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**LOCAL GOVERNANCE
PROGRAM IN ALBANIA**

SUCCESS STORY

Internal Study Tours, an Effort to Encourage Municipalities to Share Best Practices and Learn from Albanian Successes

An internal Study Tour organized by the Municipality of Kukes to that of Vore, brought together tax office representatives from both municipalities resulting in a revenue plan increase for the Kukes Municipality for the second half of 2009



Pajtim Duraku , Head of Kukes Tax Department discussing on best practices of Vore Municipality

USAID's new four-year \$7.3 million Local Governance Program in Albania (LGPA) aims to improve governance in select municipalities and build public-private partnerships to create a "business friendly" environment in which the local private sector can flourish. USAID activities will seek to increase investment, create jobs, raise incomes, and ultimately, expand municipalities' tax base revenues.

The annual revenue plan made by Kukes Municipality at the beginning of 2009 came to about 3,294, 171 Lek from families tariffs and 2,666,587 Lek from real estate properties. Regardless of the annual income plan, opportunities exist to increase revenues by managing better the hotel taxes and improving the control procedures and verification of tax obligation payments for businesses.

In an effort to encourage municipalities to share best practices and learn from Albanian successes, in December 2008, LGPA launched an in-country study tour program. LGPA target municipalities were invited to submit in-country study tour requests on issues related to the LGPA program such as tax collection and audit, asset management, urban planning, municipal borrowing, etc. In this framework, the Kukes Municipality expressed its interest to visit the small Municipality of Vore near Tirana to get experience regarding the way and methodology followed by this municipality in the collection of local revenues.

Four Kukes Municipality staff, all working in the tax department, participated on a study tour that took place at the Vora Municipality on May 15, 2009. This study tour had the participation of the directors of Vora Municipality Departments as well as the whole tax department staff who did a great presentation of this municipality's work. The Vora Municipality staff was open to share all their positive experiences as well as the way and method used by them to have high results in the collection of local taxes.

What was clearly distinguished during this presentation was the administration of family tariffs through the model of tax agents that dealt only with this particular tariff, the way of managing hotel tax collection through the use of a book made of forms designed by the municipality staff themselves, and the good business tax administration procedures through the issuing a tax obligation and reminders within the legal deadline for the payment. Other important elements distinguished during this presentation were the clarification of jobs and responsibilities for each inspector and the participation of the monitoring group made of various municipality staff, excluding the tax department which verifies on site the tax obligations determined by the tax department as the strongest points of a good management of local tax collection by the Municipality of Vore.

Pajtim Duraku, Head of Kukes Tax Department appraised the significant changes that took place after this visit. The Kukes Municipality adapted the good management methodology of local revenue collection from that of Vore.. "The Internal study Tour in Vore Municipality organized by the LGPA Project was very successful. After this tour, we immediately started doing changes in the methodology of family and real estate income collection. As a result, we decided to do an income review for these two types of taxes in the second half of 2009. The income from family tariffs will be increased by 20% (from 3,294,171 Lek to 3,953,005 Lek) and income from real estates will be increased by 10% (from 2,666,587 Lek to 3,199,904 Lek) compared to what was planned at the beginning of 2009."