 5 employees added to the Municipal Services Enterprise

- 11 people are added to the Economic Education Center
- 15 staff members are added for the new kindergarten groups
- 9 security guards are added to 9-year-old schools

- 3 employees added to the Social Center
- The Urban Parks Agency is increased by 131 employees (117 of whom come from the Rruga Enterprise)
- The Cultural Center is reduced by one employee

This increase will cost the municipality's budget**32 million lek.**

The largest number of employees will be in the education program with 475 people, followed by the waste management program with 468 people.

Planning for the remaining years 2025 and 2026 is based on the same number of employees and salary level as in 2024.

Reconstruction of

During the years 2024-2026, the Municipality's revenues, within the framework of the reconstruction process, will also finance the buildings with DS4 damage, which have not been financed by the state budget and must be reconstructed. There are 7 buildings with a total value of 858,645 thousand lekë. The reconstruction of two schools destroyed by the earthquake will also be financed from the Municipality's budget: Manëz Gymnasium and Vadardh 9-year school.

Recommendations and Conclusions

For the period 2024-2026, the Municipality of Durrës has made an ambitious plan to increase revenues and finance major infrastructure projects and public services. Some recommendations for managing this budget are:



- **Income diversification**: The municipality should focus on improving revenue collection from its own sources, especially from local taxes.
- **Effective use of capital funds**: Capital investments must be closely monitored to ensure that projects are completed within established deadlines and budgets.
- **Focus on public services**: Increased investment in public services, such as waste management and public lighting, will improve the quality of life for the residents of Durrës.

Note:

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Budget
Accountability
and Transparency



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