

Millennium Challenge Albania **MONITOR**



BIMONTHLY NEWSLETTER
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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

One Step Closer to a New Tax Procedures Law

In the last two months the new draft tax procedure law, developed with assistance by the MCC project, moved one step closer to final review and approval. The draft law is currently being reviewed by line ministries and is scheduled to be submitted to the Council of Ministers as this newsletter goes to print. The final draft law is the culmination of months of revisions, extensive negotiations and a process whereby, for the first time, this important legislation was brought before the Albanian public for discussion in the draft stage. The law will be an important contribution to better tax administration spearheaded by a well-managed, streamlined organization that provides quality services in line with the rights of taxpayers and reins the "Tax Police" known for arbitrariness and corruption into a modern system of enforced collection.

All Government Institutions to Use Single Procurement Hub

The Central Procurement Body (CPB), established in January by a Council of Ministers decision, could increase effectiveness and reduce corruption in the public procurement process in Albania. Mandated by law and placed under the Ministry of the Interior, the CPB will procure for all central government entities, fuel supply, internet and e-mail services, automobiles, computers, copy machines, and stationery. MCC is helping the CPB to develop a streamlined organizational structure which will standardize operating procedures and interagency agreements for public procurements. The CPB will utilize extensively the new e-procurement system.

INSTITUTIONAL CAPACITY BUILDING

A Better Fit for Tax Officials, Assessment to Help Rationalize Job Placements

The General Directorate of Taxation (GDT) has recently embarked on efforts to re-organize its work to reflect the proposed changes in the draft tax procedure law and align itself with the principles of a modern and effective tax administration. To support this process the project will assist GDT in conducting an individual professional capacity assessment of all tax officials in the Large Taxpayers (LTO) and Tirana Tax offices (TTO). The assessment, scheduled to be completed by the end of March, will serve as a basis for re-assigning LTO and TTO staff in positions that best fit their qualifications and experience.

New Procurement Advocate In Action

Businesses are finding their way to the Procurement Advocate office. By the end of February, 44 businesses submitted

Dear readers,

It is my pleasure to greet you via the Millennium Challenge Albania project's newsletter. The Procurement Advocate was established in 2007 as a new institution that contributes to the enhancement of transparency and accountability in the public procurement process in Albania. Established by the public procurement law and mandated by the Parliament, our institution serves as a monitoring and investigative mechanism for public procurement and concessions' legal framework and procedures in Albania.

This institution is a stepping stone in the efforts to build a modern and effective public procurement process in Albania and to bring our country in line with the best international practices in this field. Being the first institution of this kind in the public procurement area, we are excited about the opportunity to contribute towards these important goals and aware of challenges ahead.

We serve all those who participate in a tender procedure and those who suspect that something might have gone wrong. We receive complaints, investigate them, and issue recommendations to ensure the fair and effective implementation of the law. We are an alternative mechanism for receiving and investigating complaints, parallel to the administrative and legal review procedures, and we work in cooperation with the Public Procurement Agency (PPA) and contracting authorities.

Our staff and I are devoted to ensure the highest standards of service to economic operators and the public. We take every complaint seriously and we have issued several recommendations that have been accepted by the PPA and contracting authorities to the benefit of economic operators. These are our first steps and we know that there is more to do. We're committed to making good on our institutional motto, "Objective, Independent, Defending Your Rights"!

Finally, I would like to invite you to visit our web site (www.avp.gov.al) to learn more about our services and to follow our work. This is another window of communication with you that proves that we are at your service.

Sincerely,
Edi Spaho
Procurement Advocate



PAv staff discusses complaints from bidders.

complaints to the Advocate, who issued various recommendations, including some for the suspension of tender procedures. The project assisted the Procurement Advocate's office in developing its Standard Operation Procedures and Internal Quality Assurance Program in line with international best practice as well as a Communications Strategy that will make the Procurement Advocate's work more transparent and effective.

Business to Rate Customer Service at the NRC

NRC is committed to provide high quality and effective service to its customers. To this end, the project is assisting NRC to conduct a performance monitoring survey of their services. Exit surveys and focus groups will be used to assess customers' experience with NRC services and identify areas for improvement. Exit interviews will be conducted with a total of 1,600 business representatives who visit NRC headquarters and municipal service windows during a three-month period. Focus groups will be organized to obtain additional information and insight into any problems that surface from the interviews.



NRC staff addresses concerns by their customers.

E-GOVERNMENT

More Opportunities to Use e-filing System

In February, VAT taxpayers in Tirana got the full 'flavor' of the e-filing benefits. With the monthly estimated profit tax software completed, VAT taxpayers can now e-file for all major taxes. A total of 211 taxpayers had registered for e-filing by the end of February. In the month of February, a total of 83 business taxpayers e-filed for VAT, 61 for employment income tax, and 62 for the social and health insurance declaration. In March, LTO taxpayers will also be able to e-file for the profit tax. In April, e-filing will become widely available to all business taxpayers.

Ministries and Municipalities Ready to Use e-Procurement

With strong endorsements by the Prime Minister and the Deputy Prime Minister, e-procurement is now available for use by all contracting authorities. Several contracting authorities responded to a letter by the PPA Director stating their interest in using the system to conduct tenders this year. During January and February, the project trained some of these contracting authorities, including the Ministry of Defense, the Ministry of the Interior, as well as

Tirana and Durrës municipalities to use the e-procurement system. All have agreed to use the system after the central budget is approved by the Parliament in February.



PAV web site offers information to economic operators and contracting authorities

Electronic Registry Makes Business Registration in Albania Even Faster

NRC, with full project support, is moving closer to establishing a fully electronic Commercial Registry in Albania. In January, the project's subcontractors had scanned and indexed 189,000 business registration court files, of which 39,000 were files of juridical persons, and 150,000 files of self-employed individuals registered in 29 district courts. The electronic files were transferred to the NRC to enable the center's staff to reduce the time required for processing of applications for business record updates and extracts to one day.

PUBLIC OUTREACH

Bring Your Complaints to Us!

A country-wide public information campaign on the Procurement Advocate's services was launched on February 19th, 2008. The Procurement Advocate web site (www.avp.gov.al) provides easily-accessible information of the institution's role and services, as well as a complaint registry. A TV spot broadcast by the three main TV stations and newspaper ads informed the public about the Procurement Advocate's role and invited businesses to visit the institution's web site. Brochures on the complaint and review procedures are being distributed throughout Albania. The media campaign will last four weeks and will lead to other public outreach efforts by the Procurement Advocate's office, including roundtables with the business community.

UPCOMING EVENTS

- Following the inter-ministerial review process, the draft tax procedure law is scheduled to go for Parliamentary review and approval in March 2008.
- An intensive training program on e-procurement for public procurement officials and economic operators will start in April 2008.
- The fully electronic Commercial Registry is scheduled to go live on the NRC web site in April 2008
- The Procurement Advocate will organize two roundtables in Tirana with the business community on March 18 and 20, 2008.

"Step-by-step the Ministry of Finance is extending its electronic tax services. I insist that every one must comply with the obligation one has to the country's digital age... we must try to move at the maximum speed possible," says Prime Minister Berisha.

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

Millennium Challenge Albania Threshold Agreement

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