

RECOMMENDATION MATRIX		SECRETARIAT	
MUNICIPAL - BUSINESS INTERACTION		INVESTMENT COUNCIL	
ON TRANSPARENCY, SERVICES AND LOCAL ECONOMIC DEVELOPMENT		Jan-20	
PILLAR	RECOMMENDATION	RESPONSIBLE INSTITUTION	TERM
1. LEGAL	<p>Recommendation 1 Harmonization of legislation in the area of local taxes and tariffs with the new legislation on local self-government.</p> <p>Law No.9632 dated 30.10.2006 “On the Local Tax System” (as amended) should be harmonized with Law no. 139/2015 “On Local Self-Government” and Law no. 68/2017 “On the Finances of Local Self-Government”. To this end, it is necessary:</p> <p>a. Repeal of the Article 22/5 paragraph 2 in Law no. 9632 dated 30.10.2006</p> <p>b. Specification of the category on the fee for the transfer of the right of ownership of real estate for individuals, natural and legal persons, whether national tax or local tax.</p> <p><i>In light of frequent changes introduced by Law No.9632 dated 30.10.2006 “On the System of Local Taxes and Tariffs” being changed 17 times in total for only 39 articles, in the long-term it is recommended to draft a new and comprehensive law to guarantee the unity of legal norms and their coherence</i></p>	Ministry of Finance and Economy	Middle - term
	<p>Recommendation 2 Implementation of the legal obligation under Article 25 paragraph ç) of Law 68/2017 to allocate 2% of personal income tax revenues to local self-government units. MFE to specify Tax breakdown formula for each municipality.</p>	Ministry of Finance and Economy	Middle - term

2. TRANSPARENCY AND FISCAL EDUCATION	Recommendation 3 Publication and increase of transparency on local taxes and fees for businesses through: 1. Information on local taxes, fees and procedures for their payment in easily accessible means of communication: e.g.: notifications to the online local tax and tariff account, notices by e-mail, website. 2. Publication of annual DMCs on taxes and fees in an integrated and consolidated manner; 3. Municipalities to take measures for real-time publication of DMCs on the existing online platform (vendime.al) and in pertinent sections on their own websites.	Municipalities /MFE/ MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /	Middle - term
	Recommendation 4 Prepare, make public and easily accessible a special section on administrative grievance procedures in local government units. 1. Standard models of the Tax Notice of Valuation provide in particular: a) the taxpayer's right to appeal; b) modes of complaint; c) the time limit within which the complaint must be made; (d) the structure responsible for examining the administrative complaint; and (e) a link to detailed information on the rights and obligations of the parties for an effective administrative complaint procedure. 2. The review structure of administrative complaints, including competences, the legal basis of its functioning and the final decisions on administrative complaints should be made public (anonymizing personal data in these decisions), to enable the unification of practices and transparency for all involved parties	Municipalities /MFE/ MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian	Long term
	Recommendation 5 Preparation of a national manual for the tariff-setting process in cases where this is missing. In designing the guideline/methodology as well as setting the tariffs, the relevant MC shall take into account the provisions of the law that the tariff should be oriented to cover the cost of the service provided. The methodology should not influence on the principles of local autonomy provided by law but should set some standards on the reasoning for determining the level of tariffs and on the reasoning for differentiating between taxpayers who are subject to different levels of the same tariff eg. Methodology on	Municipalities /MFE/ MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian	Long term

	cleaning tariff.		
	<p>Recommendation 6 Municipalities should enable real-time updating of liabilities (1) paid <i>and/or carried forward by businesses (2) information on businesses (administrators).</i></p> <p><i>In view of the above, it is suggested to create an online communication interface among relevant electronic systems for the exchange of information Very important is also the unification of the electronic format for the blocking orders.</i></p>	<p>Municipalities /MFE/ MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian</p>	<p>Long term</p>
	<p>Recommendation 7 Municipalities should make transparency on the methodology of setting and calculating fees on services provided, for example the model of setting the cleaning fee.</p>	<p>Municipalities MFE/MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /</p>	<p>Middle - term</p>

3. SERVICES	<p>Recommendation 8 Setting/Increase of standards on local services. Central and Local government to implement:</p> <ol style="list-style-type: none"> 1. Minimum standards of service delivery at a national level; 2. A system for measuring performance at the municipal level in relation to the provision of services to citizens/businesses based on concrete indicators 	Municipalities MFE/MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /	Long-term
	<p>Recommendation 9 Digitization of administrative services at the local level in the context of deregulation reform.</p> <ol style="list-style-type: none"> 1. Online submission of notification on Local Tax Payment through electronic systems that should be made applicable in all municipalities in the country. 2. Simplification of procedure and documentation required from businesses for registration in local tax office e.g. ease the businesses burden in obtaining documents that can be exchanged among state offices themselves. 	Municipalities/ MFE/MI /Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /	Long term
4. ECONOMIC DEVELOPMENT	<p>Recommendation 10 Creation of functional local and regional cooperation platforms for economic development at the local and regional level, with the participation of LGUs, businesses, community, financial institutions etc..</p>	Municipalities / Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /	Long term

	<p>Recommendation 11 Increase of transparency on the decision-making process of municipalities in relation to local development projects and programmes, through their periodic and preliminary publication, so that businesses can prepare in time their business plans. It is important to publish on the website of municipalities a “passport of potential investments” with real data on labour force, its qualification and all other factors that influence the attraction of investments.</p>	<p>Municipalities / Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /</p>	<p>Middle - term</p>
	<p>Recommendation 12 Registration in the National Agency of Cadastre of immovable properties under the administration of municipalities. Publication of municipal assets, transparency on the transferring and registration of these assets, as well as making them available for use in support of economic development and income generation.</p>	<p>CSA/ Municipalities / Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /</p>	<p>Long term</p>
	<p>Recommendation 13 The process of transferring functions already initiated to the municipalities, including a clear definition of functions and competencies in the legislation, as well as respective association with the appropriate financial package, should be completed. (the exercise of these functions by local governments has been associated with problems related to the financial inadequacy of the provision of these services to the standards set out in the relevant legislation (e.g. Fire and Rescue Law sets some standards that are impossible for municipalities to meet with the current funds transferred from the central budget).</p>	<p>Ministries/ Municipalities / Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /</p>	<p>Middle - term</p>

	Recommendation 14 Implementation of TEDA project in the Municipality of Tirana and replicating the model in other regions/municipalities with concrete economic development plans.	TM/MI/Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /	Long term
5. MEMBERS PROPOSALS	Recommendation 15. Implement and intensify Municipality-Business consultations to address and analyze sustainable economic development.	Municipalities /Agency for Local Government Support / Association for Local Autonomy / Association of Albanian Municipalities /	Middle - term
	Recommendation 16. Capacity building of Municipalities on the qualitative preparation of periodic financial reporting and their publication. This is a must for attracting potential investors, transparency towards the community, it would serve to examine the efficiency of each municipality's work and would increase lending opportunities for municipalities to boost investment and economic growth (EBRD).	MFE/ Municipalities /Agency for Local Government Support / Association for Local Autonomy / Association of Albanian	Long term

Matrix of Recommendations MUNICIPAL - BUSINESS INTERACTION is the outcome of the Technical Note drafted by the Investment Council Secretariat. The purpose of the Matrix is to provide a summary of the proposed Recommendations and Solutions. The Matrix serves as the Secretariat's Internal Monitoring Plan so that it follows up on the implementation of Recommendation:

ABBREVIATIONS:

LSGU – Local Self Government Units

MFE- Ministry of Finances and Economy

MB – Ministry of Interior

MSHMS- Minister of State for protection of enterprises

TM – Tirana Municipality

SCA – State cadastre agency

UCCIAL – Union of Chambers of commerce and industry

DHTI TR – Chamber of Commerce and Industry of Tirana

TIMETABLE:

Short-term- from 1 month to 6 months.

Mid-term – from 6 months to 1 year

Long-term - over one year.