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Swiss Agency for Development and Cooperation SDC

Network of Associations of Local Authorities of South-East Europe

TERMS OF REFERENCE

Expert on Assessment and Development of Transparent Reconciliation Procedures for Shared Vehicle Tax Revenues

Table of Contents

Contracting Authority: Network of Associations of Local Authorities of South-East Europe
Beneficiary: National Association of Municipalities of Albania (NAMA)
Donor: Swiss Development Cooperation

1. Background

NALAS is the network of associations of local authorities of South-East Europe. The Network brings together 14 Local Government Associations (LGAs) which represent roughly 9000 local authorities, directly elected by more than 80 million citizens of this region. The NALAS Secretariat, based in Skopje, is responsible for the overall coordination and the implementation of the activities. NALAS was created in 2001 following the first Forum of Cities and Regions of South-East Europe (Skopje, November 2000), organised by the Congress of Local and Regional Authorities of the Council of Europe. The Network was established under the auspices of the Stability Pact for South-Eastern Europe (Working Table 1) and the Council of Europe. During the first years, NALAS functioned as an informal organization with regular meetings, seminars and training programmes. In July 2005 NALAS became an officially registered association with its seat in Strasbourg. The NALAS Secretariat was established in March 2007.

NALAS promotes the process of decentralization in partnership with its member LGAs and in cooperation with central governments and international organizations, considering local self-government as a key issue in the current process of transition affecting the various countries in South-East Europe. NALAS initiates and carries out regional initiatives for its members and helps LGAs to become viable representatives of local authorities vis-à-vis their central government.

With the support of the Swiss Development Cooperation (SDC), NALAS is providing strategic, institutional, and operational support to the National Association of Municipalities of Albania (NAMA). This initiative is part of a broader effort to strengthen NAMA's capacity to effectively represent the collective interests of all Albanian municipalities and to play a more active and influential role in national and international policy processes.

Shared tax revenues are an important component of the intergovernmental fiscal system because they are collected or administered at central level while a legally determined share is due to local governments. The credibility of such arrangements depends not only on the legal allocation formula, but also on the existence of transparent, verifiable and timely procedures for determining the amounts due to each level of government and municipality.

The annual tax on used vehicles / vehicle circulation-related tax revenue is one such revenue stream in Albania that is shared between the national and local government levels. Municipalities receive 25% of the revenues from this tax. However, they do not have sufficient information to verify the tax base attributable to their jurisdiction, the amounts collected, the allocation applied, adjustments or corrections, and the amounts ultimately transferred to them by the central government. At the same time, central institutions require reliable municipal identifiers, clear data exchange protocols and documented reconciliation procedures in order to reduce errors, disputes and administrative burden.

NALAS and NAMA therefore intend to undertake a focused technical assessment of the current legal framework and administrative practice governing the determination, allocation, transfer and reconciliation of this shared revenue. The assignment will identify gaps and propose a practical framework that strengthens transparency, traceability, mutual verification and accountability for both levels of government.

2. Objective of the Assignment

The objective of the assignment is to assess the existing legal, institutional, administrative and data-management arrangements for determining and transferring to municipalities the amounts due from the annual tax on used vehicles / vehicle circulation-related shared revenue, and to propose a robust reconciliation and accountability framework that provides reasonable assurance to both central and local government institutions regarding the completeness, accuracy, timeliness and transparency of the amounts transferred.

The assignment shall specifically aim to:

- Clarify the legal basis, institutional responsibilities, allocation rules, deadlines and information obligations applicable to this shared revenue.
- Map the end-to-end process from tax assessment and collection through allocation, transfer, recording and municipal receipt, including all data exchanges and responsible institutions.
- Assess whether municipalities currently receive sufficient, timely and disaggregated information to independently verify the amounts due to them.
- Identify control weaknesses, data inconsistencies, reconciliation gaps, timing differences, unclear responsibilities and other factors that may create discrepancies or reduce confidence in the process.
- Develop practical reconciliation procedures between the General Directorate and/or Regional Directorates of Road Transport Services and municipalities and identify any necessary role for the Ministry of Finance, Treasury, tax administration or other institutions.
- Recommend transparency, reporting, certification and oversight measures that strengthen accountability on both sides and can be implemented with proportionate administrative effort.

3. Scope of Work

The Expert will work in close coordination with NALAS and NAMA. The assignment will include the following components:

3.1 Review of the Existing Framework

- Review the legal and regulatory framework governing the determination, allocation and transfer of shared revenues from the annual vehicle circulation tax/annual tax on used vehicles to municipalities.
- Review the institutional roles and responsibilities of the relevant central and local government institutions.

3.2 Assessment of Current Practice

- Assess the current procedures for calculating, reporting, reconciling and transferring the amounts due to municipalities.
- Identify gaps, risks and weaknesses affecting transparency, accountability and accuracy of transfers.

3.3 Development of Improved Procedures

- Develop practical recommendations to strengthen transparency, accountability and financial control over shared tax revenues.
- Propose standardized reconciliation procedures between the General Directorate of Road Transport Services (and/or its regional directorates) and municipalities, including roles, timelines, documentation requirements and reporting formats.
- Recommend measures to improve data sharing, traceability, discrepancy resolution and auditability of revenue transfers.

3.4 Stakeholder Consultation and Validation

- Present the findings and draft recommendations to the Steering Committee on Local Finance of the National Association of Municipalities of Albania (NAMA).
- Revise the final report based on comments received and submit the finalized recommendations.

4. Deliverables

The expert will deliver:

1. Draft-Assessment Report

- Review of the legal and institutional framework.
- Mapping and assessment of the current procedures for determination, reconciliation and transfer of shared revenues from the annual vehicle circulation tax/annual tax on used vehicles.
- Identification of gaps, risks and weaknesses affecting transparency, accountability and accuracy of transfers.
- Proposed reconciliation procedures between the General Directorate of Road Transport Services (and/or its regional directorates) and municipalities.
- Recommended institutional responsibilities, reporting formats, reconciliation templates, timelines and discrepancy resolution procedures.

- Recommendations for improving transparency, accountability, data sharing and auditability.

2. Validation of findings and recommendations

- Presentation of findings and recommendations to NAMA and NALAS.
- Facilitation of discussion and collection of stakeholder feedback.

3. Final Report

- Revised assessment and recommendations incorporating comments received during the validation process.
- Presentation on assessment report findings and recommendations

All deliverables shall be submitted in Albanian language.

5. Location

The assignment will be carried out in Tirana. Eventual travel and accommodation arrangements will be agreed in advance with NALAS.

6. Duration

For this assignment are foreseen 10 working days, in August and September 2026 (intermittent engagement).

7. Reporting and Coordination

The Communication Expert will report to:

- NALAS Project Manager
- NAMA Executive Director (strategic oversight)
- NAMA Project Manager (operational coordination)

Close coordination will be ensured with SDC to ensure consistent communication. Close coordination will also be ensured with the SDC funded 'Strong Municipalities' program and other donor-supported initiatives to guarantee message coherence and avoid duplication.

8. Required Qualifications

Qualifications and skills:

- Advanced university degree in economics, finance, accounting, taxation, law, public administration or another field directly relevant to the assignment.
- Excellent command of Albanian and strong working knowledge of English.

General Work Experience

- At least 8 years of relevant professional experience in public finance, local finance, intergovernmental fiscal relations, taxation, public-sector accounting/audit, financial management or related fields.

Specific Work Experience

- Demonstrated experience with local government finance and the fiscal decentralization framework in Albania.
- Experience in the analysis of local and shared taxes, intergovernmental transfers, revenue administration or municipal finance.
- Experience in process mapping, data reconciliation, financial reporting or design of standard operating procedures.
- Familiarity with public-sector financial reporting systems, data governance and the practical requirements for secure institutional data exchange is a strong advantage.
- Strong analytical and drafting skills, with demonstrated ability to translate complex fiscal and administrative processes into practical procedures and control arrangements.
- Previous work with municipalities, central government institutions, local government associations or donor-funded governance programmes is preferred.

9. Budget and Payment Schedule

For this assignment are foreseen for 10 working days. The Maximum budget for this fee-based contract is €2,000.00 (two thousand euro) (VAT excluded).

The budget will be agreed based on the total number of working days and the expert's daily fee, in line with NALAS and SDC rules. Payments will be made based on acceptance of deliverables by NALAS. No accrual costs will be accepted.

Budget allocations may be amended with the approval of NALAS, as per the needs of the project.

10. Ethical Considerations

The expert shall:

- Maintain impartiality and professional independence in the assessment of institutions and procedures.
- Respect confidentiality requirements for taxpayer, vehicle-owner, financial and administrative data accessed during the assignment.
- Use any transaction-level or personal data solely for the purposes of the assignment and in accordance with applicable data-protection rules.
- Avoid including personally identifiable information in reports, presentations or reconciliation examples unless formally authorized and strictly necessary.
- Ensure that findings are evidence-based and that recommendations provide balanced assurance and accountability mechanisms for both central and local government institutions.

11. Modification of Terms

NALAS reserves the right to modify these Terms of Reference, in consultation with NAMA and within the scope of the project, in order to respond to evolving project needs, availability of data or institutional developments relevant to the assignment.