

Millennium Challenge Albania MONITOR



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The two-year \$13.85 million Millennium Challenge Albania Threshold Agreement between the Government of Albania (GoA) and Millennium Challenge Corporation (MCC, www.mcc.gov), administered by USAID assists the GoA to reform and modernize tax administration, public procurement, and business registration processes, through IT solutions and legislative enhancements.

LEGISLATIVE DEVELOPMENTS

The Law on National Registration Center Enacted

The Parliament of Albania has given the green light to establish one-stop business registration. The National Registration Center (NRC) is scheduled to open its doors on September 1, 2007. Once in operation, the NRC will replace the courts in conducting all business registration procedures and maintenance of the official Commercial Register.

Law No. 9723 establishing the NRC was enacted by the Albanian Parliament on May 4, and took legal effect on June 8, 2007. The vote in Parliament was nearly unanimous (only one negative vote). Nine amendments to existing laws, as part of the NRC legal framework, were approved by Parliamentary Committees throughout May and early June, and are currently in the process of being reviewed by the Parliament. The Law mandates a one-day, one-step procedure for registration, including registration with the tax authorities, through either submitting an application directly to the NRC facility in Tirana, or to one of 29 service windows to be opened in regional locations throughout Albania.



Members of Parliament voted almost unanimously for the NRC law

Progress Towards the New Tax Procedure Law

In order to streamline tax administration procedures, the project is working with the Government of Albania to draft a unified tax procedures law. A working group consisting of representatives from the Ministry of Finance, General Directorate of Taxation, and project tax specialists has recently completed the first draft, currently under review at the Ministry of Finance. The draft will then be released for comment by the business community and public. The new law is intended to reinforce both taxpayer rights and tax collection capacity of the GDT, while promoting transparency and accountability in tax collection.

Dear Reader,

The tax administration in Albania is grateful to all donors for assisting this administration with self-will, passion, and professionalism that will lead it toward the best world practices, aiming at transforming this administration from an institution that only manages taxes and public charges into an institution that offers Albanian taxpayers high quality services. These efforts have reached a climax with the Millennium Challenge Albania Threshold Agreement project that opens a new era in this direction.

The initiatives supported by the project's tax administration component will increase revenues to the state budget, help Albanian taxpayers in accurately understanding their tax related rights and obligations, which will significantly reduce corruption and enable tax filing and payments using information technology (IT).

The first achievements of the project are now obvious. Since June 2007, large taxpayers are able to download all tax forms and declarations from the General Directorate of Taxation (GDT) website and may submit those to the bank. This avoids direct contacts with tax inspectors. As a result, in September large taxpayers will have, for the first time, the opportunity to file and pay taxes directly through the internet. This means less bureaucracy, a better quality of service, more available time for taxpayers to increase their profits and consequently more revenues to the state budget. One of the best international experts in the tax field is now helping the Government of Albania in drafting a new tax procedure law. Work is being carried out also for the design of IT modules for case tracking, which increases quality service and reduces corruption.

The Albanian Government believes the Millennium Challenge Albania project will be successful and we are grateful to the priceless help of the American people and their government.

Florjon Mima
Deputy Minister of Finance

Empowering Businesses to Hold Contracting Authorities Accountable

In May, the Albanian Parliament voted Mr. Edi Spaho, former Director of the Public Administration Department, for the position of the Public Procurement (PP) Advocate. Under the Public Procurement Law, the Advocate will investigate complaints brought by bidders, as well as perform a monitoring role. The Project will provide technical assistance and funding required to set up this new institution.

INSTITUTIONAL CAPACITY BUILDING

National Registration Center Prepared for Start-up

With the assistance of the project, the Ministry of Economy, Trade, and Energy (METE) has readied the NRC for launch by submitting to the Council of Ministers staffing requirement and a start-up budget. The NRC facility will be located in Tirana, in the former INIMA building next to the Prime Minister's office. METE and the project will provide training for NRC staff, which will begin this summer after the hiring of all staff. The project is also supporting the infrastructure needs of the NRC with the procurement of new computers and other hardware for operations, designing the NRC software system and web site for registration processing, and refurbishing the interior of the building.



NRC staff will assist citizens to register their businesses in the new and spacious NRC offices. (For larger images of the artist rendering of the NRC building see www.mcata.org.al)

National Public Procurement Trainers Team Created

The Millennium Challenge Albania project's approach to building the capacities of the contracting authorities focuses on developing the institutional capacity of the Public Procurement Agency (PPA) by creating a National Trainers Team on Public Procurement. To this end, PPA and the project organized a three-day intensive Train-the-Trainer (ToT) Certification Course for 25 public procurement officials representing all regions of Albania from May 31 to June 2. This course provided participants with in-depth knowledge of the Albanian public procurement legal framework and sophisticated training techniques. Course graduates will become the core of the PPA efforts to train and certify as many as 1,500 public procurement officials by September 2008.

PUBLIC OUTREACH

Wider Access to Information on Project-supported Reforms

The web site of the Millennium Challenge Albania project launched at the beginning of June offers a new source of information for business people, civil society groups, and the public on the progress of project-supported reforms in tax administration, public procurement, and business registration. The web site invites visitors to participate actively in these reforms and make use of the new e-services created. Please, visit the web site (www.app.gov.al) and send us your feedback.

Strengthening PPA's Public Information Efforts

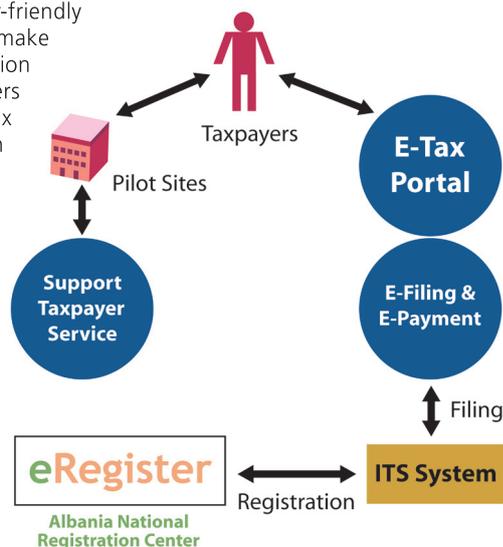
With project assistance, the Public Procurement Agency developed its first Internal and External Communications Strategy. The document sets forth strategic objectives to better inform contracting authorities, the economic operators, and the public about PPA work and plans for mechanisms and activities that will ensure wider public oversight on public procurement in Albania. This includes the establishment of a Public Information function at PPA starting in January 2008 and the development of a Management Information System for PPA.

E-GOVERNMENT

IT to Support Better Taxpayer Services

In early June, the GDT Director approved the office space for the Centralized Service Center for Tirana Taxpayers, which will be located at the new GDT building. The project is working with GDT to develop an electronic Customer Management System that will enable more effective services to taxpayers in the Tirana area. This effort goes in parallel with the efforts to refine and complete the e-filing system that will first serve large taxpayers. The testing of the e-filing modules with the participation of selected large taxpayers will start in early July.

The project is also working with GDT to restructure the GDT web site so it becomes the hub for taxpayer information, as well as the entry point for e-tax services. The new GDT web site will build upon recognized international and Albanian practices and will offer a wide range of user-friendly mechanisms to make the interaction between taxpayers and the tax administration more transparent and efficient.



E-tax systems will change the way taxpayers relate to GDT

UPCOMING EVENTS

The project has agreed with the University of Tirana to develop a Public Administration course in Public Procurement at a Masters level for the next academic year.

A package of informative educational materials, such as the Public Procurement Manual, Economic Operators Guide, an updated edition of the Public Procurement Dictionary of Terms and the Public Procurement's Informative Brochure, will be published and distributed to interested groups.

"This training will help me to do my work better. And I am ready now to assist other public procurement officials in my region to implement more effectively the new law." By a participant in the ToT Course on Public Procurement.

For questions about the project and to subscribe to this newsletter, call or write to us at:

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