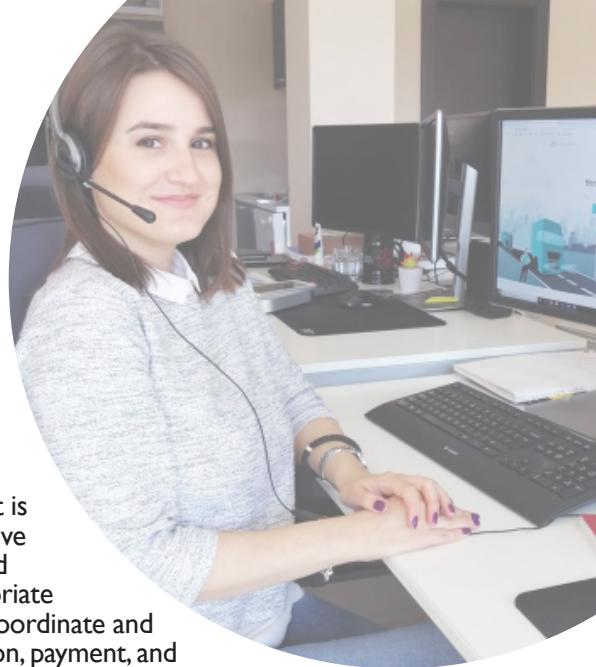


# STRENGTHENING RESOURCE MOBILIZATION ACTIVITY



## Goals

Municipalities increase their own-source revenues, secure higher external funding, and increase their budget execution rate

Decentralization process enhanced

## Duration

Jan 2021– Jan 2026

## USAID Funding

\$6.5 million

## Implementing Partner

DT Global Inc.

## Key National Partners

Municipal Governments

Ministry of Local Self-Government

Ministry of Finance

## USAID Contact

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## BACKGROUND

As North Macedonia advances its European Union accession processes, it is focused on creating efficient and effective government institutions at the local and national levels. This includes the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment, and control of its own resources to be able to provide efficient service delivery for its citizens. USAID contributes to this country's efforts to reduce corruption and increase government effectiveness and transparency.

## PROGRAM DESCRIPTION

The aim of this program is to increase municipalities' own-source revenues and external funding and increase their budget execution rate in compliance with the central government's budgeting and reporting requirements. Through this program, we will work with local and central governments to

- 1) enhance the quality of municipal tax and fee collection systems;
- 2) increase municipal capacity to access external resources from the national government, international organizations, capital markets, and banks; and
- 3) improve the ability of municipalities to plan, manage, and implement public sector revenues in compliance with national regulations.

## ACHIEVEMENTS AND IMPACT

We have signed MOUs with the mayors and are currently partnering with 40 municipalities that conducted self-assessments and identified their specific needs for improving resource collection and improved efficiency of the budgetary process. As part of our continuous learning agenda, through this Activity we conducted a Political Economy Analysis to provide a structured framework and increase the understanding of the complexity of potential development outcomes in North Macedonia's fiscal decentralization space. Based on these inputs and in partnership with each municipality, tailored interventions were then created to respond to the needs they identified.

To improve their tax collection, 16 municipalities have upgraded their existing tax administration software and put together teams to go into the communities to update their tax property inventory. Following on-the-job training and mentoring sessions, the mayors and local administrations are better equipped to improve fiscal transparency, budget planning and execution, and organizational structure; and to expand their possibilities for increasing revenue collection.

Several peer-to-peer events were held on topics such as revenue collection, private sector involvement, active transparency, and improving citizens' morale regarding taxpaying. Successful municipalities shared their practices, such as finding creative ways to update their tax base and property inventory, which significantly improved their tax collection rate. Several other municipalities are now following those examples.

This Activity includes ongoing discussions with relevant stakeholders to find ways to improve the overall decentralization process. In partnership with Central Government, several initiatives are underway to improve fiscal discipline and transparency of municipalities, and to consider different funding and organizational models for decentralization.

