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STRENGTHENING GOVERNANCE IN ALBANIA

Millennium Challenge Corporation Albania
Threshold Program, Stage II: Final Report

MAY 2011

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ALBANIA THRESHOLD PROGRAM / ROLAND TASHO



One goal of territorial planning reform is to support managed and efficient growth while preserving important cultural or heritage sites, which abound across Albania.

STRENGTHENING GOVERNANCE IN ALBANIA

Millennium Challenge Corporation Albania Threshold Program, Stage II: Final Report

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ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

Improvements in taxpayer services supported by MCCA2 gives entrepreneurs more time to serve their customers. Business owner Luljeta Sharra says that at the new Taxpayer Service Center she can “easily get a ticket from the queue management system, see an inspector, and not have to push through crowds of other people.”

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FRONT COVER: The state-of-the-art Taxpayer Service Center in Tirana opened on December 1, 2010. The project redesigned the Tax Administration’s taxpayer service model so routine contacts between taxpayers and tax officials take place in this transparent and controlled environment (direct contacts between taxpayers and their processing inspectors are still allowed for collections, audit, enforcement, and appeals). Traffic approaches 1,000 visitors daily during peak filing periods, and the center served nearly 50,000 customers during its first three months.

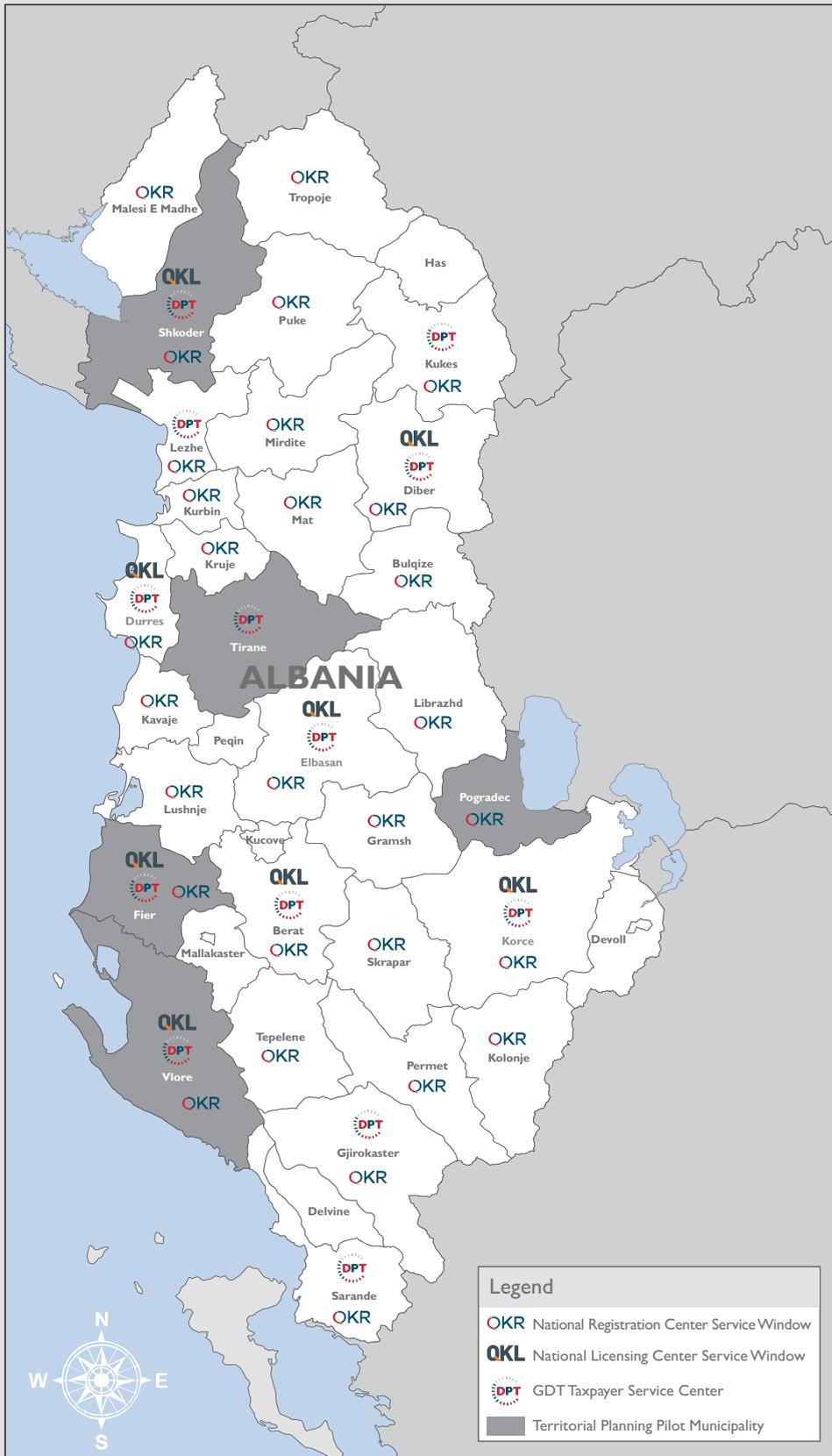
ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

BACK COVER: Albanian cities — including the capital, Tirana — are developing rapidly. The new Territorial Planning Register will help ensure that construction and urban development occur transparently, accountably, and efficiently.

ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

IMPACT OF MCC THRESHOLD PROGRAM REFORMS ACROSS ALBANIA

MCC reforms have benefited businesses throughout Albania by establishing networked facilities in nearly every province where they can register, secure a license, pay taxes, or easily access urban planning requirements.



EXECUTIVE SUMMARY

Following the successful completion of the Stage I Millennium Challenge Corporation Albania Threshold Program in 2008, Albania and the United States pledged to continue the ambitious reform agenda begun under the program. On January 22, 2009, Chemonics International was awarded a contract to implement the two-year, \$15.7 million Millennium Challenge Corporation Albania Threshold Program Stage II (MCCA2). Administered by the United States Agency for International Development (USAID), MCCA2 was designed to strengthen the rule of law, reduce corruption, and increase public oversight in Albania through an e-government program of information technology (IT) solutions and technical and legal assistance. The program was organized into five main components: tax administration reform, business licensing reform, territorial planning, administrative courts, and

private-sector and civil society engagement. A sixth component focusing on anti-corruption investigative efforts was administered by the United States Department of Justice.

Today, this e-government approach has transformed key government operations and made them more transparent and efficient and less corrupt. The Government of Albania saves time and cost in provision of services, the business enabling environment is stronger and more open to investment, and citizens throughout Albania can benefit from the innovative reforms.

Two years ago, the General Directorate of Taxation (GDT) was still in the early stages of its transition from its communist-era roots. Field inspectors still had personal responsibility for taxpayers within their zones, and processing inspectors still had frequent personal contact with taxpayers — circumstances that

created opportunities for corruption. Manual processes continued to delay internal GDT operations and impede transparency. Today, GDT is creating a culture of voluntary compliance and is becoming a modern, customer-oriented tax institution. Field verification units have new work processes that reduce opportunities for corruption. Processing inspectors meet with taxpayers only rarely; nearly all taxpayer-initiated requests are routed to taxpayer service employees who are trained to provide prompt and transparent service. At the Tirana Taxpayer Service Center, for instance, nearly 1,000 taxpayers visit the facility on some days.

GDT has new units to help combat corruption and ensure equal treatment for all taxpayers. Two specialized units address reports of tax evasion by taxpayers and corruption by tax employees. In two years, their efforts have led to more than 300 referrals to prosecutors and more than 30 employee dismissals and reprimands. An anonymous denunciation hotline has received more than 200 reports from citizens. A new Taxpayer Advocate and the Tax Consultative Council also represent the interests of taxpayers to the tax administration.

An array of innovative IT solutions are making GDT's administrative processes faster and more transparent. A new collections system and a first-of-its-kind collections call center help GDT collect revenue; a new payment processing system will reduce processing times from three months to one day;

and a risk analysis system has automated a previously subjective, manual process of selecting taxpayers for audit. More than 30,000 businesses regularly use e-tax services, and 80 percent of tax declarations are now e-filed.

Two years ago, it took businesses an average of two months to receive a business license, in an opaque and frustrating process that required countless trips to various government agencies, frequent solicitations for bribes, and seemingly endless red tape. Now, most licenses are awarded in one to four days at the National Licensing Center (NLC), a one-stop shop created with program support. The NLC is headquartered in Tirana and has offices in nine other cities, making the benefits of licensing reform easily available to all businesses. The NLC has processed more than 7,000 license applications since it opened, and more than 93 percent of NLC users were very satisfied or satisfied with their experience at the NLC — particularly with its effectiveness, fairness, transparency, professionalism, and consistency.

Two years ago, property developers or average citizens had limited means to learn about planned or in-process construction or development. There was little opportunity to view building codes, guidelines, or urban plans; learn about zones or parcels; or gather accurate information on territorial planning in general. Planning officials themselves had little access to current, reliable information to help them perform their jobs. The opaque territorial planning

regime fostered corruption and informal construction. Now, a state-of-the-art, web-based portal contains more than 50 categories of planning information from seven of the largest Albanian municipalities, encompassing 50 percent of the population.

The publicly accessible web site uses GIS data to clearly show urban plans, zones, and parcels, thereby allowing developers to make appropriate construction plans; municipal planning officials to make well-informed decisions about development in a manner that is transparent, accountable, and efficient; and citizens to become informed of development in their communities. The new National Territorial Planning Agency (NTPA) was established to manage the portal and serve as a resource for municipalities and citizens alike.

Administrative law regulates the legal interactions between citizens and their government. In Albania, administrative cases — currently handled in the general jurisdiction courts — can take more than a year to resolve; these delays and associated costs deter foreign investment and stifle economic growth. To address these problems, Albania sought to create an administrative court system to provide an efficient venue in which citizens and business could resolve disputes with the government. MCCA2's administrative courts component was designed to help establish these courts. However, the enabling legislation was not enacted during the term of the contract, owing to the lengthy political crisis in the country.

Although MCCA2 was not able to complete the process of establishing the courts, including acquisition of furniture and equipment for the first instance court in Tirana, the project added significant value by designing many of the tools and systems that the courts will require once the law passes. The program prepared secondary legislation to improve judicial efficiency and effectiveness, a suite of nine training courses for administrative judges and court staff, manuals on financial and document management, and a state-of-the-art, web-based case management system (CMS).

To institutionalize the Government of Albania's efforts to improve the transparency and efficiency of its operations, civil society organizations (CSOs) must develop the skills and take responsibility for holding the government accountable and advocating for additional reforms, if needed. To support this outcome, MCCA2 worked closely with 30 Albanian CSOs to help them build relevant watchdog and advocacy skills. The program also enlisted CSOs to monitor Stage I and Stage II reforms, thereby helping these organizations build new capacities and helping support the sustainability of the reforms by holding government to account.

The remainder of this report provides additional details on MCCA2's activities and successes and concludes with a discussion of lessons learned and recommendations. The program's final performance monitoring data are contained in Annex A.



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Musa Plaku, who established his shoe repair business after communism collapsed in Albania in 1990, notes a remarkable transformation in taxpayer services during the last four years: “What had been a painful and frustrating experience is now easy, and the staff is very professional.”

CHAPTER ONE

COUNTRY CONTEXT

Albania is in the midst of a historic transformation. After emerging from a decades-long period of self-imposed isolation in the early 1990s and overcoming serious political, social, and economic shocks during the crises of 1997-1998, Albania has pursued a path of Euro-Atlantic integration, modernization, and reform. These efforts helped lead to the highly successful Millennium Challenge Corporation (MCC) Stage I Threshold program, which provided assistance from 2006 to 2008. In 2009, Albania joined NATO, and the World Bank ranked the country second on its list of best reformers worldwide. The following year, the European Union lifted

visa requirements for Albania. These accomplishments are evidence of Albania's energetic pursuit of modernization.

These developments have not been without setbacks, and Albania still faces significant challenges. Corruption is endemic, and institutions such as the judiciary continue to suffer from lack of independence. While it achieved every objective of the MCC Threshold Stage I program, Albania did not qualify for Compact status due to the failure to meet the mean for 12 of the 16 required indicators.¹ The MCC Albania Stage II program (MCCA2) was designed to help Albania meet

1. The scorecard for Threshold Country Program countries is available at <http://www.mcc.gov/pages/selection/scorecards>. Albania has published scorecards tracking indicator performance for fiscal years 2009 and 2010.

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Before the MCCA2 project, building codes, zoning guidelines, and urban plans were difficult to find, making construction and urban planning (in a city like Tirana, pictured) at best challenging. The project helped create a web-based portal with more than 50 categories of planning information from seven of the largest Albanian municipalities, helping make urban planning more transparent, accountable, and efficient.

the means for these indicators and added another — Promoting Rule of Law — to help Albania achieve Compact status.

Europe was in the throes of the global economic recession when MCCA2 began in January 2009. Although Albania maintained a low positive economic growth rate during the recession, the slowdown in growth caused fiscal revenues in 2009 and 2010 to fall short of overly optimistic government projections, while public demands for government spending continued to grow. The threat of expanding fiscal deficits and cash flow shortfalls put pressure on the government to restrict administrative budgets and collect additional tax revenues. Budget meltdowns in Ireland and Greece intensified international pressure for deficit reduction in Albania.

The economic context for the project was complicated by a political deadlock, lasting nearly the entire project duration,

which resulted from a virtual tie between the two major political parties in the June 2009 parliamentary elections. The election outcome led to a six-month parliamentary boycott by the opposition party and an ensuing period of extreme polarization and gridlock. The political impasse prevented the passage of key legislation, including some necessary for project activities. Albania also learned in summer 2010 that it would not be eligible for an MCC Compact because it had graduated to an Upper Middle Income status, per the MCC's country criteria.

These economic and political issues distracted top government leaders over the 28 months of the project. As a result, the project did not enjoy the same degree of high-level government support and pressure to achieve its goals of increased transparency during Stage II as it did during Stage I. To fill this gap, the project team had to develop creative approaches to move the reform agenda forward.



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Brisilda Kola, an IT administrator for the National Licensing Center, performs diagnostic maintenance on the NLC systems. MCCA2 refurbished and equipped server rooms for key counterparts and trained their IT staff to ensure that each institution could manage the new systems that MCCA2 designed.

CHAPTER TWO

INCREASING TRANSPARENCY AND EFFICIENCY WITH INFORMATION TECHNOLOGY

Given the popularity of the electronic services established under MCC Stage I, MCCA2 expanded electronic services in tax administration and created several other new e-government systems to support project counterparts. MCCA2 developed e-government systems to streamline tax declaration and payment, receive business license applications, display urban development and construction permits, and process court cases. These state-of-the-art systems are at the heart of many Stage II reforms.

As with the Stage I systems,

MCCA2 systems are web-based and publicly accessible. They were designed with the goal of maximizing transparency, accountability, and efficiency. These systems exchange and share data with one another; for example, the NLC and GDT share information about specific businesses and include common features, such as enabling customers to track applications online. When confidentiality is required (e.g., for tax account data), they employ password access. They are robust, upgradable, and compatible with most software and operating environments currently in use in Albania.

KEY RESULTS: ELECTRONIC SERVICES IN TAXATION

- 80 percent of tax declarations are e-filed
- 25,000 regular e-filers
- More than 30,000 users of e-tax services
- Payment processing time reduced from three months to one day, saving \$1 million per year

ELECTRONIC SERVICES IN TAXATION

To increase the transparency and efficiency of tax services, the Stage I program developed several electronic systems, including systems to enable taxpayers to download tax forms, e-file tax declarations, and view their tax accounts online. The number of taxpayers using these systems grew steadily throughout Stage II. To increase tax revenues, the Government of Albania also decided in early 2009 to reduce the threshold at which VAT and profit taxes apply to businesses, approximately doubling the number of businesses required to file monthly declarations. Together, these factors represented a huge surge in demand for tax e-services that threatened to overload GDT's capacity and undermine the success of the e-services initiative.

MCCA2 saw this potential issue as an opportunity to improve the GDT's information technology infrastructure and regional taxpayer service capabilities, enabling GDT to handle a continuously growing volume of electronic tax transactions. These upgrades and interventions were successful, and GDT made e-filing mandatory for all VAT taxpayers. With the assistance of MCCA2, the GDT efficiently processed monthly and quarterly e-filings from more than 25,000 additional businesses, saving time for taxpayers and substantial administrative costs for the GDT.

MCCA2 also tackled a major information bottleneck caused by the complex and arcane system that GDT was using to match manual and electronic tax declarations to payments, which come into the Treasury through the banking system. The then-existing system routinely delayed revenue accounting by two to three months, impeding efforts to project revenues, manage individual taxpayer accounts, optimize use of administrative resources in tax collection and enforcement, and estimate revenue from proposed legislative changes, among other requirements. To address this problem, the project designed a streamlined reporting system to secure and validate payment information from banks to make revenue accounting automatic — and virtually instantaneous in most cases. In addition to the radical reduction in turnaround time, the new system reduces administrative costs for the banks and regional tax offices by eliminating batch processing of hundreds of thousands of paper forms annually, saving hundreds of person-years of staff time. A conservative estimate of 15 minutes of GDT staff time saved per payment matched times 800,000 error-free automated matches per year would equal 100 person-years, or salary savings of approximately US \$1 million per year. The project developed and tested the system with the assistance of several commercial banks that agreed to serve as pilots. The GDT is now rolling it out to the other banks.

KEY RESULTS: ELECTRONIC SERVICES IN BUSINESS LICENSING

- More than 7,000 applications processed at the NLC since it opened
- Average approval time reduced from 42 to two days.
- More than 12,000 visits to the NLC web site
- 93 percent of NLC users report being happy with the NLC's services

NATIONAL LICENSING CENTER AND LICENSING REGISTER

MCCA2 designed a customized business license processing system for Albania's NLC, which was established in 2009 with project support.² Licensing in Albania is complex — there are more than 60 categories of business licenses, each with different documentation requirements. Therefore, the project faced the challenge of establishing a set of manual and automated procedures that would enable NLC clerks to quickly process any type of license. The NLC law describes three groups of licenses, two of which are applied for, processed, and awarded entirely at the NLC, without ministerial review. Licenses for the third group, after application and initial processing at the NLC, are forwarded to the responsible ministry for review. The ministry's decision is forwarded to the NLC, which then awards or denies the license or requests additional information.

The program's final software design solution used a standard, one-page data entry form with links to the documents required for the specific license category. The ministries access the application forms through the NLC web site and can review applications according to their existing processes, provided that

they notify the NLC of their decisions within the statutory period (most commonly, 30 days). This new process has worked extremely well.

To keep businesses informed of licensing requirements, the project team also created a web site for the NLC that lists the categories of licenses it handles and the documentation required for each category. The site includes a register of existing licensed businesses. Like other software that the project developed during Stage I and Stage II, the NLC system is linked to the database of the National Registration Center (NRC) and the GDT. This connection ensures that the NLC system uses up-to-date registration and tax information.³ As a result, business applicants need not provide the same detailed information separately to the NLC or update their NLC license files when their registration information changes.

DEVELOPMENT OF THE TERRITORIAL PLANNING REGISTER

Historically, Albania's construction permits have been processed via a highly inefficient, manual, paper-based system that has little or no transparency. To improve reviews of development and construction permits, the project developed

2. The project's work with the NLC is discussed in Chapter 4.

3. Such as current administrator; address, telephone number; owners, directors, tax compliance, etc.



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

During a training on the National Planning Register, Albanians learn how to use the state-of-the-art online portal to access nearly 50 different types of data.

KEY RESULTS: ELECTRONIC SERVICES IN TERRITORIAL PLANNING

- State-of-the-art GIS Register designed
- More than 100 central government staff and municipal planning officials from five ministries and 38 municipalities trained in the new system
- 50 categories of territorial planning information uploaded to the Register for public viewing

an electronic territorial planning register whose creation was mandated by the new Territorial Planning Law adopted in April 2009. The register displays territorial planning data in a commonly used format called GML, which can incorporate geographic information system (GIS) data. The software was extensively tested by project staff and then by users in five municipalities that agreed to participate in a pilot testing program. By the end of the project, seven municipalities had uploaded all of their available territorial planning data (urban plans and other spatial data) into the register, where it is now

publicly available. Any citizen can access the register, view GIS data from these municipalities, and selectively overlay nearly 50 types of data, such as individual parcels; electrical, sewage, and water lines; roads; and zoning boundaries.

The electronic register will allow planning agencies to use state-of-the-art techniques to review development and construction permit applications through a transparent, accountable, and efficient process. Once fully deployed, the system will make Albania an international leader in using GIS data for urban planning.

ADMINISTRATIVE COURTS CASE MANAGEMENT SYSTEM

The two legacy case management systems currently in use in Albania are frequently criticized for their lack of transparency and accountability, inability to produce key statistical reports, and the ease with which certain important safeguards can be overridden (for instance, assignment of cases to judges can be manipulated to supersede random assignments). The new web-based system designed by the project is based on current software development best practices. It was built with input from and the close

collaboration of members of the Albanian judiciary. Several key features boost transparency and accountability, such as automatic, random assignment of cases to judges immediately upon case registration, an online docket that displays case events in real time, and a user-friendly public portal where visitors can search case data and view decisions. The system produces reports and statistical data required by the Ministry of Justice and High Council of Justice, such as disposition times and clearance rates. Once the Administrative Courts Law is enacted, the system can be deployed.

ALBANIA THRESHOLD PROGRAM / ROLAND TASHO



MCCA2 helped establish the Tax Consultative Council, composed of government and private-sector representatives, to consider initiatives for clarifying and streamlining tax administration procedures, making taxpayer compliance easier.

KEY RESULTS: TAX ADMINISTRATION

- Directorates for key tax administration functions established
- New service center in Tirana established; taxpayer services in regions strengthened and expanded
- Criminal and internal investigation directorates and hotline established
- Taxpayer Advocate and Tax Consultative Council established
- Automated collections system deployed, e-filing expanded, and dashboard for GDT management developed
- New collections call center established
- 80 percent of tax declarations are e-filed
- 25,000 regular e-filers
- 40,000 users of e-tax services
- Payment processing time reduced from three months to one day, saving \$1 million per year

CHAPTER THREE

TAX ADMINISTRATION

At the conclusion of Stage I in 2008 and as a result of the MCC program, Albania had a new Tax Procedures Law (TPL) emphasizing voluntary compliance; an approved reorganization scheme; a functioning e-filing system with approximately 1,000 regular business users; and a taxpayer service center located in the GDT headquarters building, which served mostly large taxpayers.

The Stage II program identified numerous specific objectives to complete the GDT's geographic and functional reorganization to operate as a modern tax administration, reinforce a culture of voluntary compliance, establish investigative mechanisms to fight corruption and tax evasion, and expand taxpayer assistance programs and electronic tax services.

IMPLEMENTING LEGAL AND REGULATORY REFORM

Completing the Geographic Reorganization

GDT implemented a sweeping geographic reorganization in October 2008 pursuant to the new TPL. Fifteen branch offices were designated as regional offices, and their staffing levels were increased. Twenty-one former branch offices were converted to satellite offices. Completing the new regional office structure became the tax team's first priority in 2009. The project supported the IT elements of the consolidation by redesigning the routing of bank deposits and developed a process for perfecting and transferring active taxpayer registers in the 21 former branch offices to the tax processing systems in the

new regions. The new regional structure streamlined administrative operations, reduced the time and cost of completing the nationwide automation of the tax system, and enabled implementation of the functional reorganization at the regional level without increasing staffing levels excessively.

Completing the Functional Reorganization

The new TPL authorized national directorates for key tax administration functions, such as processing, taxpayer services, collection, audit, criminal investigation, internal investigation, and appeals. Each regional office has sections for each major function; some of them, such as taxpayer services, did not previously exist at the branch level. The new TPL also authorized an entirely new collection function. The TPL gave GDT the authority to summons books and records from taxpayers and third parties, issue notices of levy, attach notices of tax lien to the titles of real property, and seize and sell taxpayer assets. The GDT never before had these tools at its disposal. As described below, MCCA2 helped establish and operationalize GDT offices responsible for administering the functions described above.

Collections Directorate

GDT established the Collections Directorate with approximately 120 employees, but without processes to identify and process cases related to taxpayers who owed taxes or had stopped filing returns. In

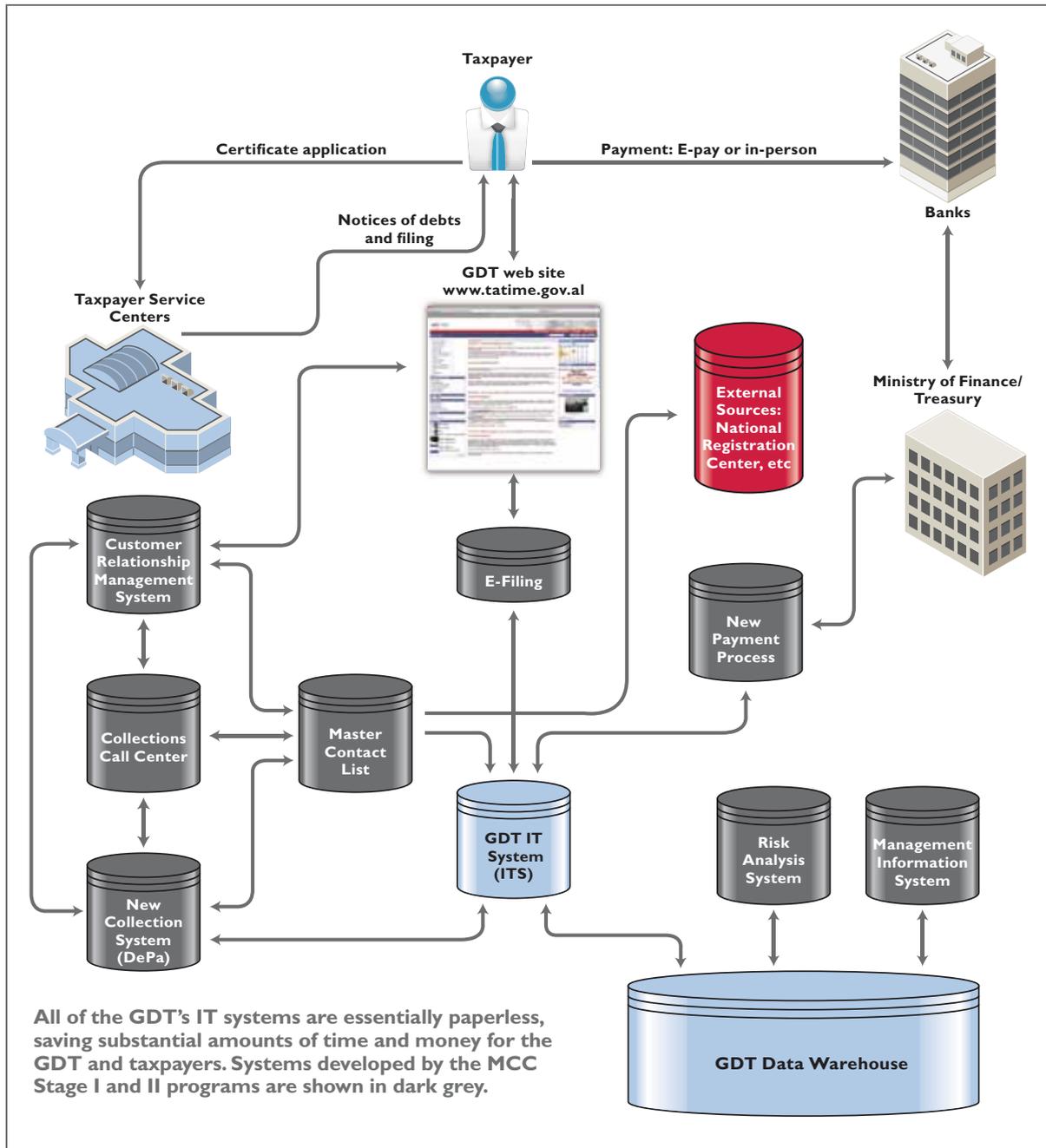
November 2009, the tax team piloted a manual case creation process in the Tirana tax office. The GDT director general subsequently mandated nationwide implementation of this process beginning in February 2010.

The project's tax and information technology teams also developed and implemented a state-of-the-art, automated case delivery and management information system to help the new collections organization identify balance due accounts and unfiled returns and optimize revenue collection. The automated system accesses GDT's master database of tax transactions to extract a weekly update of all new assessment and payment data and new and resolved unfiled returns. It prioritizes cases and presents them sequentially for assignment to an inspector based on certain risk and collectability criteria. The system automatically generates notices to taxpayers and creates standardized reports that ensure inspectors are accountable for all assigned cases, allows management to identify cases to be reviewed, and provides office-level information about overall results.

The system provides GDT management and front-line collections officers with a full history of assessment and payment data for each taxpayer, including summary information on net amounts due, thus helping them fulfill their legal mandate of collecting taxes owed. Deployment began on a pilot basis in October 2010 in Tirana, and

EXHIBIT I.1

Integration of Tax Software Applications Developed under MCC Stage I and II



expanded to the rest of the country in January 2011.

Using available space in the Tirana Taxpayer Service Center, MCCA2 also created a collections call center, a first-of-its-

kind undertaking in the Albanian tax administration. Using industry-standard software and accessing data from the automated collections system, collection staff in the call center make calls to tax debtors who would

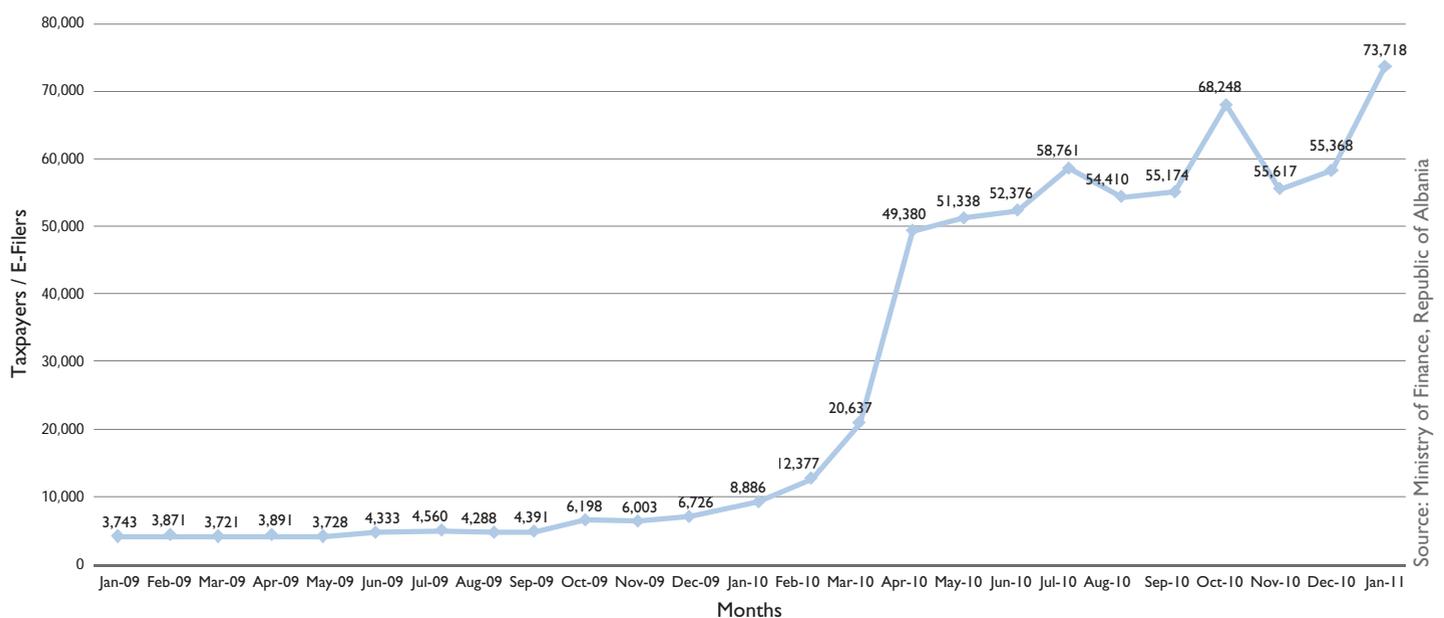
previously have had little or no contact with the GDT, and provide information on how to resolve their balances. Call notes are made available to taxpayer service personnel electronically for follow-up when taxpayers come in for assistance. These efforts help foster a culture of voluntary compliance and further bolster revenue collection.

Information/Technology Directorate

The TPL also created a new Information/Technology Directorate. To assist it with analytical and reporting tasks, the project developed a web-based dashboard for GDT management that displays current summary statistics on tax declarations by

tax type, region, and tax source. The dashboard provides a valuable, state-of-the-art tool that GDT can use to measure and improve its performance. The system allows users to view and analyze e-filings and e-payments aggregated by region and even detailed at the individual taxpayer level. It is currently being expanded to take advantage of parallel improvements in timely processing and matching of tax payments (see discussion in Chapter Two). The enhanced system displays information on all filings and payments, making available a rich source of data for estimating the likely impacts of proposed policy changes and administrative actions.

GRAPH 1.1
E-filed Tax Declarations Per Month



Source: Ministry of Finance, Republic of Albania

SUCCESS STORY

Tax Audits Become More Efficient



In the short and medium term, Tax Audit Director Eduart Gjokutaj and Risk Analysis Section Head Haxhire Bushi (both at the GDT) plan to further sharpen the risk-analysis formula and establish a tax clinic to refine the methodology and techniques of tax audit.

In June 2009, the General Directorate of Taxation (GDT) began using risk analysis to select tax returns for audit. This change — which both streamlines GDT's audit operations and decreases opportunities for abuse of the power to audit — was carried out with support from the MCC Albania Threshold Country Program Stage II, as part of the program's efforts to modernize the Albanian tax administration and reduce opportunities for corruption.

“The implementation of risk analysis has brought about a new way of conducting business in tax auditing,” says Eduart Gjokutaj, GDT's tax audit director. “It has allowed the introduction of centralized planning, a standardized approach vis-à-vis all taxpayers, reduction of personal contacts between tax officials and taxpayers, and the elimination of opportunities for unwarranted audits.”

For GDT, a key result of using the computer-based risk analysis formula has been increased efficiency. Under the new system, audit inspectors work fewer hours per audit and uncover larger amounts of unpaid taxes per audit hour. “The benefits are not simply in absolute larger discovery, but also in efficiency, in terms of the number of audits that are now carried out and the relative amounts discovered,” remarks Haxhire Bushi, GDT's risk analysis section head.

In addition, the new audit process serves as a deterrent to those who would evade their taxes. “The purpose of tax auditing based on risk analysis is to efficiently separate the ones that comply with their tax obligations from those that fail to do so,” points out Mr. Gjokutaj.

Both he and Ms. Bushi add that discovery of unpaid taxes, while important, is not a goal in itself. Rather, the ultimate objective is to create a disciplined tax system based on voluntary compliance in which taxpayers who comply with the law will not be audited. “We believe that the implementation of risk analysis in audit selection has increased taxpayers' trust in a fair, objective and competent tax administration,” says Mr. Gjokutaj. “And it will continue to do so.”

ESTABLISHING INVESTIGATIVE MECHANISMS

Audit Case Selection

Much of GDT's attention during the project's two-year duration was focused on establishing new investigative mechanisms and improving the effectiveness of existing procedures to increase tax revenues without increasing tax rates. The first initiative involved establishing a risk-based methodology for identifying tax declarations to be audited, as mandated in the new law. MCCA2 designed an automated audit case selection formula for GDT that maximizes revenue generation by selecting for audit cases with the highest risk of concealed tax liability. By automating the

process, the formula removes the possibility that audits will be used for improper purposes. The new procedure also eliminated the past practice of "auditing" each return a taxpayer had filed since the last audit. GDT subsequently mandated that 60 percent of all audits be selected using this new, automated formula. Recognizing that local knowledge is still a valuable factor in detecting noncompliance, regional offices are authorized to select the remaining 40 percent using other decision criteria — but they must document the basis for the audit and submit it to headquarters for approval before beginning the audit. The regulation also mandated implementation of a mechanism



ALBANIA THRESHOLD PROGRAM / ROLAND TASHIO

A Taxpayer Service Center representative answers a customer's questions. Before the MCCA2 program, taxpayers' questions were answered through informal conversations with their returns processing inspectors, which interrupted inspectors' work and impaired the GDT's ability to efficiently process returns.

to track the time applied to each case, enabling GDT to estimate the revenue generated per hour from its audit activities.

Within a month, the regional offices adjusted to the new guidelines, and the process continues today. In addition to curtailing opaque and subjective local audit selections, GDT reports that the time-tracking process measures have increased audit output.

Audit assessments in 2010 showed exceptional growth at 150 percent of the 2009 level. This is an especially impressive accomplishment considering that the last six months of the audits in 2009 were also based on this new selection process. GDT has developed an expanded formula for selecting VAT returns. In October 2010, the project funded a training class for the GDT IT staff on use of IBM InfoSphere DataStage, the database management software used for the existing automated formulas. The GDT is now expected to be able to make continuous refinements in the audit selection criteria.

Field Verification

In 2010, the project's tax team developed a comprehensive set of procedures and internal control mechanisms to reduce opportunities for corruption and increase the productivity of the field verification work force, resulting in substantial increases in tax revenues collected. Field verification employees (formerly called the "tax police") make unannounced visits to businesses to confirm that the business is

properly registered and compliant with key requirements, e.g., they use government-approved records for financial transactions and report employment data accurately, product price lists are posted visibly, and excisable goods bear proper stamps. Noncompliance can result in an array of penalties and, in extreme cases, business closure.

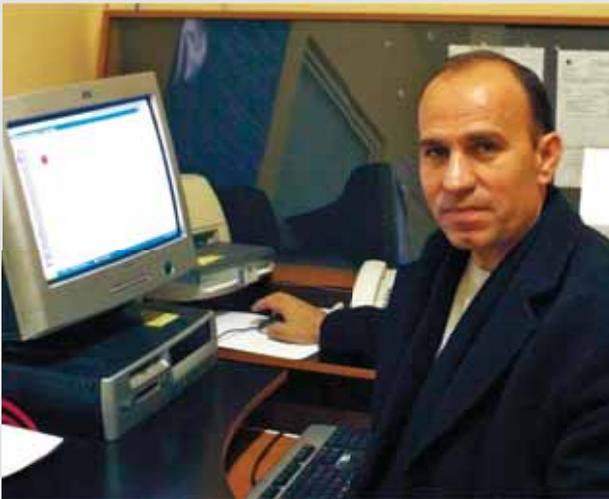
Prior to the procedural redesign, field verification units were largely ineffective in increasing revenue and there were many instances of inspectors colluding with violators or extorting bribes. The new procedures developed by the project eliminated assignment of inspectors to large territories. Instead, web-based mapping tools divide territories into mini-zones that can be completely verified in one week. Inspectors are assigned randomly to new zones each week; they do not know in advance where they will work and do not have the option of returning to a previously assigned zone, thus reducing opportunities for extortion or bribery. The two-person review teams rotate with each assignment. Management predefines routes through each zone to conduct the visits, and managers are required to spend 40 percent of their time on the streets performing random quality reviews to ensure the accuracy of the inspectors' work.

Criminal Investigation Directorate and Internal Investigation Directorate

The 2008 TPL authorized GDT to establish a criminal investi-

SUCCESS STORY

Promoting Equal Taxation for Businesses



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

In July 2009, Albania's General Directorate of Taxation (GDT) opened its denunciation office, which receives and investigates reports of tax evasion and/or corruption through its toll-free number, email, postal mail, or walk-in clients. The office — created with support from the MCC Albania Threshold Country Program Stage II (MCCA2) — is headed by Shkëlqim Ago, who reports that more than 86 percent of the denunciations that have been investigated have proven substantial leads. Almost all denunciations (96 percent) relate to tax evasion, and a majority of these deal with informal business operations that are not filing taxes or reporting their income.

For Shkëlqim Ago, head of the GDT's denunciation office, the role of the hotline is to help create a fair and level playing field for businesses operating in Albania.

“The denunciation hotline is proving to be an important source of information in fighting unfair competition and informality,” says Mr. Ago. To provide an example, he described a denunciation that led to the discovery of five kindergartens in one district of Albania's capital, Tirana, that were not legally registered businesses. “[The hotline] is also having a beneficial effect in deterring both unethical and corrupt behavior by tax officials, as well as tax evasion on the part of taxpayers,” he added.

Mr. Ago makes clear that his office follows strict procedures during their investigations to ensure the anonymity of sources, the prompt examination of every lead, and clear tracking and reporting on each case. “It's all about building trust,” he emphasized.

A nationwide information campaign on the new denunciation initiative — implemented by MCCA2 — has helped raise its profile and communicate the message that GDT believes in working for, and with, Albania's citizens to uncover tax evasion and tax corruption, both of which undermine law-abiding taxpayers' expectations of fair treatment and a level playing field.

Mr. Ago noted that he believes his office is meeting citizens' expectations. “We now even have people that call back to express their appreciation after they have seen our investigative teams in action.”



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

A taxpayer gets answers to her questions in the Taxpayer Service Center in Tirana.

gation organization to review willful instances of tax evasion and refer them to the prosecutor, who may bring criminal charges. The law establishes that these investigators qualify for designation by the prosecutor as judicial police, the equivalent of U.S. federal special agents. GDT implemented its new Criminal Investigation Directorate, with a 68-member staff, as a part of the October 2008 reorganization. When the project began, the directorate was in the process of hiring. Although not required by the law, GDT also established a three-person Internal Investigation Directorate during the 2008 reorganization to investigate allegations of employee mis-

conduct — a positive measure that reflects the commitment of the Government of Albania to anti-corruption and a business-friendly environment. In 2009, the project's tax team assisted the two new directorates to develop detailed procedural manuals that capture international best practices and assist the new employees in their work. In April 2010, the project arranged for three special agents from the IRS Criminal Investigation Division to deliver a week-long course on financial investigation techniques to employees of the Criminal Investigation and Internal Investigation directorates, representatives of the Ministry of Finance Money Launder-

ing Unit, and a representative from the Office of the General Prosecutor. The course focused on investigative methods for establishing financial proof of tax evasion that can be presented as evidence in a trial.

By the end of the project, the Criminal Investigation Directorate had referred more than 300 potential tax evasion cases to prosecutors. The Internal Investigation Directorate had handled 138 cases involving alleged employee misconduct. As a result of these investigations, six GDT employees were terminated and referred to the prosecutor for criminal action, six other employees were terminated, and 19 were subject to other disciplinary measures, including written reprimands and bans on promotion.

Hotline for Corruption and Tax Evasion Complaints

The project also implemented an automated denunciation system that allows taxpayers to report tax evasion and employee misconduct. Citizens can download and mail a form, call a toll-free number, or send an e-mail message directly to GDT's new denunciation office. The system protects callers' confidentiality and provides an audit trail to ensure that cases are followed up. The project conducted a nationwide, multimedia outreach campaign to inform citizens of this new service. By the close of the project, more than 200 reports had been filed, resulting in four referrals to the prosecutor and a large number of administrative investigations.

EXPANDING TAXPAYER ASSISTANCE PROGRAMS AND ELECTRONIC TAX SERVICES

Moving taxpayer services out of the tax returns processing function

Albanian taxpayers have always needed assistance, even before the taxpayer service function was established within the GDT. The longstanding, unofficial way for taxpayers to receive help was to visit a local tax office to find and converse informally with the assigned return processing inspector. Processing work areas are not set up for public contacts, and much confidential tax information is typically visible on employees' desks. As a result, this method of obtaining service was often chaotic, incomplete, and highly disruptive to the work being performed.

During 2010, MCCA2 provided IT equipment and training to the taxpayer service staff in each regional tax office. However, even with a new Taxpayer Service presence in the regional offices, many taxpayers and accountants continued to approach return processing inspectors for answers to procedural, account, and tax law questions; return preparation assistance; and certificates of tax compliance.

In June 2010, the project and GDT implemented a novel pilot project at the Tirana regional office that blocked taxpayer access to return processing inspectors and diverted all requests for assistance to Taxpayer Services. Each day, an average of 100 taxpayers who previously would

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With MCCA2's support, the tax administration launched a denunciation hotline that allows citizens to anonymously report corruption in the tax administration or tax evasion by taxpayers. More than 200 denunciations were received by the end of the project. MCCA2 conducted a public education campaign to inform Albanian citizens about the new service, using images like the two shown here to depict the impact of corruption on public services. The posters' message is, "Whoever does not pay their taxes and commits corrupt acts damages the services you will receive."

have visited the processing work area were instead served by Taxpayer Services. All parties praised the results; for instance, the processing function reported a 20 percent increase in productivity. In October 2010, GDT expanded the new procedures to the Large Taxpayer Office in Tirana and the Durres regional office and made plans to expand nationwide. This new approach represents a major breakthrough that improves service to taxpayers, increases the professionalism of Taxpayer Service inspectors, and sharply curtails personal interaction between taxpayers and their assigned processing inspectors.

New Taxpayer Service Center in Tirana

During Stage I, the project established a pilot walk-in assistance center in Tirana that primarily served the largest 850 business taxpayers. Based on this successful pilot, the Government of Albania renovated office space for a new taxpayer service walk-in facility in Tirana in the summer of 2010. The project purchased furniture, IT equipment, signage, and a sophisticated queue management system for the new center. The new state-of-the-art center opened on December 1, 2010, with separate sections serving large businesses administered by the Large Taxpayers Office and small and medium taxpayers administered by the Tirana regional office. The increased level of service resulted in substantially expanded usage of the new facility by taxpayers, with traffic approaching 1,000 visitors daily during peak filing periods.

Taxpayer Advocate

With MCCA2's assistance and encouragement, Parliament enacted an amendment to the Tax Procedures Law in 2009 authorizing creation of a taxpayer advocate within the GDT. The Taxpayer Advocate is a member of the director general's senior staff and an organizational peer of the deputy directors general. The Taxpayer Advocate participates in the development of plans and policies, serves as a tax administration ambassador to business organizations, is a permanent member of the Ministry of Finance's Tax Consultative Council, and hears grievances from taxpayers. The Taxpayer Advocate therefore plays an important role in ensuring the proper and transparent execution of tax activities. Throughout 2010, the project worked with the newly appointed Taxpayer Advocate to draft the many processes, policies, and procedures that enable the Advocate to fulfill its legislative mandate, with the objective of increasing transparency and fairness in tax administration, leading to higher levels of taxpayer trust and voluntary compliance. Within days of starting work, the Advocate was processing more than 30 taxpayer cases. The Advocate plans to open representative offices throughout Albania in 2011 to expand the office's reach and its services to taxpayers.

Tax Consultative Council

The project's tax and public outreach teams assisted the Ministry of Finance to establish the Tax Consultative Council in 2010. The council's purpose is to provide the government

with private-sector feedback on GDT administrative procedures and practices under the Tax Procedures Law. Taxpayer advisory groups have been used successfully for improvement of tax administration procedures over the past 20 years in countries representing a wide range of tax system models, including the United States, Australia, and Rwanda. To authorize the council, the project developed a draft amendment to the TPL and operating regulations from the Minister of Finance. The council is a consultative body with two members from the Ministry of Finance, four from the GDT,

and 12 representatives of business membership organizations such as chambers of commerce, trade associations, and associations of accountants and tax preparers. The Ministry of Finance endorsed the project's recommendation on the primary purpose of the council. A further purpose is for the government to use this forum to seek input concerning new programs and practices — for example, further changes in eligibility for specific taxes, filing dates, or public outreach strategies. The council held its first organizational meeting in November 2010, and its second meeting in January 2011.



ALBANIA THRESHOLD PROGRAM / U.S. EMBASSY

U.S. Ambassador Alexander Arvizu (left) and Prime Minister Sali Berisha (right) dedicate the new Tirana Taxpayer Service Center on March 1, 2011.



MCCA2 engineered a memorandum of understanding between the National Registration Center (NRC) and the National Licensing Center (NLC) that allowed the NRC to provide licensing services throughout Albania at its existing regional service windows. NLC Director Eneida Guria (right) and Qazim Sejдини (left), mayor of Elbasan, unveil the new joint NRC/NLC service window in that city.

CHAPTER FOUR

BUSINESS LICENSING

KEY RESULTS: BUSINESS LICENSING

- NLC headquarters established, along with remote service windows in nine municipalities
- More than 7,000 applications processed in first 18 months of operation
- Average processing time for most applications reduced from 42 to two days
- Awareness of NLC amongst likely applicants at 75 percent by project close
- 93 percent satisfaction with NLC among license applicants
- Most license categories moved from ministries to NLC for processing
- Online register of licenses created
- More than 14,000 visits to the NLC web site

Stage I of the MCC Threshold Program successfully tackled corruption and inefficiency in business registration by establishing the NRC, a one-stop shop business registration facility that reduced the average amount of time required to register a business from 47 days to one day. As a result of this reform, applicants can complete all business registration and tax registration processes through submission of a single application.

However, at the start of Stage II, the issuance of business licenses and permits, which is separate from the business registration process, was still complex, fragmented, and fraught with rent-seeking practices that imposed unnecessary costs and delays in starting a business. To operate legally, all but the smallest enterprises faced a bewildering array of licensing procedures requiring extensive documentation and onsite inspections

by various line ministries and other public officials. This reality, combined with ineffective administrative controls and broad discretionary authority, frequently left businesses at the mercy of predatory bureaucratic behavior.

Accordingly, MCCA2 took on business licensing as a parallel reform with the goal of removing remaining government-imposed impediments to starting a business.

LEGAL AND REGULATORY REFORM

In February 2009, Albania's Parliament enacted the new Law on Licensing, Permits, and Authorizations to reform the business licensing and permitting regime nationwide. The objectives of the law included reducing time and costs for businesses and improving accountability and transparency in the processing of license applications without sacrificing public health,

safety, or environmental protection. These multiple goals were to be accomplished through two sets of changes. First, the law reduced the number of license and permit categories and subcategories awarded at the central government level from more than 200 to 65, and eliminated all license requirements for businesses whose operation does not affect public health or safety (most trade and service categories). Second, the law mandated use of streamlined procedures for award of most remaining licenses and required that all licenses and permits be posted on the publicly accessible National Register web site. To guarantee expeditious processing of applications requiring review by line ministries, the licensing law also included a “silent consent” provision that applies when a ministry fails to complete a review within the statutory time limit. The challenge confronting the project was to realize these reform aspirations in a short time through a combination of interventions involving legislative, institutional, and infrastructural improvements.

The project assisted the Government of Albania in establishing the NLC as a one-stop shop for obtaining information, submitting applications, obtaining new licenses and renewals, and other actions for business licenses and permits administered at the national level. To start up the NLC, the project developed automated workflow procedures, trained NLC staff, procured equipment and commodities, and designed a web portal that

allows businesses to track the progress of their license applications. The project also drafted secondary legislation and harmonizing amendments. Project staff, working with the Ministry of Economy, Trade, and Energy and line ministry staff, elaborated detailed criteria for the award of licenses and permits in the categories and subcategories of licenses issued at the national level and allocated by law to the NLC’s purview.

A principal concern when the new law was enacted was the potential for disruption of normal business operations if all Albanian businesses were required to obtain new licenses as soon as the law came into force. The project responded by recommending that existing business licenses remain in effect through their expiration dates (in two to five years, in most cases), after which the businesses would submit license renewal applications to the NLC under the provisions of the new law. This innovation, which was included in the law’s implementing regulations, allowed the NLC to start operations with a manageable workflow composed mainly of applications for new business licenses, enabling a smooth transition to the new licensing regime.

An outstanding issue for the NLC relates to the business licenses and permits that, by law, remain outside its purview. Substantial justification existed for different treatment of a number of these categories (for

SUCCESS STORY

Licensing one-stop shop: Even easier for businesses in Albania



ALBANIA THRESHOLD PROGRAM / RUDINA MULLAH

Dr. Elinda Gjata never thought she could open her own private practice, but when she did, the experience at the one-stop shop licensing center helped bolster her confidence.

Starting a new business from scratch is no easy feat no matter what country you live in. But it is even more challenging in a country like Albania where, not long ago, corruption and red-tape would have placed several barriers to entry on aspiring entrepreneurs like Dr. Elinda Gjata, an OB/GYN and professor at the Nursing Faculty of the University of Tirana.

"I have never had business experience, and neither has my family," said Dr. Gjata on the decision to open her private practice. She added that the idea took shape gradually, but once the decision was made, the registration and licensing was a straightforward matter. "I thought it would be an ordeal. Instead the experience was uplifting, and the cost, imagine, only 100 ALL (about \$1). At the National Licensing Center [NLC], the environment was welcoming, and the staff professional," Dr. Gjata remarked.

Both the National Registration Center (NRC) and NLC were established during Stage I and Stage II of the MCC Albania Threshold Program, to improve Albania's business environment by reducing corruption in business registration and licensing, as well as the administration of tax and public procurements, among others. "I had heard stories," said Dr. Gjata. "I could not believe how easy it proved to be."

With MCCA2 support, the NLC has opened nine one-stop-shop service windows outside of Tirana, in Korçë, Shkodër, Vlorë, Durrës, Elbasan, Fier, Berat, Gjirokastër, and Peshkopi, co-located with service windows for business registration.

Dr. Gjata received the two licenses needed to operate her clinic in a matter of days at the NLC. Now, for all licenses approved exclusively by the NLC, the deadlines to obtain the certificate are two to four days. According to a survey of 900 NLC clients conducted by the non-profit organization Partners Albania between April and October 2010, the licensing one-stop shop has significantly reduced the time and effort for businesses to obtain licenses or permits in Albania. The study also found that the NLC receives very high marks in terms of users' level of satisfaction with the overall experience, and the effectiveness, transparency, and fairness of its services.

According to Dr. Gjata, the licensing reforms that have taken place have truly simplified things. In addition, through its online portal, the NLC has brought about a much welcomed change in the access to information about existing licenses. "There is transparency of information about licensing," Dr. Gjata remarks. "And this is certainly an asset for businesses."

example, in the national security, concessions, electricity, oil extraction, and research sectors), but the technical justification for excluding others was weak. Accordingly, the project worked with the NLC director, whose responsibilities include monitoring the licensing regime, to draft an NLC policy paper to be considered by the Regulatory Reform Task Force, chaired by the prime minister. The paper, submitted in June 2010, recommends that road transport and construction company business licenses be included in the categories and subcategories that are part of the NLC's authority, given its expedited and more transparent licensing

procedures. It also recommends several legal and regulatory reform options to remedy exceptions, and proposes either outright elimination or substantial reduction of procedures for licensing road transport companies. The Regulatory Reform Task Force is expected to review and act on this paper.

INSTITUTIONAL INFRASTRUCTURE AND CAPACITY-BUILDING

Legal and regulatory reform of the business licensing regime was coupled with the mandate to create and open the new NLC within the unusually short timeframe of three months after enactment of the legislation. The law envisioned that the



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

The National Licensing Center opened on May 9, 2009. With the NLC headquarters and its regional service windows, the NLC has processed more than 7,000 documents by project close and is processing on average 360 applications per month.

NLC would serve as a one-stop shop for business licensing at the national level and that, through improved administrative procedures and controls supported by e-government solutions, it would improve both the quality of business licensing and transparency in the licensing process. The project was tasked with making this occur smoothly and efficiently.

The first institutional challenge that the project addressed was operationalizing the NLC in a compressed timeframe as an entirely new institution with a new legal mandate and responsibility for issuing and maintaining records on thousands of licenses throughout Albania. Following enactment of the new law, the Government of Albania began renovating office space in the building where three MCC Stage I counterpart institutions are located: the National Registration Center, Public Procurement Advocate, and National Agency for Information Society. While this renovation was underway and NLC software was being developed, the project procured furniture and IT and office equipment to ensure the NLC's readiness for its June 2009 opening.

Because of the compressed timeframe, project staff developed NLC workflow and administrative procedures during the initial software development process. Conducting these tasks in parallel, the project introduced streamlined and modernized procedures, and then used the software to train the newly

hired NLC staff in those procedures. The software features a publicly accessible register of all licenses and permits in Albania, a unified and simplified license application form, an online tracking service that allows businesses to monitor the progress of their license applications, and detailed information about licensing procedures and criteria. The NLC database is fully linked with the databases of the business registration and tax authorities.

Procedural innovations include direct requests from the NLC to line ministries for approvals when onsite inspections are required, eliminating lateral requests for approvals between and among them; allocation of responsibilities to specific NLC clerks, NLC registrars, and line ministry clerks and electronic tracking of their actions to prevent exchange of money for services; and imposition of workflow deadlines for each procedural step as a measure of staff performance. Other software features were added progressively to further strengthen the quality of the NLC's workflow and administrative procedures and facilitate electronic reporting of all licenses and permits to the NLC Register.

The new Law established silent consent as a means of enforcing timely processing of license applications. As implemented in the processing system, silent consent deadlines do not result in the issuance of a license or permit if the line

SUCCESS STORY

Reducing Barriers to Business Licensing



ALBANIA THRESHOLD PROGRAM / RUDINA MULLAJI

Majlinda Beqiraj, one of the first Albanian women entrepreneurs in cosmetology, says that the NLC is good news for businesses in Albania, as it helps ease the administrative burden in licensing and regulate the market.

Majlinda Beqiraj is a dynamic businesswoman with infectious enthusiasm and a forward-looking attitude that is all about getting things done. Over the past 15 years, she has built a successful business training a range of professionals, but all the talk now is about her new pet project: opening the first two-year cosmetology school in Albania, which started operations in March 2010. Opening the school required not only procuring textbooks and hiring trainers, but also renewing her operating license, which – thankfully – proved far easier than Ms. Beqiraj expected.

“Terrific staff and a wonderful reception,” said Ms. Beqiraj, describing her experience renewing her business license at the National Licensing Center (NLC), which opened in June 2009 with the assistance of the MCC Albania Threshold Program Stage II. A new one-stop shop for business licenses, the NLC is saving businesses time, money, and energy.

“The procedures were clear, the requirements straightforward and to the point. I tracked my application online, and once I saw that it was approved, I visited the NLC to receive my no-time-limit license,” she said. “Let me tell you, this is such a far cry from before.”

In describing the earlier process of applying for her business license each year, Ms. Beqiraj explained how she used to have to assemble two voluminous files, each with copies of all the same documents. “It was simply torture, let alone the cost,” she vented. On top of it all, she had to have every certificate and diploma issued by her training center stamped by the licensing authority for them to be valid. “Now, there is no need for that,” she said. “The list of licenses is online, so I tell students to visit the NLC web site and see GIOAD’s license for themselves.”

Ms. Beqiraj is an avid user of the NLC’s website, www.qkl.gov.al.

“I can see who is applying for similar licenses, and which are approved,” she remarked. “This helps me get a better grasp of the market, and evaluate the training center’s positioning. The NLC is certainly good news for businesses in Albania.”

ministry requests a delay to complete its work, but only if the responsible officials refuse to take any action. The NLC software does not automatically issue any license or permit by silent consent. Instead, the NLC director, on a case-by-case basis, may issue a license or permit administratively after all other remedies have been exhausted. The system reminds the line ministry and the NLC of impending deadlines for completion of whatever actions are required, with adequate time to correct any previous inaction on the case or request an extension. During the first year of operations, the NLC successfully utilized these procedures to limit the number of licenses issued by silent consent to 2.7 percent of all applications. In none of these cases were critical health or safety issues a factor; most cases (for example, applications by hairdressing academies) were localized in the Ministry of Labor.

The new NLC staff required extensive on-the-job training in legal, sub-legal, and administrative requirements governing the NLC, the 46 categories and sub-categories of licenses and permits it is currently responsible for issuing, and the workflow software and web portal. The project prepared and conducted skills-based training in using the NLC software to record and process license applications. The project also delivered a training and reference manual for daily use. Weekly working sessions were held to allow NLC staff to provide ongoing feedback to

the project on administrative and IT issues as they arose, to improve software performance and resolve glitches.

Another challenge that the project helped the Government of Albania confront was extending NLC services to regions in a period of budgetary stringency. The project assisted in concluding an interagency agreement between the NLC and the NRC to ensure that existing service windows established for business registration in regional locations would also offer licensing services. The effort involved developing capacities in the NLC software to allow NRC clerks in regional sites to provide services, installing additional IT hardware and software upgrades in the service windows, establishing connectivity through the government intranet or (with encryption) the internet, training NRC regional clerks in NLC procedures and software, and informing the public about the new services. Nine NLC regional service windows were established during the first year of NLC operation. They provide convenient service and are used widely; more than two-thirds of Group III license applications are submitted through them.

PUBLIC OUTREACH AND AWARENESS

The NLC was established in June 2009 with project support less than five months after project inception. The opening ceremony kicked off a successful and public launch of the NLC, with speeches by Albania's prime minister and the USAID/Alba-

USAID Mission Director Roberta Mahoney (left), Prime Minister Sali Berisha (center), and MCC Program Officer Sophia Sahaf (right) dedicate the National Licensing Center on June 9, 2009.

ALBANIA THRESHOLD PROGRAM / ROLAND TASHO



nia mission director. The project then supported development of NLC communications capacities and hired a subcontractor to create a series of compelling, multimedia messages to businesses and the public about the NLC's improved licensing regime and system. The project conducted a series of roundtables to solicit feedback from the business community and strengthen NLC services and contracted civil society groups independently to survey business awareness of the NLC and customer satisfaction with its services.

The first NLC regional services became operational in December 2009 in Korca, Shkodra, and Vlora, with a public event hosted in Tirana by the Minister of Economy to inform the public of the availability of NLC services in those regions. An additional public event with speeches by the directors of the

NLC and NRC was hosted in Elbasan to mark the introduction of NLC services to six additional regions.

The project conducted a second multimedia public outreach campaign in Fall 2010 to boost businesses' awareness of the NLC. The campaign raised awareness to 71 percent for registered businesses and 75 percent for businesses likely to need a license (primarily businesses engaged in manufacturing, construction, mining, or transport).

RESULTS

By the end of June 2010, the project had achieved virtually all the Threshold Country Plan's objectives with respect to provision of policy, legal, regulatory, institutional, and e-government technical support to the NLC. The NLC was fully operational and was widely perceived as a model of efficiency in providing government services. Largely

based on this performance, the prime minister decided to extend the NLC's responsibilities to include processing energy production permits.⁴

By the project's close, the NLC had processed more than 7,000 license applications, with the volume of NLC activity averaging approximately 360 applications per month. Processing time for Group I and II licenses (those that do not require review by a line ministry) was reduced from approximately 42 days before the NLC opened to an average of two days (and not more than three); Group III licenses require an average of only 15 days. More than 98 percent of all license applications were processed within the statutory timeframe, meaning that the number of licenses granted through silent consent was extremely low (2 percent in December 2010, compared to the 4 percent measured from June 2009 to April 2010).

The Albanian public is clearly pleased with the NLC and the services it offers. A survey of approximately 900 NLC clients conducted by an independent civil society group found that

92 percent of respondents that had obtained a business license solely within the NLC's purview said the time required had been reduced significantly compared to the previous licensing regime. Even among those applicants whose license applications the NLC had referred to line ministry authorities for inspections and approval, 82 percent said the time required to obtain their licenses had been reduced significantly compared with the previous regime. More than 93 percent of respondents were very satisfied or satisfied with their overall experience with the NLC, taking into account effectiveness, fairness, transparency, staff professionalism, and consistency.

More broadly, the rapid establishment and successful functioning of the NLC contributed to tangible results. According to the World Bank's 2010 Doing Business report, which ranks 183 countries, Albania's overall ranking improved from 89th to 82nd place in the past year. The ranking for starting a business — a measure directly related to the performance of the NLC — rose from 68th to 46th place.

4. This extension will be supported by a GIZ technical assistance project, rather than by USAID.



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

The project created the Territorial Planning Register, a state-of-the-art public portal through which municipalities and citizens can view and upload construction applications and permits. The images above use some of the fifty data layers that can be applied over satellite images from throughout Albania. In the top image, individual parcels are outlined in red; in the bottom image, planning zones are highlighted in green (representing high-density residential areas), red (medium-density residential), and blue (an educational institution).

CHAPTER FIVE

TERRITORIAL PLANNING

KEY RESULTS: TERRITORIAL PLANNING REGISTER

- Territorial Planning Register established as a web-based repository for planning and building codes, guidelines, and decisions
- Secondary legislation to establish the register and uniform spatial data standards drafted, vetted in five pilot municipalities, and approved by the Council of Ministers
- Register software designed, unified online construction permitting forms developed, and a GIS database of territorial plans created
- National Territorial Planning Agency operational and technical staff trained in use and maintenance of the register
- More than 100 specialists from the central government and 38 municipalities trained in posting plans and decisions on the register
- Available territorial planning information for seven municipalities converted to GML format and uploaded to the register for public viewing

The World Bank's 2009 Doing Business report ranked Albania 170th on a list of 183 countries for ease of obtaining a standard construction permit. The report identified 24 steps required to obtain a permit to build a warehouse, requiring a total of 331 days (although some steps could be conducted in parallel).

To streamline permitting, increase transparency, and reduce corruption, the MCCA2 program applied e-government technology to territorial land use planning and development control — specifically, to the processing of construction permit applications. The MCC initiatives, conceived largely as a technical intervention, were designed to take place in the broader context of ongoing reforms in territorial planning.

LEGAL AND REGULATORY REFORM

Following the collapse of communism, Albania inherited a complex land tenure regime with a confusing pattern of property privatiza-

tion and restitution; urban and land use plans that were outdated, absent, or widely ignored; and poorly administered development controls, resulting in 50 percent of construction occurring without permits. Development projects and construction permits were typically approved on a case-by-case basis, often hidden from the public, creating wide discretionary authority for planning officials and opportunities for corruption. Previous attempts to exert control over the rapid and chaotic development of land were based on centralized approval of urban plans, with approval of large projects placed within the authority of a council headed by the prime minister.

The Law on Territorial Planning was developed over a period of more than two years, culminating in enactment in April 2009. The new law mandated that all local planning authorities must develop or update their urban and land use plans by May 2012. It also provided for the creation of new,

Up to 50 percent of all new residential construction during the last decade was informal — without legal permits, and often on government-owned land. The Territorial Planning Register that MCCA2 created will reduce informal construction by making the permitting process faster and more transparent.

ALBANIA THRESHOLD PROGRAM / ROLAND TASHO



unified construction permitting procedures and forms, with silent consent deadlines imposed in an effort to reduce delays that might create opportunities for corruption on the part of local authorities vested with the authority to issue permits.

The law also authorized establishment of the Territorial Planning Register, an integrated network of the decentralized databases of national and local authorities, exchange of and public access to the data they maintain, and posting for public view of their planning and development control decisions. Specifically, the law required all national and local authorities to post their urban and land use plans on the register and that all development and construction permit applications be posted for public comment prior to permit award. Additionally, the National Territorial Planning Agency (NTPA) was created with a mandate to develop the secondary legislation needed to implement the new law and provide

technical support to national and local planning authorities to fulfill the new planning and development control requirements.

The project provided expert testimony to the parliamentary committee charged with drafting the law. Project staff then provided a technical review of the draft secondary legislation to create the NTPA, developed draft secondary legislation to establish the register, and, through an expatriate IT consultant specializing in GIS applications, advised the NTPA on how to ensure that the draft legislation conforms with EU standards. The secondary legislation establishing the register also resolved key points left undetermined in the law, such as allocating responsibility to the NTPA for maintaining the register and its technical assistance units in 12 regional administrative centers (qarks), and projecting the means by which local authorities would finance the urban and land use plans that the new law required them to post on the register for

public review. It also established common spatial information standards conforming to EU norms; these were vetted by a working group of donor institutions and Albanian IT and territorial planning experts.

The project drafted harmonizing amendments to other legislation to establish the NTPA as an autonomous entity and provide all Albanian municipalities and communes with access to competitively awarded grants for integrated territorial planning. The project also reviewed and commented on draft sub-legal acts to establish planning and development control regulations.

A key innovation of the project was the idea that the register itself should not have administrative

authority or control over the information posted on it, which would interfere with the delegated responsibilities of local authorities. Instead, the secondary legislation defined the register as a public portal for the uploading, retrieval, display, and downloading of legal and regulatory information created, administered, and maintained by the planning authorities themselves.

The project signed cooperative agreements with the municipalities of Fier, Pogradec, Shkodra, Tirana, and Vlora to serve as pilot sites, establish the register web portal on a trial basis, and gain feedback on the software applications it would offer. The secondary legislation that the project drafted was reviewed and improved through an extensive consultation



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

Residential construction in Albania has boomed since 1991. MCCA2's territorial planning component worked to increase the transparency and efficiency of the construction permitting process, making the tasks handled by construction engineers like Ali Selmani (left) and Thoma Tasho (right), here working on a new building in Tirana, easier and more predictable.

with key stakeholders from the five municipalities, the Association of Municipalities, and the Ministry of Public Works, followed by approval by the Council of Ministers in June 2010. The project subsequently worked with the five pilot municipalities, plus the municipalities of Durres and Kamza, to upload all their available territorial planning data to the register.

The register is a state-of-the-art, web-based tool that allows the public to view GIS data uploaded by municipalities and selectively overlay nearly 50 types of data, such as individual parcels; electrical, sewage, and water lines; roads; and zoning boundaries. Property owners can learn about their parcels and zones and monitor planned or in-process construction that affects them. The register also allows planning agencies to review development and construction permit applications through a transparent, accountable, and efficient process. Once fully deployed, this system will make Albania an international leader in using GIS data for urban planning.

INSTITUTIONAL CAPACITY-BUILDING

As a newly created institution with a new director and staff, the NTPA faced significant limitations on its absorptive capacity. As the project moved forward with planned support to the Government of Albania to establish and operate the register, including an online system to track construction permitting, it became necessary to help the NTPA confront a series of institutional constraints so that project results could be achieved.

The project provided senior legal

and technical support for detailed budgeting over a five-year planning horizon so the NTPA could begin to conduct its core function of providing technical assistance to national and local planning authorities. The project also provided the NTPA with specialized IT equipment, software, and furniture.

The project submitted an action plan for establishment of the register to the Ministry of Public Works. The plan allocated institutional roles and responsibilities, identified specific activities and tasks to be performed by the project and its counterparts, and laid out an implementation schedule.

The project trained staff in the five pilot municipalities in using initial versions of software applications that would become the register web portal, and then refined and extended the software based on those field tests. The project developed data structure and standards, software tools, and manuals for the conversion and uploading of spatial information into the register web portal, and trained staff of the national planning authorities and pilot municipalities in their use. The project also supported a working group tasked with developing streamlined and unified municipal construction permitting procedures and forms in line with the new law.

The NTPA faced a major challenge in rolling out training to the 420 municipalities and communes that were required to start posting their planning and development control decisions on the register as of September 2011. To confront this challenge, the project trained a core team of six NTPA technical staff as trainers and assisted them in developing and implementing a com-

prehensive program to train more than 300 municipal planners in the target municipalities on posting their decisions on the register web portal. By project close, the NTPA and the project had trained more than 100 of these planners.

PUBLIC OUTREACH AND AWARENESS

The project conducted high-profile public signing ceremonies with mayors of the four pilot municipalities outside Tirana to build awareness of the NTPA and the new planning regime; it also conducted workshops with local stakeholders, with the participation of the Association of Municipalities and the Ministry of Public Works. The project also helped build the NTPA's public outreach capabilities

by assisting it to develop appropriate messages to planning authorities and stakeholders about the implementation of the new Territorial Planning Law and its requirement to post planning and development control decisions on the register.

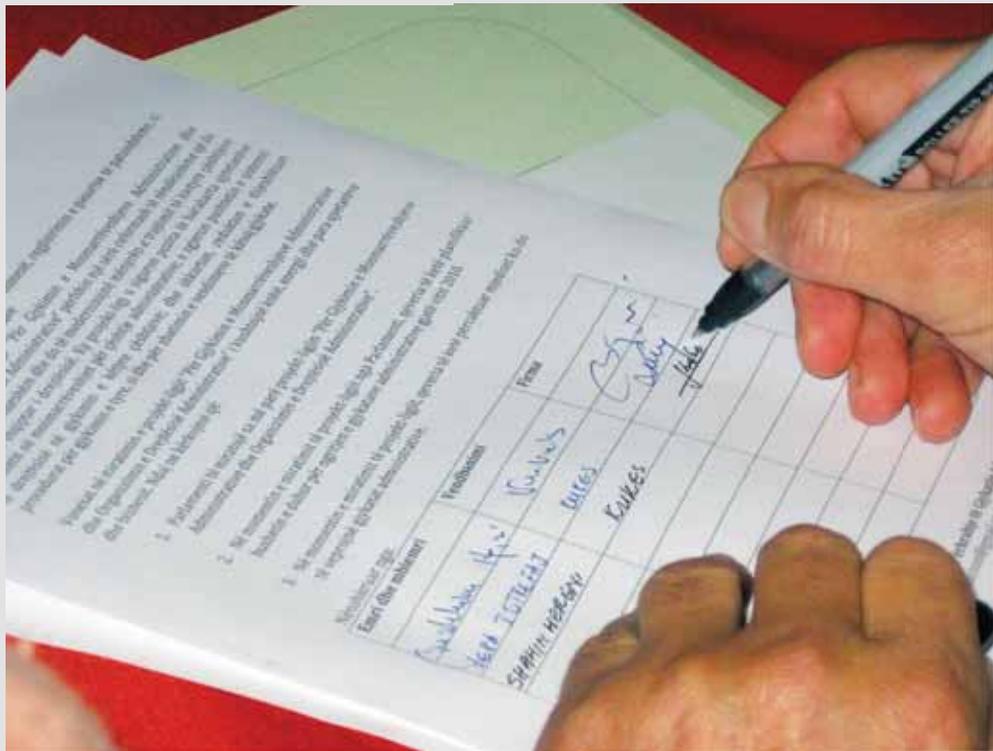
RESULTS

By the end of 2010, the Territorial Planning Register was established as a web-based repository for planning and building codes, guidelines, and decisions, with approved secondary legislation establishing the register and uniform spatial data standards. The NTPA's technical staff and more than 100 specialists from the central government and 38 municipalities were trained in using and maintaining the register.



ALBANIA THRESHOLD PROGRAM / ENI (JINAI)

Urban planning specialists from Albanian municipalities receive hands-on training on the Territorial Planning Register software. The project trained more than 100 planning officials from 38 municipalities.



At a regional roundtable organized by the Coalition in Support of the Administrative Courts, business representatives signed a petition calling on Parliament to enact the Administrative Courts Law. More than 1,000 businesses had signed the petition by the end of the project.

CHAPTER SIX

ADMINISTRATIVE COURTS

KEY RESULTS: ADMINISTRATIVE COURTS

- Nine training courses developed for administrative judges and court staff
- State-of-the-art, web-based case management system developed
- Manuals for the judiciary on budget planning and document management written
- Staffing assessment conducted
- Recommendations made for IT architecture and court facilities
- Secondary legislation drafted to increase judicial efficiency and effectiveness

Administrative law governs how states exercise their lawfully delegated powers. In practice, it regulates legal interactions between citizens and their government. In administrative cases, the government is always the defendant. Judges in many countries find the task of acting as a check on governmental power challenging; the challenge only increases in countries with developing judiciaries. In Albania, administrative cases are handled in the general jurisdiction courts, which often take a year or more to resolve them. The value of all administrative cases currently being heard is conservatively estimated by

some Albanian business associations at more than \$500 million, a significant sum in a country the size of Albania. These delays and costs deter foreign investment and stifle economic growth.

To address these problems, Albania sought to create a system of specialized administrative courts and provide an efficient venue in which its citizens and businesses could seek redress in disputes with the government related to taxes, pensions, business registration, and other matters. The project's administrative courts component, designed to help create these courts, was

predicated on the assumption that the law establishing these new courts would have passed by or shortly after project start-up. However, by the closing months of the project, it still had not passed. The highly politicized environment preceding the June 2009 Parliamentary elections, the opposition party's six-month Parliamentary boycott after the election, and the Parliament's inability to resolve the post-election impasse prevented passage of any law requiring a three-fifths majority of votes (including the draft administrative courts law and 15 other justice-sector reform laws). The U.S. Embassy ultimately chose to withdraw funding for the component in the project's final months.

For much of the project's duration, working on the assumption that the law would pass, the project focused on designing and developing the systems, tools, and resources that would be needed to establish the administrative courts. While the law did not pass in time for the project to help establish the courts, the many products it developed for the judiciary add value in the law's absence and will prove invaluable when the political impasse is resolved and passage occurs.

PURSUING LEGAL AND REGULATORY REFORM

When the project began in early 2009, the draft Administrative Courts Law was under discussion in Parliament's Law Com-

mittee. Members of the project's courts team served on an expert working group formed by the committee as it discussed, revised, and sought consensus on the draft law throughout the spring of that year. During a series of intensive sessions, project experts offered substantive advice to the working group on the law's content and helped bridge the divide between the Ministry of Justice, High Council of Justice, and the two main rival parties. These efforts resulted in a final version of the law that was sent to Parliament's plenary session for final approval. However, the law failed to pass because the opposition staged a walk-out of Parliament to protest an unrelated issue.

The project took advantage of the delay in passage to coordinate with the Organization for Security and Co-operation in Europe and the European Union to propose a set of standardized revisions that would further improve the law and its compliance with international (primarily European Union) standards. Nonetheless, the law remained a victim of the heated political climate and failed to pass during repeated Parliamentary sessions. At the same time, the project's work — in partnership with Albanian and international colleagues — resulted in a draft version of the law and several useful revisions that are ready to be discussed and approved once a Parliamentary quorum is in place.

Once the law passes, a variety of sub-legal acts will be needed to enable the proper and efficient functioning of the new courts. Anticipating this need, during the project's first year, project staff conducted an intensive analysis of the related Albanian laws and identified inconsistencies, contradictions, and gaps requiring amendment. Project staff then prepared legal analyses for the Ministry of Justice and the High Council of Justice and, with their agreement, drafted several documents identified by the legal review. In particular, the project drafted five pieces of secondary legislation focused on

the internal functioning of the courts, including their organizational structure, court staff job descriptions, and rules and procedures for internal court operations. The project also drafted budget planning and document management manuals, conducted a detailed assessment to ensure proper staffing levels in the future courts, and prepared recommendations on the physical facilities and IT networks of the future courts.

The secondary legislation was drafted with the planned administrative courts in mind, but was revised to apply to the court system as a whole once it

MCCA2 developed a new state-of-the-art, web-based case management system for the future administrative courts. This user-friendly system will help replace the paper registry of civil cases that include the administrative ones, as seen here in the Tirana District Court.

ALBANIA THRESHOLD PROGRAM / FLORIAN KALIA



SUCCESS STORY

A partnership that means business



ALBANIA THRESHOLD PROGRAM / RUDINA MULLAJI

For AmCham's Executive Director, Floreta Luli-Faber, the successful partnership with MCCA2 is not just about meeting existing needs, but also about working on new activities to reach common goals.

The American Chamber of Commerce in Albania (AmCham), which celebrated its tenth anniversary in 2010, is recognized as an effective advocate for public administration reform in Albania. As a result of their partnership with the Millennium Challenge Corporation Albania Threshold Program II (MCCA2), AmCham has increased their capacity and become more effective in their work. "Thanks to this cooperation, AmCham has had the opportunity to explore new avenues in fulfilling its commitment to improve Albania's business climate, and enhance the quality, effectiveness, and transparency of services for the business community," says AmCham's Executive Director, Floreta Luli-Faber.

MCCA2 has implemented a diverse set of activities to boost the capacities of Albanian civil society organizations (CSOs) like AmCham and other organizations that are often on the front lines of advocating for governmental modernization and reduced corruption. MCCA2 provided CSOs with customized group training and individual mentoring to bolster their advocacy capabilities. MCCA2 also supported an innovative and original advocacy effort in Albania to push for passage of a key piece of legislation. "AmCham's active contribution to the Coalition in Support of Administrative Courts has been, and is, a valuable experience," remarks Ms. Luli-Faber. "This Coalition of 35 business associations and other CSOs, made possible with technical assistance from MCCA2, has brought together for the first time all the key players under one umbrella, providing an essential contribution in promoting group work."

In addition to advocacy work, several MCCA2-supported CSOs — including AmCham — conducted intensive studies to monitor the key reforms implemented by both the Stage I and II MCCA Threshold Programs in Albania, thereby building their own monitoring capabilities and performing a vital watchdog role to ensure the sustainability and impact of the reforms implemented by the Threshold Programs. "Monitoring the Electronic Procurement System [developed by the Stage I Program] has given us the opportunity to further develop the capacity and expertise to monitor the work of public administration," says Ms. Luli-Faber. As a result, AmCham is an active participant in the Tax Council, a consultative forum on tax administration between the Albanian government and the business community that was established with MCCA2 support.

Thanks to MCCA2's support, Albanian CSOs like AmCham have new tools to continue advocating for increased governmental transparency, efficiency, and effectiveness.

became clear that the law would not pass. The legislation — if adopted by the Ministry of Justice — will ensure that the courts operate at peak performance and meet their stated goals of efficiency and transparency.

BUILDING INSTITUTIONAL CAPACITY

Judges in Albania rotate among court sections (including the administrative, family, and criminal sections) every one to two years. As a result, it is difficult to develop a true specialization in administrative law. MCCA2 addressed this challenge by designing a suite of training courses for the judges and staff of the future administrative courts and the public and private lawyers who will interface with them. Working closely with Albania’s judicial training center — the Magistrate School — project experts developed nine courses to build practitioners’ ability to understand and properly apply administrative law. The courses cover the new administrative courts law, administrative justice, court administration and the organization of the new courts, the new case management system (discussed below), public administration, taxes, the NRC, public procurement, and the NLC.

The project intended to use these courses to train the newly appointed judges and staff of the administrative courts. However, in the absence of the

law, the project transferred the completed training courses to the Magistrate School. The courses are sustainable modules that the school can easily incorporate into its initial or continuous judicial training programs.

One of the project’s main contributions under the courts component was the development of a new state-of-the-art, web-based case management system for the future administrative courts. This user-friendly system accommodates the entire case flow for trial and appellate courts and enables the transfer of electronic case data to and from Albania’s High Court. Key features that boost transparency and accountability include automatic, random assignment of cases to judges immediately upon case registration, an online docket that displays case events in real time, and a user-friendly public portal where visitors can search case data and view decisions. The system also produces reports and statistical data required by the Ministry of Justice and High Council of Justice, such as disposition times and clearance rates.

The project’s courts team developed the system with counterparts and conducted 15 interactive tests with Ministry of Justice staff, judges, and staff from numerous courts. These sessions generated useful feedback that enabled the project to further improve and tailor

the system to meet the specific needs of Albania's courts.

By the end of the project, the system had not yet been deployed because of the delay in passage of the Administrative Courts Law. However, the Government of Albania now has an effective, reliable, and easy-to-maintain case management system that includes updated security features, utilizes software development best practices, and provides all of the functionality required by the Ministry of Justice. The system can easily be upgraded as needed in the future and is ready to be deployed within the

administrative courts as soon as the law passes.

GENERATING PUBLIC AWARENESS

The project's main public outreach activity in the courts component was an unexpected one. Instead of implementing a national campaign to educate Albanian citizens about the new administrative courts once they opened, the project devised an innovative approach to address the political impasse. The project helped establish a coalition of 35 Albanian business associations and civil society organizations (CSOs), the Coalition in Support of



ALBANIA THRESHOLD PROGRAM / ENI GJINAJ

Judges, court staff, experts from the Ministry of Justice, and judges-in-training from the Magistrate School helped the project tailor the case management system to the needs of Albania's courts. For one of 15 interactive test sessions, the project organized a mock courthouse complete with judges' chambers, secretaries' offices, and a courtroom. In these settings, counterparts role-played various profiles in administrative court cases.

the Administrative Courts, to advocate for the law's passage. This group elevated and maintained the profile of the issue in the media, business community, and Government of Albania.

The creation of this coalition marked the first time in Albania's history that such groups, many of which are competitors in other arenas, united to advocate for a legislative act. The project supported the coalition by providing thought and organizational leadership; training its members in coalition-building and advocacy; and providing resource and public education materials, including printed materials with a logo and theme. Project staff also helped plan, organize, and implement roundtables in each of Albania's 12 regions to educate the business community and public on the draft law and generate media coverage. The events were attended by more than 350 representatives of the business community, CSOs, and local governments, and generated considerable positive coverage in the local and national media. The project also created a web site for the coalition to further elevate the courts issue, educate the public, and motivate support for the administrative courts. By the end of the project, more than 1,000 people had signed a petition in favor of enactment of the law.

RESULTS

Parliament's failure to pass the draft law was an unexpected disappointment that prevented the project from performing some of its planned activities, including procuring IT hardware for the courts, training judges and court staff, and establishing a public unit within the new courts.

At the same time, the project's energetic emphasis on designing every possible tool or resource in the law's absence benefitted the project's counterparts in several ways. The suite of training courses delivered to the Magistrate School will enrich the knowledge, skills, and abilities of members of the judiciary who currently adjudicate administrative disputes, as well as those who will serve in the new courts. The case management system will provide a state-of-the-art, secure, and transparent tool that enables the administrative courts to manage their internal operations efficiently and effectively, and the secondary legislation and manuals developed by the project will rationalize and update court administration. The Coalition in Support of the Administrative Courts set a new standard for public advocacy. Finally, the project's efforts to improve the draft law leaves strong legislation awaiting enactment when political conditions improve.



MCCA2 delivered tailored classroom training and on-the-job mentoring to Albanian civil society organizations to increase their advocacy capacities, such as this training on using information technology tools for advocacy.

CIVIL SOCIETY ADVOCACY AND MONITORING

KEY RESULTS: CIVIL SOCIETY

- Advocacy capacity of Albanian CSOs increased through training and technical assistance
- Six monitoring studies on the progress of MCC program reforms produced
- 770 CSO members involved in monitoring or advocacy activities

CSOs can play important monitoring and advocacy roles in anticorruption projects such as MCCA2. Their public voice and scrutiny of reform efforts can hold governments accountable and help prevent or limit backsliding. MCCA2 adopted a multi-pronged approach to working with CSOs that focused on building their capacity through training and technical assistance and engaging them to monitor project-supported reforms. These activities strengthened the CSOs and helped ensure that project-supported reforms are sustainable and achieve their greatest possible impact.

DEVELOPING CSO ADVOCACY CAPACITY

At the project's beginning, project staff worked with a subcontractor, the Institute for Sustainable Communities, to assess the advocacy capacity of 30 CSOs throughout Albania. The assessment, based on USAID's Advocacy Index, helped the project team identify each CSO's needs, develop a customized technical

assistance program, and establish a baseline Advocacy Index score for the group — 3.6 out of a possible total of 5.0.

The project then delivered specific training to build each CSO's ability to advocate for the types of anti-corruption initiatives it supported. Training topics included understanding and maximizing the advocacy campaign cycle, using IT tools to advocate effectively, and monitoring and incorporating advocacy campaigns and outcomes. The project also provided intensive on-the-job mentoring to five leading business associations⁵ to increase their advocacy capacity. This program of tailored technical assistance and training earned high marks from the CSOs that benefitted from the support. A representative of the Professional and Business Women's Association reported, "The three advocacy trainings organized by MCC have helped us a lot in our work. The trainings helped us provide good and effective management of an advocacy campaign for the

5. The Professional and Business Women Association, Albanian Agribusiness Council Steering Committee, American Chamber of Commerce, Konfindustria/Albanian Industry Center, and Chambers of Commerce and Industry of Albania

MCC TECHNOLOGY TRAINING INSPIRES A NEW HUMAN RIGHTS WEB SITE AND BLOG

The MCC Stage II Program's advocacy assessment and "Technology Tools" training inspired the KRIIK-Albania Association to consider creative new ways to mobilize its existing professional resources for innovative advocacy. Shortly after the training, which KRIIK leadership said "opened the door" for new projects, KRIIK established a new web site and blog on human rights issues in Albania. The association plans to develop its web site into "the main portal" on human rights issues in Albania, linking it with all public and nongovernmental institutions dealing with human rights issues.

rights of women in business, encouraging us to open a new branch in the city of Durres...accomplishing an advocacy project to help artisans.....and opening a Facebook page."

MCCA2 conducted a final advocacy capacity assessment at the end of the project to assess the impact of the project's interventions. After 18 months, the CSOs' overall Advocacy Index score had increased from 3.6 to 3.8, a modest yet laudable increase during a short timeframe.

MONITORING STAGE I AND II ANTI-CORRUPTION REFORMS

Both stages of the MCC Threshold Program in Albania⁶ implemented innovative anti-corruption reforms based on international best practices and often employing state-of-the-art e-government technologies. These reforms reduced opportunities for corruption and increased the transparency, accountability, and efficiency of government-to-business services. They quickly earned appreciation and supporters. However, the sustainability of reforms is not guaranteed; MCCA2 recognized the value of watchdog organizations in monitoring the progress of the reforms, preventing backsliding, and holding the government to its commitments.

Adopting a novel approach to this task, the project engaged Albanian CSOs to monitor the reforms. With close supervision and extensive capacity-building provided by the project, this approach resulted in effective monitoring initiatives and

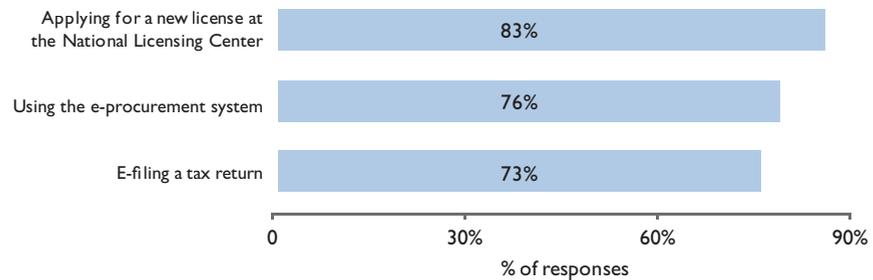
strengthened the CSOs' ability to continue performing this important public service in the future.

The project sponsored six distinct initiatives (described below) to monitor the performance of systems and institutions that were created with the support of both stages of the MCC Threshold Program. The project carefully designed and closely supervised each initiative; it also provided ongoing technical assistance and mentoring to ensure objectivity and accuracy in data collection and analysis. The monitored counterpart institutions used the information and analyses produced by the studies to improve their operations. High-level Government of Albania authorities praised the studies and helped publicize and promote their findings. The monitoring initiatives addressed the following reforms:

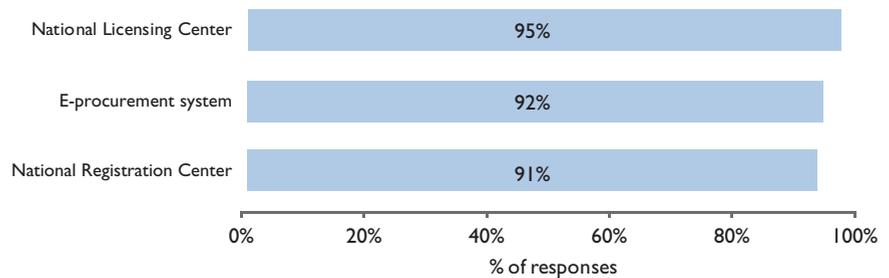
1. Tax e-services. From January to March 2010, the Institute for Development Research and Alternatives conducted face-to-face interviews with 199 businesses, followed by 40 in-depth interviews with users and non-users of electronic tax services. Among other key findings, the research found that 87 percent of the businesses that regularly downloaded tax forms had never had problems with this procedure, and 73 percent of the interviewed businesses that used e-filing considered the process easy or very easy. Lack of trust and lack of reliable internet connections emerged as the two main reasons for not using e-filing; these problems were cited mostly by very small businesses.

6. Stage I, 2006 to 2008; Stage II, 2009 to 2011

GRAPH I.2
Percentage of Businesses Who Rated the Services as “Very Easy” or “Easy”



GRAPH I.3
User Satisfaction



HELPING CSOS BUILD NEW SKILLS

“The MCC subcontract to monitor electronic tax services created a new specialty for us. We had not monitored e-services before. Now we know the systems for doing it.”

— Institute for Development Research and Alternatives

Based on this information, the GDT proceeded with its plans to require medium-sized and large businesses (those subject to VAT and profit taxes) to e-file.

2. The Electronic Procurement System (EPS). Developed during the Stage I program, the EPS brought Albania’s public procurement system into the electronic age. Albania became the first country to develop an obligatory electronic procurement system for 100 percent of all public-sector procurements above €3,000. The United Nations 2010 Public Service Awards program recognized Albania with second prize (Europe and North America category) for its contribution to improving transparency, accountability, and responsiveness in the public sector in developing the EPS.

The American Chamber of Commerce in Albania assessed the EPS’s costs and benefits for the business community, public administration, and the public at large and ways to improve its effectiveness, user-friendliness, and transparency. The study conducted interviews with 300 users in February and March 2010, followed by 21 in-depth interviews with procurement specialists from contracting authorities and two focus groups. Among other key findings, the research found that 63 percent of the businesses that had used the EPS rated the overall system capacity and features as very good or good, and 82 percent reported that their costs for electronic procurement procedures were lower than for paper-based procurement. Contracting authorities reported that the EPS had

increased procurement efficiency, improved communication with bidders, reduced purchase prices and administrative costs, and increased transparency. The research also uncovered the need for improved infrastructure and internet services and more training for contracting specialists.

3. The National Registration Center. The establishment of the NRC in Stage I dramatically improved the business registration process in Albania. The ranking of Albania in the World Bank's Doing Business report's ease of starting a business category jumped from 68th to 46th. With service windows in 29 municipalities, the NRC remains the flagship MCC reform.

From November 2009 to April 2010, Partners Albania conducted exit interviews with 1,014 registration applicants, 50 in-depth interviews with NRC and tax authority staff and representatives of municipalities, and several follow-up focus groups. The findings showed a high level of satisfaction related to the overall performance of services, with more than 90 percent of respondents rating the NRC as good or very good. The NRC web site was rated highly on quality of information, clarity, and ease of use. Most applicants reported that they spent less than 30 minutes at the NRC applying for service and received the information or certificate with one repeat visit the following day. The municipal service windows were rated as highly as the headquarters facility on most services, with the exception of handling of complaint procedures. Partners Albania had conducted a similar study in 2008 during Stage I, several months after the NRC opened. During the period between the studies, NRC

management addressed all deficiencies and recommendations noted in the 2008 study.

4. The National Licensing Center. From April to October 2010, Partners Albania conducted three telephone surveys of NLC applicants, reaching a total of approximately 900 businesses. The surveys were followed by focus groups that included some of the telephone survey participants. Among other key findings, the study found a generally high level of satisfaction with NLC performance, with some key indicators improving over time. More than 95 percent of applicants characterized application procedures as clear or very clear. NLC management aggressively addressed the deficiencies noted in the first survey. As a result, the third survey revealed that the number of applicants who needed to make only one visit to obtain licenses had increased from 30 to 65 percent for Group I and II licenses, and from 27 to 53 percent for Group III licenses (see discussion in Chapter Four).

5. Taxpayer services and processing. The Stage I Threshold program helped establish a modern Taxpayers' Service Center at the GDT offices in Tirana in 2007. During the first year of the Stage II program, the project expanded and improved taxpayer services (TPS) in all of the regional offices, with the objective of reducing direct contact between taxpayers and processing inspectors, thereby reducing opportunities for corruption, increasing transparency, and improving services to taxpayers. To assess the impact of the changes to taxpayer services and processing and identify further areas for improvement, the Institute for Economic and Legal Consulting conducted a six-month monitor-

ing study including interviews and focus groups with taxpayers and tax officials. Among other key findings, the study found that 69 percent of the interviewed taxpayers were aware of TPS and its services; 82 percent of taxpayers who had used TPS services stated that the information and assistance provided by the TPS staff was accurate; 62 percent of the interviewees prefer to conduct all business in a TPS center and meet with any available inspector on a first-come, first-served basis in the event they have to make a visit to the tax office; and 76 percent of the surveyed subjects would prefer to conduct all business with the tax authority by mail or e-mail, provided that the system could be redesigned so that no direct personal contact with a tax inspector is necessary. The project incorporated the results of the study into the design of the new Tirana TPS Center and the redesign of the tax compliance certificate issuance process.

6. The Procurement Advocate.

Established in 2007, the Procurement Advocate has become an important watchdog institution for the public procurement process. The role of the Advocate in promoting competition and transparency, especially relating to preparation of tender specifications, has complemented the role of the EPS, which exercises control over the subsequent stages of the tender process. From September 2010 to January 2011, the Center for Development and Democratization of Institutions conducted a study including interviews and focus groups with bidders, contracting authorities, and staff of the Procurement Advocate's office, along with desk research, to assess the Procurement Advocate's impact and effectiveness. The study

identified needed clarifications in the authority and responsibilities of the Procurement Advocate as a result of the establishment of a new procurement review institution, the Public Procurement Commission, in 2009.

The project shared the findings of each initiative with its Government of Albania counterparts and publicized them widely in the media and the business and donor communities.

RESULTS

MCCA2's multi-faceted civil society advocacy and monitoring activities improved the capacity of Albanian CSOs to advocate for reforms and helped solidify the sustainability and effectiveness of program-supported reforms. Thirty Albanian CSOs received tailored training, technical assistance, and mentorship. The groups' advocacy capacity increased during the life of the project, thanks in large part to project interventions. These groups are now better positioned to continue fighting for important anti-corruption reforms that will help propel Albania's further modernization.

Likewise, the six monitoring initiatives conducted by CSOs with project support helped these organizations grow and build their capacity to conduct similar, intensive monitoring activities in the future, while shining a spotlight on the reforms supported by the Stage I and II Threshold programs. Each study produced valuable findings that are being used to further improve the performance of each system or institution and build constituencies of users who will demand continued improvement in service delivery.



ALBANIA THRESHOLD PROGRAM / ROLAND TASHO

MCCA2 used press conferences and public events to highlight significant reforms or report launches, including the release of the monitoring report for the electronic procurement system.

BEST PRACTICES AND LESSONS LEARNED

A number of lessons learned from MCC Stage I proved valuable elements of the implementation approach in Stage II:

- Plan and conduct initiatives in parallel;
- Take calculated risks using carefully crafted experiments;
- Stimulate demand for improved public services through media campaigns;
- Use deadlines imposed by public events to focus attention on work plan tasks;
- Test systems extensively with small groups before rollout; and
- Transfer ownership of initiatives to beneficiaries as soon as value and feasibility are demonstrated.

The results of the anti-corruption through technology initiatives undertaken in Stage II reinforced these key lessons.

Stage II experiences also enriched the body of knowledge regarding achievement of maximum impact and sustainability when the government operates in crisis mode and cannot focus adequate attention on reform efforts. The project introduced some new practices that proved successful in the special circumstances it faced during Stage II.

Empower civil society organizations as watchdogs and reform advocates, using contracts for monitoring studies and support for advocacy efforts

These organizations will then put pressure on the government to continue with reforms.

Publicize and promote project successes to help build sustainability

Like the example above, publicizing project successes and innovations (such as e-filing or the new tax denunciation system) helps build legions of new supporters and makes backsliding more difficult.

Convert key stakeholders into virtual counterpart organizations when designated counterpart institutions do not function as planned

For example, because the NTPA was not staffed until a year after the Law on Territorial Planning was enacted, pilot municipalities vetted the register and the secondary legislation enabling it. Similarly, in the absence of legislation creating administrative courts, the Magistrate School reviewed the training courses the project developed for the courts, and the case management system was tested directly at existing courts.

Transform government crises into positive motivators to advance project goals

The shortfall in projected government revenues presented an opportunity to expand e-filing, as well as to streamline the payment processing system.

Create alliances and synergies between counterpart institutions (for example, NRC and NLC)

Sharing facilities and equipment as well as information can benefit both institutions. It is easiest to undertake cooperative efforts when both institutions report to the same government ministry.

Allocate and sequence local procurement resources both strategically and tactically to keep counterparts' attention focused on reform efforts

Purchasing furniture and equipment for new programs only when they have been approved and staffed motivates directors of counterpart institutions to follow through on program creation and, at the same time, ensures that the commodities will be used for their intended purposes.

ALBANIA THRESHOLD PROGRAM / ROLAND TASHIO



Expanding Albania's e-government solutions will require building the capacities of local IT professionals to implement and support the new systems. In the photo here, IT Director Edmond Pelushaj of the National Licensing Center explains the functionality of the NLC's new system to a colleague.

CHAPTER NINE

RECOMMENDATIONS

The Government of Albania and its donors should plan to support the sustainability of the MCCA2 systems while continuing the automation of government-to-business services. The following recommendations are intended to guide the growth of e-government in Albania.

1. Continue to expand e-services to business using parallel structures and linkage of systems

The widespread use of existing e-systems (registration, licensing, e-procurement, e-tax filing) has now trained an entire generation of entrepreneurs and managers to interface with government electronically. Therefore, the costs of developing and promoting new systems will progressively decrease.

2. Fund and manage development of initial releases of e-systems; then rely on counterpart institutions to fund and manage system upgrades

After the Stage I project devel-

oped the initial e-government systems, counterpart institutions continued to develop them, working directly with Albanian IT developers. This effective process serves as a model for the future.

3. Establish permanent mechanisms for obtaining regular feedback from business associations and civil society organizations on public administration and government services to business.

The Tax Consultative Council and CSO subcontracts demonstrated system users' capacity to deliver unbiased analyses and recommendations related to system improvement.

4. Budget adequately for continued operation of systems

Although e-systems are mostly paperless, they require resources for system maintenance, internet and telephone service, fuel for backup generators, printing of certificates, and other requirements.

ANNEX A

Performance Indicators

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Administrative Courts

Performance Indicator Name	End Result	Base-line	FY	2009		
			Quarter	Q2	Q3	Q4
ADMINISTRATIVE COURTS COMPONENT I						
1.1.1 Days to resolve administrative case (from registration)	100	134	Target	n/a	n/a	n/a
			Actual	n/a	n/a	n/a
1.1.2 Number of administrative cases resolved by the Administrative Court	40	0	Target	n/a	Internal analyses of legal framework completed	AC Law passed
			Actual	n/a	Yes	No
1.1.3 Percent of case files that are retrievable and complete	60%	n/a	Target	n/a	Ministry of Justice approves initial case management system (CMS) functionalities	10% of CMS developed
			Actual	n/a	Yes	Yes
1.3.1 Percent of Administrative Court judges who pass post-training tests	90%	n/a	Target	n/a	Initial 10 draft syllabi submitted to the Magistrate School for approval	First drafts of initial three courses developed
			Actual	n/a	Yes	Yes
1.3.2 Percent of lawyers who pass post-training tests	90%	n/a	Target	n/a	Initial 10 draft syllabi submitted to the Magistrate School for approval	First drafts of initial three courses developed
			Actual	n/a	Yes	Yes
1.4.1 Percent of Tirana businesses aware of the new Tirana Administrative Court system	75%	n/a	Target	n/a	n/a	n/a
			Actual	n/a	n/a	n/a
1.4.2 Percent of parties of interest who have trust in the Tirana Administrative Court	60%	n/a	Target	n/a	n/a	n/a
			Actual	n/a	n/a	n/a

2010				2011		Notes
Q1	Q2	Q3	Q4	Q1	Q2	
n/a	n/a	130	120	100	100	Activities concluded on December 31, 2010 after non-passage of law
n/a	n/a	n/a	n/a	n/a	n/a	
Secondary legislation approved by Ministry of Justice	Internal rules of the Tirana AC established	25	35	40	40	Activities concluded on December 31, 2010 after non-passage of law
No	No	n/a	n/a	n/a	n/a	
35% of CMS developed	75% of CMS developed	45%	55%	60%	60%	Activities concluded on December 31, 2010 after non-passage of law
Yes	Yes	n/a	n/a	n/a	n/a	
Five additional training courses developed	90%	90%	90%	90%	90%	Activities concluded on December 31, 2010 after non-passage of law
Yes	n/a	n/a	n/a	n/a	n/a	
Five additional training courses developed	90%	90%	90%	90%	90%	Activities concluded on December 31, 2010 after non-passage of law
Yes	n/a	n/a	n/a	n/a	n/a	
n/a	n/a	25%	n/a	75%	75%	Activities concluded on December 31, 2010 after non-passage of law
n/a	n/a	n/a	n/a	n/a	n/a	
n/a	n/a	20%	50%	60%	60%	Activities concluded on December 31, 2010 after non-passage of law
n/a	n/a	n/a	n/a	n/a	n/a	

Tax Administration

Performance Indicator Name	End Result	Base-line	FY	2009		
			Quarter	Q2	Q3	Q4
TAX ADMINISTRATION COMPONENT 2						
2.1.1 Labor cost as a percentage of revenue collected through GDT	.715%	.765%	Target	n/a	.755%	.740%
			Actual	0.765%	0.812%	0.885%
2.1.2 Operating costs as a percentage of revenue collected through GDT	.876%	.956%	Target	n/a	.945%	.930%
			Actual	.956%	1.107%	1.175%
2.2.1 Number of tax evasion cases referred from investigation directorate to prosecutor's office	16	n/a	Target	n/a	n/a	n/a
			Actual	n/a	n/a	75
2.2.2 Number of tax corruption cases referred from internal investigation unit to prosecutor's office	9	n/a	Target	n/a	n/a	2
			Actual	n/a	n/a	0
2.3.1 Percent of businesses aware of the Taxpayer Assistance Centers	65%	n/a	Target	n/a	The building for the Tirana Taxpayer Service Center selected	Reconstruction completed
			Actual	n/a	Yes	Yes
2.4.1 Percent of tax returns generated through e-services	90%	80.6%	Target	82%	83%	84%
			Actual	84.2%	93.2%	96.03%

7. Fifty-one new tax evasion cases referred to the Prosecutor's Office this quarter.
8. The Internal Investigation Unit reviewed and processed 11 cases out of 16 received this quarter. It concluded in three proposals for termination, nine administrative measures, and two referred cases to the Prosecutors' Office.
9. Starting in January 2010, the Albanian government mandated e-filing for all taxpayers who file VAT returns (businesses with gross receipts in excess of \$50,000 per year). Taxpayers who normally downloaded two copies (to keep one for their records) are now e-filing (a single event), so the overall volume of declarations downloaded and e-filed (numerator) as a percent of total return serial numbers issued (denominator) began dropping in Q2 2010 when the e-file mandate became universal. A total of 5,913 more VAT returns were e-filed this quarter compared with the previous one, while none were downloaded.

2010				2011		Notes
Q1	Q2	Q3	Q4	Q1	Q2	
.735%	.730%	.725%	.720%	.715%	.715%	
0.946%	1.016%	0.988%	0.984%	0.998%	1,013%	
.916%	.906%	.895%	.885%	.876%	.876%	
1.213%	1.262%	1.198%	1.149%	1.190%	1,189%	
5	7	10	12	16	16	
119	133	186	229	288	339 ⁷	
3	5	6	8	9	9	
0	0	2	4	6	8 ⁸	
Tirana Taxpayer Service Center opened	35%	45%	55%	65%	65%	
Yes	n/a	n/a	69%	69%	69%	
85%	87%	88%	89%	90%	90%	
90.69%	68.7%	72.25%	73.23%	73.39%	71.53% ⁹	

Business Licensing

Performance Indicator Name	End Result	Base-line	FY	2009		
			Quarter	Q2	Q3	Q4
BUSINESS LICENSING COMPONENT 3						
3.1.1 Average number of days to issue a license or permit by or through the NLC	30 (work days)	42.5	Target	n/a	NLC opens	40
			Actual	n/a	Yes	17
3.1.2 Percent of license or permits applications processed within the statutory period	99%	98%	Target	n/a	NLC opens	Baseline data and targets established
			Actual	n/a	Yes	Yes
3.2.1 Number of licenses or permits processed through NLC	46	n/a	Target	n/a	41	41
			Actual	n/a	41	41
3.3.1 Percent of businesses aware of the NLC	75%	n/a	Target	n/a	The opening of the NLC accompanied by the national media campaign	Four round-tables with businesses held in Tirana and Durres
			Actual	n/a	Yes	Yes
3.3.2 Number of unique visitors to NLC web site	4,000	n/a	Target	n/a	80	500
			Actual	n/a	720	2,032

10. A total of 46 license/permit categories were set by the law. It will not change until the law itself is changed.

11. In a random sample survey of 300 active businesses. The level of awareness is 75 percent among businesses that are potential NLC clients.

2010				2011		Notes
Q1	Q2	Q3	Q4	Q1	Q2	
38	35	30	30	30	30	
18.4	15.7	14.38	14.4	14.5	14.3	
95%	96%	97%	98%	99%	99%	
96.5%	96%	97.3%	97.8%	98%	98.3%	
44	46	46	46	46	46	
46	46	46	46	46	46 ¹⁰	
25%	n/a	60%	n/a	75%	75	
53%	n/a	46%	n/a	71	71% ¹¹	
2,000	2,500	3,000	3,500	4,000	4,000	
4,129	6,352	8,615	10,201	12,695	14,732	

National Planning Registry

Performance Indicator Name	End Result	Base-line	FY	2009		
			Quarter	Q2	Q3	Q4
NATIONAL PLANNING REGISTRY COMPONENT 4						
4.1.1 Number of days to secure construction permit approval	150	260	Target	n/a	Analysis of time required to receive a construction permit completed	Information on the current urban planning conditions and requirements for construction permits updated and posted in both the new (MCCA2) portal and Tirana municipality web site
			Actual	n/a	Yes	Yes
4.1.2 Number of procedures to secure construction permit approval	10	12	Target	n/a	12	n/a
			Actual	n/a	12	n/a
4.1.3 Number of construction permits about which information is available electronically in five pilot municipalities	300	n/a	Target	n/a	Analysis of activities and decisions of local territory planning councils in five pilot municipalities completed	Four municipalities have permit tracking systems in place or a web site portal linked with municipal web sites where the updated list of recent construction permits awarded is available
			Actual	n/a	Yes	Yes
4.2.1 Percent of businesses aware of the new and streamlined construction permitting procedures	40%	n/a	Target	n/a	Cooperation with local branches of the Albanian Association of Builders in four cities established	Three roundtables or training sessions with business associations and/or businesses held
			Actual	n/a	Yes	Yes

12. Implementation of the new permitting procedures is delayed pending full enactment of the new Law on Territorial Planning (postponed to September 2011) and the Government of Albania's approval of the sub-legal acts for development control instruments (permits). For this reason, the permitting regime has not yet changed, and the survey for measuring both indicator 4.1.1 and 4.1.2 is delayed.
13. Implementation of the new permitting procedures is delayed pending full enactment of the new Law on Territorial Planning (postponed to September 2011) and the Government of Albania's approval of the legislation for development control instruments. For this reason, the permitting regime has not yet changed, and the survey for measuring both indicator 4.1.1 and 4.1.2 is delayed.

2010				2011		Notes
Q1	Q2	Q3	Q4	Q1	Q2	
190	n/a	170	n/a	150	150	See note 12 below
n/a	n/a	n/a	n/a	n/a	n/a ¹²	
11	n/a	11	n/a	10	10	See note 13 below
n/a	n/a	n/a	n/a	n/a	n/a ¹³	
10 municipalities have permit tracking systems in place or a web site portal linked with municipal web sites where the updated list of recent construction permits awarded is available	50	100	200	300	300	See note 14 below
No	31	31	31	31	31 ¹⁴	
20%	n/a	30%	n/a	40%	40%	See note 15 below
n/a	n/a	n/a	n/a	n/a	n/a ¹⁵	

14. Implementation of the new permitting procedures is delayed pending full enactment of the new Law on Territorial Planning (postponed to September 2011) and the Government of Albania's approval of the legislation for development control instruments. For this reason, the pilot municipalities are neither issuing permits based on the new law, nor uploading permit information to the register until the law is fully enacted and the publication into the register becomes mandatory, which is anticipated for September 2011.

15. As the full implementation of the Territorial Planning Law and corresponding sub-legal acts, which defines the new procedures, is postponed to September 2011, no awareness activities have been conducted yet.

Civil Society

Performance Indicator Name	End Result	Base-line	FY	2009		
			Quarter	Q2	Q3	Q4
CIVIL SOCIETY COMPONENT 5						
5.1.1 Number of monitoring initiatives conducted or policy papers produced by CSOs	8	n/a	Target	n/a	n/a	Call for proposals released and CSOs selected
			Actual	n/a	n/a	Yes
5.2.1 Number of CSOs' members involved in monitoring or advocacy activities	120	n/a	Target	n/a	10	15
			Actual	n/a	26	78
5.3.1 Advocacy Index score of CSOs that are supported by project	3.9	3.6	Target	n/a	Baseline survey and training plan completed	25 CSO members trained on advocacy issues
			Actual	n/a	Yes	20

16. One more monitoring study is underway. The subcontractor has completed the research and submitted the draft final report.

17. CSOs and business organization members participating in Administrative Court Law advocacy campaign (716) and those involved in six monitoring studies (73).

2010				2011		Notes
Q1	Q2	Q3	Q4	Q1	Q2	
Monitoring underway	4	4	8	8	8	
Yes	1	2	3	4	5 ¹⁶	
20	50	85	100	120	120	
236	541	760	770	770	789 ¹⁷	
50 CSO members trained on advocacy issues	75 CSO members trained on advocacy issues	100 CSO members trained on advocacy issues	n/a	3.9	3.9	
20	20	82	94	3.8	3.8	

ANNEX B

Project Deliverables

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ANNEX B

Project Deliverables

MARCH 10, 2011

WORK PLANS, REPORTS, PERFORMANCE MONITORING PLAN, AND INFORMATION RESOURCES MANAGEMENT (IRM) APPROVAL

- Year 1 work plan
- Year 2 work plan
- Performance monitoring plan
- Year 1 annual report
- Completion (final) report
- ADS-IRM approval

COMPONENT I ADMINISTRATIVE COURTS

I. Administrative Law Training Courses

- The New Administrative Courts Law
- Court Administration and the Organization of the New Administrative Courts
- Administrative Justice
- The New Administrative Courts Case Management System
- Public Administration
- Taxes
- The National Registration Center
- Public Procurement
- The National Licensing Center

II. Secondary Legislation

- Ministry of Justice Order Regarding the Organizational Charts of the Seven Administrative Courts
- The Regulation for the Organization and Functioning of the Court Administration of the Administrative Courts
- The Regulation for the Organization and Functioning of the Court Administration
- The Internal Regulation of the Administrative Court
- The Internal Regulation of the Court

III. Administrative Courts Case Management System

- Administrative courts case management system — IT system delivered electronically
- System functionalities document
- System administrator manual

- User management manual
- Workflow diagram

IV. Manuals and Other Documents

- Information Technology Options for the Administrative Court
- Facility Recommendations for the Administrative Courts
- Staffing Assessment for the Administrative Courts
- Budget Planning and Execution Manual
- How to Design and Implement a Vertical Filing System (manual)

COMPONENT 2 TAX ADMINISTRATION REFORM

I. Audit and Field Verification

- Field Verification Manual
- New Audit Selection Regulation

II. Collections

- Automated Collections System (DePa) — IT system delivered electronically
- DePa Implementation Guide
- DePa Clerks Guide
- DePa Managers Guide
- IT Requirements Analysis/System Design for the Collections Call Center
- Collections Call Center Training Materials
- IT Requirements Analysis/System Design for the New Automated Payment Process
- New Automated Payment Process — IT system delivered electronically
- Master Contact List — IT system delivered electronically

III. Criminal Investigation

- Criminal Investigation Manual
- IRS financial investigation training course materials

IV. Internal Investigation

- Internal Investigation Manual

V. Tax Consultative Council

- Enabling legislation
- Operating regulations

VI. Taxpayer Advocate

- Amendment to the Tax Procedures Law Authorizing the Taxpayer Advocate
- Decision of the Council of Ministers on the Taxpayer Advocate
- GDT Internal Regulation on the Taxpayer Advocate
- Ministry of Finance Instruction on the Taxpayer Advocate

VII. Taxpayer Service

- GDT Regulation on the Expansion of Taxpayer Service
- New certificate system — IT system delivered electronically

COMPONENT 3 BUSINESS LICENSING

- National Licensing Center Operating System and Public Portal — IT system delivered electronically
- Training course for National Licensing Center staff
- System Administrator Manual for the National Licensing Center operating system and public portal
- National Licensing Center Working Group Policy Paper No. 1: Recommendations for Additional Reform of the Business Licensing Regime

COMPONENT 4 TERRITORIAL PLANNING

- Territorial Planning Register and Public Portal — IT system delivered electronically

- System Administrator Manual for the Territorial Planning Register and Public Portal
- Manual on Creating Metadata for Geographic Information with CatMDEdit 4.5
- Manual on Data Conversion with Spatial Data Integrator 3.2.0
- Decision of the Council of Ministers on Common Geodesic and GIS Standards
- Decision of the Council of Ministers on the Functioning of the National Territorial Planning Agency
- Decision of the Council of Ministers on National Territorial Planning Agency Salaries
- Decision of the Council of Ministers on the Organization and Functioning of the Territorial Planning Register
- Decision of the Council of Ministers on the Regional Development Fund
- Final Report on Streamlining Construction Permitting Procedures in Albania
- Task list for modification of the Territorial Planning Register, with confirmation form from the Government of Albania and final application forms

COMPONENT 5

CIVIL SOCIETY AND ENGAGEMENT

I. Advocacy capacity assessment

- Final Advocacy Capacity Assessment Report

II. Monitoring Reports

- Monitoring the Performance of the National Licensing Center
- Monitoring the Performance of the National Registration Center
- Monitoring the Tax Administration's Taxpayer Service and Processing Functions
- Monitoring the Usage of the Electronic Procurement System
- Monitoring the Procurement Advocate
- Electronic Tax Services

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Millennium Challenge Corporation Albania
Threshold Program, Stage II Final Report

May 2011



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