



**USAID**  
FROM THE AMERICAN PEOPLE

# USAID'S STRENGTHENING RESOURCE MOBILIZATION ACTIVITY



Dear Partners,

*USAID's Strengthening Resource Mobilization Activity is a 5-year project, assisting North Macedonia's municipalities to raise and independently manage the resources necessary to fund services demanded by their citizens. The project is designed to collaborate directly with all 81 municipalities to build capacity and improve local government functions to bring greater accountability and decision-making responsibilities closer to citizens. At the heart of the project is the goal of measurably increasing local government own-source revenue and external financing for sustainability while providing improved services in response to the citizens' needs.*

*This is made possible by:*

- 1. Strengthening of the local tax and fee collection system.*
- 2. Improving the management of own-source revenues and the budgeting process.*
- 3. Increasing local government's ability to access external funding to meet the needs of the community.*

*To date, USAID's Strengthening Resource Mobilization Activity has partnered with 63 municipalities to bolster their own-source revenues, secure increased external funding, and improve their budget execution rate.*

*Our collaborative efforts, in conjunction with the Ministry of Finance and the Ministry of Local Self-Government, contribute to advancing North Macedonia's decentralization reform agenda.*

*We invite you to join us in enhancing municipal capacities and advancing the decentralization process in North Macedonia.*

*Sincerely,*

**Bardhyl Marku,**  
**Chief of Party, USAID's Strengthening Resource Mobilization Activity**



# OBJECTIVE I

## Local Government Own-Source Revenues Increased

### ENHANCE THE QUALITY OF MUNICIPAL TAX AND FEE COLLECTION SYSTEMS



**119** activities were implemented with the partner municipalities to: enhance their capacities for own-source revenue diversification, planning, and collection; explore possibilities for increasing property tax rates and introducing new local taxes and fees.



**629** municipal staff were trained on the property tax database update, which encompassed planning, implementing fieldwork activities for reregistration and revaluation of all real estates, as well as enforcing the collection of local taxes and fees.



Experience a rise in the 48 partner municipalities' total **own-source revenue**, with a notable **22.32%** overall average increase in 2023 compared to 2022, exceeding the already substantial **10.26%** growth observed in 2022 compared to 2021.



**15** first cohort partner municipalities increased their **property tax collection by 40%** thus contributing to the overall increase of own-source revenue collection rate by around 46%.



Assistance was extended to **24** second cohort partner municipalities to bolster their own-source revenue planning and collection efforts. This resulted in an average increase of **33%** in their **own-source revenue** in 2023 compared to 2022.



**14** second cohort partner municipalities received assistance in updating their property tax database, resulting in an average **20.5%** increase in **property tax collection** in 2023 compared to 2022. This contributed significantly to a remarkable 45% average increase in own-source revenues during the same period.



**12** first cohort municipalities upgraded their property tax software with additional operating modules which resulted in a significant improvement of the functionality and effectiveness of the local tax administration system.



**63** partner municipalities boosted taxpayer awareness by sharing how property taxes improve citizens' lives through the 'My Tax for My Municipality' campaign. This initiative, aired on national radio and TV in multiple languages, highlighted the crucial role of local tax contributions.



The Young Professionals Program assisted **11** partner municipalities for six months in updating their property tax databases. Following the completion of the project's support, 5 young professionals were hired and seamlessly integrated into the municipal administrations, where they continue to provide invaluable assistance in administering local taxes.



# OBJECTIVE 2

## Greater Amounts of External Funding Accessed

### INCREASE LOCAL GOVERNMENTS' CAPACITY TO ACCESS EXTERNAL RESOURCES FROM THE NATIONAL GOVERNMENT, INTERNATIONAL ORGANIZATIONS, AND/OR CAPITAL MARKETS AND BANKS



Through **65** activities, including mentorships, trainings, and on-the-job mentoring, **240** municipal officers have enhanced their capacity for identifying and developing project ideas, preparing project applications, and securing external funds.



**38** partner municipalities, with the technical assistance of the project team, developed and submitted **84** project applications, resulting in the approval of **11** for funding. A practical **Guide for Project Management in Seven Steps** was developed and provided to the municipalities. Access it at <https://sdc.com.mk/>.



A total of **105** funding opportunities were identified and presented to **283** municipal officers through a monthly bulletin distributed to all **63** partner municipalities.



A **Guide on Establishing Public-Private Partnerships** was developed and distributed to partner municipalities, available at <https://ideasdepo.mk/> (in MK) and [https://ideasdepo.mk](https://ideasdepo.mk/) (in ALB).



A **Guide for Assessing the Fiscal and Credit Capacities of Municipalities** was created and shared with partner municipalities. The tool aims to support the LGUs in making informed decisions to enhance their efficiency and effectiveness, enabling the realization of numerous beneficial projects and activities for all citizens.



Urban Audit, along with the developed **Methodology for Urban Audit**, was introduced to all municipalities as an innovative tool for prioritizing projects at local level, and **9** partner municipalities implemented this activity.



# OBJECTIVE 3

## Local Governments' Budget Execution Rate Increased

### IMPROVE LOCAL GOVERNMENTS' ABILITY TO PLAN, MANAGE, AND IMPLEMENT PUBLIC SECTOR REVENUES IN COMPLIANCE WITH NATIONAL REGULATIONS



A total of **154** activities were organized, involving **926** participants from **63** partner municipalities. These activities were designed to enhance the ability of local governments to plan, manage, and implement public funds. As a result, there were noticeable improvements, with a **10%** cumulative average percentage increase in budget utilization for 2022 and 2023.



The second cohort of partner municipalities showed notable improvement, achieving a **4%** average increase in Active Transparency, and gaining **2.5** index points in Fiscal Transparency on a scale from 1 to 16 compared to the previous year. The first cohort experienced a 17.3% increase in active transparency and gained 2.5 index points in Fiscal Transparency.



**17** partner municipalities have developed and adopted procedures for the segregation of duties in the budget expenditure process through mentorship support and on-the-job training.



Municipal staff from **63** partner municipalities received enhanced training on budget planning and gender-responsive budgeting, facilitated by the Project team through the development of a **Guideline for Budgeting in LSGUs**, available at <https://sdc.com.mk/>.



**20** partner municipalities have implemented Equal Opportunities Programs, ensuring equitable access to resources and opportunities regardless of gender, with specific activities identified and funds allocated for program success.



**21** partner municipalities have enhanced civic engagement by preparing and publishing citizen budgets.



**12** partner municipalities have established internal procedures for improved communication, based on the **Guide for Improving Internal Communication in LSGUs** available at <https://sdc.com.mk/>.



**11** partner municipalities have conducted self-assessment of public financial management practices, identifying strengths and weaknesses in managing public finance processes. They have developed action plans with recommendations for improvement based on the **Handbook for Public Finance Management Self-Assessment by Local Self-Government Units of North Macedonia**, available at <https://sdc.com.mk/>.



**10** partner municipalities have published abstracts of internal audits, following the **Guideline for Internal Audit with Good Practices**, accessible at <https://sdc.com.mk/>. These abstracts include key findings and recommendations for risk reduction and increased effectiveness of internal controls.



**7** partner municipalities have developed public procurement indicators, adhering to the **Contract Management and Transparency Guide** available at <https://sdc.com.mk/>



# OBJECTIVE 4

## Decentralization Process Enhanced

### ADVANCE CENTRAL GOVERNMENT'S EFFORTS IN IMPROVING THE DECENTRALIZATION POLICY



Conducted analysis and provided recommendations for improving Intergovernmental Capital Transfers to Local Self-Government Units in North Macedonia. Find the analysis here: [Analiza-na-vladini-kapitalni-transferi-kon-ELS.pdf](https://sdccom.mk/Analiza-na-vladini-kapitalni-transferi-kon-ELS.pdf) (sdccom.mk).



Amended the Law on Financing Local Self-Government Units based on a policy paper addressing municipal debt management.



Developed a Guide for Municipalities Declaring Financial Instability in partnership with the Ministry of Finance. Access the guide here: <https://finance.gov.mk>.



Developed a **Code of Transparency for Local Governments**, available on the Ministry of Local Self-Government website, in MK (<https://mls.gov.mk/mk/>) and ALB (<https://mls.gov.mk/sq/>) languages.



Produced Policy Briefs and organized expert roundtables on Asymmetric Decentralization to ensure equal access to public services, available on <https://ideasdepo.mk>.



Provided technical support with scenarios for the transformation of the Bureau for Regional Development into an Agency for Regional and Local Development.



Assisted the Ministry of Finance in mobilizing municipal revenues from own sources through comprehensive reports and proposed amendments to the Property Tax Law.



Compiled a Comparative Study and International Best Practices in Municipal Debt Management and developed a draft legislation on municipal arrears.



Developed a Policy Paper on Balanced Regional Development and Fiscal Decentralization, addressing challenges and recommendations for North Macedonia's development, available on <https://cea.org.mk>.



# TECHNICAL ASSISTANCE ACTIVITIES

Since the Project's inception, we embarked on a transformative journey together, implementing **374** activities aimed at enhancing the capacity and functions of our partner municipalities, with **36** activities specifically contributing to private sector engagement. Sixteen partner municipalities developed and adopted Local Economic Plans to drive economic growth. Additionally, five produced and published business newsletters to foster economic development. Moreover, two partner municipalities established Local Economic Social Councils to promote community engagement and growth initiatives.

Through our collaborative efforts, we've provided mentoring, on-the-job training, and workshops to **1795** dedicated municipal representatives, equipping them with new skills and insights to enhance their performance. Here's a glimpse of the impactful outcomes we've achieved:

- Initially rated at 1.85 on a scale of 1 to 3, the administrative capacity of the first cohort of partner municipalities surged to 2.38 with technical support from the Project, indicating significant improvement. This notable enhancement underscores the tangible impact of the Project's intervention, enabling these municipalities to operate with greater efficiency and effectiveness. Similarly, the second cohort's capacity increased from 1.69 to 2.41, further highlighting the Project's pivotal role in enhancing municipal effectiveness.
- Mayors and representatives from 63 partner municipalities engaged in productive discussions at the mayors' forums, addressing challenges and exploring opportunities for enhancing efficiency and accountability within their municipalities.





The USAID's Strengthening Resource Mobilization Activity is assisting North Macedonia's municipalities in becoming more self-reliant, accountable, and able to deliver effective services for their citizens.

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