

**Prof. Asoc., Dr. Kozeta SEVRANI**

Head of Mathematics, Statistics & Applied Informatics Department  
Faculty of Economy  
University of Tirana, AL

**Dr. Rovena BAHITI**

Mathematics, Statistics & Applied Informatics Department  
Faculty of Economy  
University of Tirana, AL

**Ict And Albanian Public Administration Reform****Abstract**

European integration, along with rapid and sustainable growth, remains overarching goals for Albania. Public administration is a great asset of our country because it is the main pillar of the integration reforms. Therefore, further consolidation of public administration in Albania will be a priority of the government's performance during this governing term. The purpose of this paper is to study different stages of public administration reform in Albania and the use of ICTs during this process. Different international institutions and projects support GoA' efforts to reduce corruption and improve performance in the key areas of public administration. This paper points out some of the problems that state administration struggles in all kind of democracies and several constraints that limit the use of ICT in public sector reforms in Albania.

**Key words:** Public administration reform, ICT, e-service, European integration

**Concepts And Definitions****1.1 What is "public administration"?**

*Public administration* refers to:

1. The *aggregate machinery* (policies, rules, procedures, systems, organizational structures, personnel, etc.) funded by the state budget and in charge

of the management and direction of the affairs of the executive government, and its interaction with other stakeholders in the state, society and external environment.

2. The *management* and implementation of the whole set of government activities dealing with the implementation of laws, regulations and decisions of the government and the management related to the provision of public services.

*Public administration* can be broadly described as the development, implementation and study of branches of government policy. The pursuit of the public good by enhancing civil society, ensuring a well-run, fair, and effective public service are some of the goals of the field.

*Public Administration* is concerned with the management of public programs, which interact with the residents of the community or region. Those who work in it should share a commitment to offer public service. Negative reactions toward the system and its officials will often use the term "bureaucracy" (i.e. government by the desk holders), with connotations of an inflexible and unresponsive hierarchy that is unconcerned or ill-equipped in its fulfillment of public duties.

*Public administration* is carried out by public servants who work in public departments and agencies, at all levels of government, and perform a wide range of tasks. Public administrators collect and analyze data (statistics), monitor budgets, draft legislation, develop policy, and execute legally mandated government activities. Public administrators serve in many roles: ranging from "front-line" positions serving the public (e.g., peace officers, parole officers, border guards); administrators (e.g., auditors); analysts (e.g., policy analysts); and managers and executives of government branches and agencies.

*Public administration* is also an academic field. In comparison with related fields such as political science, public administration is relatively new, having emerged in the 19th century. Multidisciplinary in character, it draws on theories and concepts from political science, economics, sociology, administrative law, management, and a range of related fields. The goals of the field of public administration are related to the democratic values of improving equality, justice, security, efficiency, effectiveness of public services usually in a non-profit, non-taxable venue; business administration, on the other hand, is primarily concerned with taxable profit. For a field built on concepts (accountability, governance, decentralization, clientele), these concepts are often ill-defined and typologies often ignore certain aspects of these concepts (Dubois & Fattore 2009).<sup>1</sup>

---

<sup>1</sup> Dubois, Hans F. W.; Fattore, Giovanni (2009). International Journal of Public Administration. Volume 32, Issue 8 January 2009 , pages 704 - 727

### 1.1. A historical review of “public administration” concept

Classic scholars including Plato, Aristotle, Vishnu Gupta (Kautilya) and Machiavelli are the basis of subsequent generations of public administration. Until the birth of a national state, the governors principally emphasized moral and political human nature, as well as the on the organization of the governing bodies.

Lorenz von Stein, an 1855 German professor from Vienna, is considered the founder of the science of public administration in many parts of the world. In the time of Von Stein, public administration was considered a form of administrative law, but Von Stein believed this concept too restrictive. Von Stein taught:

- Public administration relies on many pre-established disciplines such as sociology, political science, administrative law and public finance. Further, public administration is an integrating science.
- Public administrators need be concerned with both theory and practice. Practical considerations are at the forefront of the field, but theory is the basis of best practices.
- Public administration is a science because knowledge is generated and evaluated according to the scientific method.

In the United States, Woodrow Wilson is considered the father of public administration. He first formally recognized public administration in an 1887 article entitled "The Study of Administration." The future president wrote that "it is the object of administrative study to discover, first, what government can properly and successfully do, and, secondly, how it can do these proper things with the utmost possible efficiency and at the least possible cost either of money or of energy."<sup>2</sup> Wilson was more influential to the science of public administration than Von Stein, primarily due to the article he wrote in 1887 in which he advocated four concepts:

- Separation of politics and administration
- Comparative analysis of political and private organizations
- Improving efficiency with business-like practices and attitudes toward daily operations
- Improving the effectiveness of public service through management and by training civil servants, merit-based assessment

The separation of politics and administration has been the subject of lasting debate. The separation of politics and administration advocated by Wilson continues to play a significant role in public administration today.

---

<sup>2</sup> Wilson, Woodrow, "The Study of Administration," *Political Science Quarterly* 2 (June 1887)

Several theorists bridged the gap between strictly private and public sector management. Luther Gulick negotiated a generic theory of organization. Max Weber exploring sociologist, explored the ideal bureaucracy in *The Protestant Ethic and the Spirit of Capitalism* (Denhardt 2000, 27). He claimed that bureaucracies are organizations that manage resources for citizens (Weber in Shafritz and Ott, 2001, 73).

New public administration theories have emerged over the latter half of the twentieth century. New frameworks increasingly acknowledge that government is seen by citizens through administrators, front line, service deliverers. These are the employees that execute decisions by elected officials. What was called New Public Management was proposed by David Osborne and Ted Gaebler<sup>3</sup>. The new model advocated the use of private sector innovation, resources, and organizational ideas to improve the public sector. During the Clinton Administration (1992-2000), Vice President Al Gore adopted and reformed federal agencies accordingly. New public management there by became prevalent throughout the US bureaucracy.

There has been a rigorous critique and emphasis upon implicit problems with new public management. First, a reliance upon competition and market forces assumes that individual self interest will effectively bring about an equitable social and economic reality for citizens. Henry Mintzberg's protests, "I am not a mere customer of my government, thank you." (cited by Dendhardt 2001, 77). "I expect something more than arm's length trading and something less than the encouragement to consume." (Denhardt 152 citing Mintzberg 1992, 77). "Do we really want our governments...hawking products?" While greater government efficiency, an individual emphasis, and lower cost operations of new public management may be initially attractive, Mintzberg and Denhardt highlight many incompatibilities of such values with justice, equity, security, and other important government values.

Further, encouraging an entrepreneurial spirit in administrators carries the benefits of innovation and productivity. These benefits are balanced by necessary costs. An entrepreneurial attitude tends to be accompanied by a willingness to bend the rules, reduced level of accountability, and a motivation to take risk with public resources are potentially costly (Denhardt 152-153). Despite what might appear to be a destructive criticism of a new model for public service delivery, Denhardt advocates new public service, one that carefully navigates the intricate differences between public and private organizations.

Some critics argue that the New Public Management concept of Americans as "customers" rather than "citizens" is an unacceptable abuse. That is, customers are a means to an end, profit, rather than part of the policy making process. Citizens are in fact the proprietors of government (the owners), opposed to merely the customers of

---

<sup>3</sup> Public Administration Review, Vol. 56, No. 3 (May – Jun., 1996), pp. 247–255

a business (the patrons). In New Public Management, people are viewed as economic units not democratic participants. Nevertheless, the model is still widely accepted at all levels of government.

In the late 1990s, Janet and Robert Denhardt proposed a new public service model<sup>4</sup>. This model's chief contribution is a focus on Americans as "citizens" rather than "customers". Accordingly, the citizen is expected to participate in government and take an active role throughout the policy process. No longer are the proprietors considered an end to a mean. While this remains feasible at the federal, state & local levels, where the concept of citizenship is commonly wedded, the emergence of 'transnational administration' with the growing number of international organizations and 'transnational executive networks' complicates the prospects for citizen engagement.<sup>5</sup>

The critics of NPM claim that a successor to NPM is digital era governance, focusing on themes of reintegrating government responsibilities, needs-based holism (executing duties in cursive ways), and digitalization (exploiting the transformational capabilities of modern IT and digital storage).

## 1.2. Why is public administration reform – PAR so important?

State administration in all kind of democracies struggles with the same kind of problems: how to ensure an efficient, effective, legitimate, responsible, accountable, professional and fair public service. From our state administration we normally expect to be all of this or maybe even more, but at the same time we could be very unhappy if we have to admit trade off. The fact is that state administration constantly grows and needs more and higher means for its working. This is especially characteristic and problematic for the state administration in which the effectiveness of its working could not be directly measured in majority cases.

Public Administration Reform (PAR) can be very comprehensive and include process changes in areas such as organizational structures, decentralization, personnel management, public finance, results-based management, regulatory reforms etc. It can also refer to targeted reforms such as the revision of the civil service statute.

Increasing concern for PAR in developing countries derives from three main intellectual threads.

---

<sup>4</sup> Denhardt , Robert B. and Janet Vinzant Denhardt (2000). "The New Public Service: Serving Rather than Steering." *Public Administration Review* 60(6)

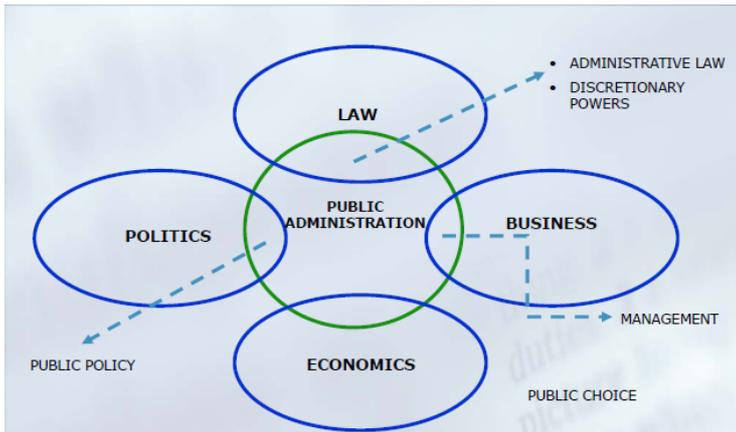
<sup>5</sup> Diane Stone, (2008) 'Global Public Policy, Transnational Policy Communities and their Networks,' *Journal of Policy Sciences*.

- A. New public management (NPM)** - a number of Anglo-Saxon countries (the UK, New Zealand, Australia, the United States and Canada) starting in the early 1980s, began implementing wide ranging reform programs that provided both the model and the experience that could be applied in developing countries. NPM seeks to roll back the role of the state by applying private sector management principles to government organizations. The enthusiastic dissemination of this model to developing countries was seen by some as a new attempt to colonize development administration with a standardized, western approach to PAR. Nevertheless, the language of NPM, and the principles of client focus, decentralization, the separation of policy making from implementation, and the use of private partners for service delivery continues to inform current thinking about PAR.
- B. Structural adjustment reforms** - in the mid 1980s, efforts at reforming the public administration in developing countries, supported by the IFIs, focused on reducing overall costs of the government, mainly through privatization of state owned enterprises and reduction of the wage bill to bring government spending down to sustainable levels and free resources for other uses more beneficial to the overall economy. However, most of the public sector reforms supported through the SAPs have met with considerable resistance (not least because in many countries the public sector is the principal source of formal employment), and their implementation has rarely been successful
- C. Transition from central planning to market economy, and from single party systems to multi-party democracies** - The fall of the Soviet Union has persuaded governments of previously socialist countries to transform their economies to adhere more to market principles often linked to political reforms. In the 1990s, a large number of economies, especially in Central and Eastern Europe (but also in countries in South-East Asia) began this transition. This implied the reorientation of the system of public administration. This is also the case of Albania.

### 1.3. Recent trends in Public Administration Reform

“A useful working definition of Administrative Reform is the *induced, permanent improvement in administration*”. (Wallis, 1993)

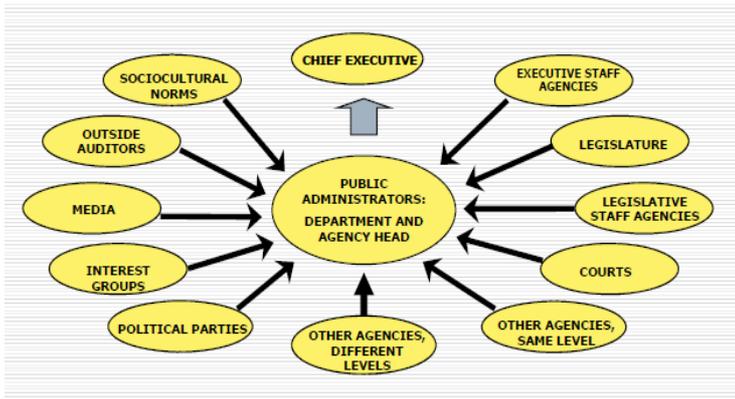
### Interdisciplinary Interface of Public Administration



In spite of the influential neo-liberal arguments of the 1980s and 1990s which sought to roll back the state, recent surveys find that citizens want state institutions that are democratic, efficient in the use of public resources, effective in delivering public goods, but also strong and capable of standing up to powerful global forces. People want the state and its public administration to act as a social and economic promoter, capable of ensuring equitable distribution of opportunities, sustainable management of resources and equitable access to opportunities (political, economic, social and cultural). An established public administration has been, arguably, far more vital to economic development in historical fact than either free elections or parliaments. In the LDCs and post conflict countries in particular, underdeveloped private sectors require the public administration to play a major role in the delivery of services and the provision of much needed economic infrastructure. But, most important of all, an established non-partisan civil service is vital to democracy as it makes it possible to have a peaceful and orderly political succession, and thus genuine pluralism.

In recent years public sector management is increasingly seen as more than just modernizing state institutions and reducing civil service costs. It is also about fostering dynamic partnerships with the civil society and the private sector, to improve the quality of service delivery, enhance social responsibilities and ensure the broad participation of citizens in decision-making and feedback on public service performance.

### **Public Administration in a Democracy**



(Rosenbloom, Kravchuck, 2005)

Above figure presents a conceptual framework that sees public administration taking the central role or stage in a broader political system (the conversion process in the systems model).

- the model emphasizes the interrelated nature of the parts and how change in an external environment (cultural, economic, political, social) causes change in the structures and internal processes of public administration.
- these changes, in turn, influence the outputs of the bureaucracy; that is, what goods, services, policy programs, rules, and regulations are implemented by bureaucracy.

As in any system, a feedback loop develops in which the outputs affect the environment, which causes further change and often new demands from the environment to continue, increase or decrease, modify, or occasionally even cease a public policy or program.

## 1. Use Of Ict In Public Administration

### 2.1. e-Public Administration next big challenge of eEurope

The European governments have embarked on important reforms for their public administrations. Public Administration Reforms (PAR) contributes to a sustainable development, with particular reference to countries in transition. Therefore, socio-economic development, strategic planning, sound public finance and external assistance management, anti-corruption, powered by an increased use of Information and Communication Technology (ICT) for development, represent major national

priorities. ICT has shown a lot of promise in delivering many public administration reforms. Through its use, it changes the way Public Administrations performs its functions, helps reduce operational costs and at the same time increase efficiency in the delivery of government services. The primary driving force behind the creation and development of electronic public administration was to increase the efficiency of institutional operation first and consequently that of governance. In recent years, e-administration, which mainly served the purpose of efficiency, became an economic and socio-political tool, which enabled the creation of the service provider state and, at the same time, outlined the system of requirements of the development of modern government operations for EU Member States.

New applications for increasing the efficiency of the Public Administration are:

- Development of Government-to-Government (G2G) applications
- e-Government system across all governmental institutions
- ICTs supporting public administration re-engineering

Information and Communication Technologies (ICT) provides increasingly powerful process tools that can be deployed to address traditional development problems in innovative ways. ICT does not consist solely of electronic- and micro-chip-based e-governance solutions, but these predominate in most discussions of ICT in the context of PAR. Such information technologies as Wide Area Networks and the Internet, can transform government interactions with citizens, businesses, and other parts of government. However, the focus needs to be less on the technology *per se* and more on the transformation and reorganization of functions and interactions that it permits. By locating service centers closer to clients, customers and partners, e-governance can facilitate better, user-friendly service delivery, improved and economical links with business, and more efficient and rigorous management of government business. Innovative examples, even in otherwise technologically underdeveloped areas, have proven successful. In addition to enhancing relations with the public, e-government can also improve the internal working of an administration. Introducing Management Information Systems within government departments, for example, can result in improved personnel management, cost reductions and improvements in service delivery and government procurement, better management of technical assistance funds and projects, and increased revenue collection. However, e-government in so far as it is conceived of largely in terms of IT systems, tools and infrastructure does not automatically result in the streamlining and re-organization of government functions and transformation of roles and responsibilities which need to be part of a larger transformation process.

The EU countries' e-government work, which they have started in 2001, has made as height advancement as nearly half of all accentuated government services are fully online by today. Besides increasing digitalization, the current task for the coming years is to develop the skills of citizens and enterprises in applying e-administration building on the available technological foundation, as well as to increase e-administration service efficiency and to establish pan-European operation. The success of online administration depends on the extent of that citizens are able and wish to take advantage of the opportunities afforded by electronic administration. Thus, it is especially important that a user-friendly service provision portfolio be created: one which takes client needs into account and goes beyond traditional administration. In order to integrate users, following unified strategic principles, as of 2007 Member States have set a higher online sophistication level of operation, which constitutes a fundamentally new approach to public administration operation with a view to the fact that, in accordance with this approach, services have to be provided to citizens in a pro-active fashion. The foundation and success measurement of the level of development of implementation are therefore familiarity with the citizen needs, and, from the point of view of the players of public administration, the application of a pro-active service provision approach based on ICT tools. Even though the application of technological developments and online services do significantly improve the quality of service provided to clients, they solely do not ensure client-oriented service and do not mean improvement in efficiency. In the case of client-oriented service, the realization of certain services often require the cooperation of several institutions. It is often the case in Albania - even in places where client relations are adequately digitalized - that behind the modern, digitalized front office systems there are outdated, institutional systems that do not cooperate with one another. A solution to such problems is to update service processes, to create the interoperability of back-office systems, and to standardize related data and technology. The system of shared, integrated services, situated above sectorized subsystems, which covers the entire public administration domain and aims to increase efficiency on a national level. The unified infrastructure of customer services, human resource management, finances and electronic administration and document management, as well as the further development of e-administration services based on a unified framework, are not just crucial in terms of aspects of national efficiency, but are also basic requirements of the establishment of the pan-European level of service.

## 2.2 e-Public Administration Reform' stages in Albania

European and Euro-Atlantic integration, along with rapid and sustainable growth, remain overarching goals for Albania. That is why a main reason for the extra building and adjustment of the Albanian state administration arises from the need to join the European Union. If we want to be adopted into this community as a broad system, then it is absolutely clear that we have to understand and adjust our administration systems to the size that they would be able to be included into the broader administration integration's. We do not have any other choices at this point while the inappropriate results and the under adaptability on this field mean also the incapability to join to this community. We should conclude that also Albania is forced to execute the modernization of its state administration with the opening into that world and with the inclusion to the west European integration, with the economic globalization and with the growth of the international competition and with the internal pressure elements as the demands for more qualitative services. Successful structural and functional restructuring of Albanian state administration would directly contribute to its greater effectiveness that is also the main fundamental goal of Albanian process of the modernization of the state administration.

Albania is trying on the IT infrastructure required to achieve this end. Information and communication technologies (ICT) are necessary, but not the only sufficient condition. ICT can play a key role in facilitating access to the public information and the delivery of public services. The potential of ICT is not only to improve the efficiency of public administrations' internal operations but also to support the interaction between public administration, citizens and business sector. Electronic government will bring administration closer to citizens and businesses. Other important elements of e-government are electronic democracy, electronic accessibility of government information and improvement of informational management.

In April 2008, Albania was officially invited to join NATO and became a full-fledged member in April 2009. The Stabilization and Association Agreement (SAA), signed with the EU in June 2006, was ratified by all EU member states in January 2009 and entered into force in April 2009.

ICTs for Government & e-government have a direct impact in the future of the country. They will help local and central governance, by bringing more transparency in governance, responsibility and effectiveness. Moreover, they will support the participation of citizens to increase their role in decision making processes. The increase of governance level and the improvement of governmental services will create a strong foundation for a good cooperation among governmental institutions and between governmental institutions and citizens.

In September 2006, the Government of Albania entered into a two-year \$13.85 million Partnership with the United States Millennium Challenge Corporation and USAID. Millennium Challenge Albania Threshold Agreement project, administered by USAID, aims to reduce corruption and improve performance in three key areas of public administration:

- 1. Tax administration**
- 2. Public procurement**
- 3. Business registration.**

The project addresses the lack of transparency and public scrutiny that have defined many economic activities in Albania in a two-pronged approach that involves process reform through legislative enhancements and IT solutions, as well as country-wide public education campaign, and promotion of civil society watchdog activities. Progress in the following three components of the Millennium Challenge project will advance Albania in achieving the Millennium Development Goals and help the country to qualify for Millennium Challenge Corporation compact status.

- 1. Tax Administration:** Pilot reform efforts in the Tirana Tax Office and Large Taxpayers Office are aimed at upgrading tax collection and customer service, improving transparency and effectiveness, and better informing taxpayers of their rights and responsibilities.

The Millennium Challenge Albania project is working with GoA counterparts to enhance and reform the tax administration both in terms of its organizational structure and the way it operates. The cornerstone of this effort is the drafting of a new law on tax procedures. This draft law entails a substantial overhaul of the existing legislation to lead the way to a significant reorganization of the tax administration to promote efficiency, transparency and service to taxpayers, and fight corruption. The ultimate goal of the reform is to establish through rules and procedures the fundamental mission of the General Department of Taxation (GDT): to collect the *appropriate* amount of tax from all taxpayers.

On June 25, 2008 the tax procedure law, drafted with support from the Project, entered into force. It was approved by the Parliament on May 19, 2008. This process was preceded by an extensive precedent-setting public consultation period, which entailed four roundtables with more than 180 representatives of Albania's taxpayers, lawyers and accountants, organized by the Ministry of Finance with support for the Millennium Challenge Albania project during September and October 2008. The law addresses several concerns raised during these extensive discussions with the

business community and interest groups, as well incorporates recommendations by the IMF and EU harmonization experts.

Some of the major reform initiatives included in the tax procedure law include:

1. A clear and precise functional structure for the General Department of Taxation to allow for robust work processes, evaluations and reviews. □The reorganization steers away from the current tax police and investigative model toward one based on taxpayer service and self-assessment.
2. A chapter on Taxpayer Rights, as part of a major emphasis on taxpayer services in guaranteeing procedural protections, tax publications, and tax education.
3. The requirement for GDT to establish an integrated and interconnected tax database system that records liabilities, broken down by tax, interest and penalties, as well as by payments, on a taxpayer by taxpayer basis. The law stipulates that the individual taxpayer ledger data must be accessible to the taxpayer (in a manner similar to the way a person can access his own bank account), while at the same time it specifies safeguards for data accuracy, confidentiality, and database security.
4. Provision of e-tax services, including e-filing and checking tax account statement online, for all taxpayers, □as part of e-government practices that reduce taxpayer burden, minimize contact with tax officials and help combat corruption.
5. Elimination of tax police and moving of many investigative activities to modern audit and collection practices, a fundamental shift in the current way of doing business, away from heavy reliance on tax police and investigative tactics, into a professional services administration.
6. The use of risk assessment analysis for taxpayer auditing, which is the most generally accepted practice both in the European Union and internationally, a vast improvement over current legal practices whereby GDT audits 100% of returns, a method that is both inefficient and unlikely to prevent corruption.
7. Introduction of modern collection procedures to deter tax avoidance and reduce the number of tax disputes. Under this law, the tax administration will have the ability to collect the necessary information required to determine whether taxes are owed, apply sophisticated computer programs to detect likely areas of non-compliance, and employ new enforced collection techniques for those who avoid or evade their obligations
8. A fundamental reform of the current appeal system to reduce the cost of resolving tax disputes and enhance taxpayer protections. As a result of these reforms, there will be only two levels of appeal on assessments: one at the administrative level, and the second at the judicial level.

9. An overhaul of the penalty regime consolidating all penalties now found in various substantive laws (other than the customs law) and completely revising the existing penalty regime to bring Albania in line with best practices in the EU and OECD countries.

The new system installed initially as a pilot in the Large Taxpayer Office and the Tirana Tax Office, provides:

- Enhancements of the GDT web site offering services such as download of forms and instructions for taxpayer services;
- e-Filing option for the Value Added Tax returns, the individual income tax, the estimated monthly profit tax and the annual returns, as well as social security and health contributions;
- e-Payment of taxes;
- A case tracking system to allow GDT action management e-tax serves and empowers taxpayers as it allows them to file and pay taxes online, avoiding on a large scale the direct contact with tax officials. The system provides taxpayers with new tools to find out their tax status, and what their rights are as regards taxes. The expected results include streamlined record-keeping and operations, as well as increased taxpayers' awareness and compliance.

2. **Public Procurement:** Activities under this component strive to improve the capacity of the Public Procurement Agency to conduct transparent public procurements, promote active private sector engagement in the process, and increase awareness of the new public procurement legal framework.

The regulatory reform in public procurement was initiated with the introduction of the new public procurement law no. 9643, dated 20.11.2006, which entered in effect in January 1, 2007, and of the new Public Procurements Rules approved by the Council of Minister's decision no.1, dated 10.01.2007. With the amendment of the law in December 2007, the Parliament approved the introduction of framework contracts, as an international best practice to be used for a more efficient purchase of electric power in Albania. With the support of the Millennium Challenge Albania project, PPA has developed the standard tender documents to be used by all contracting authorities. The project also has supported PPA in developing a set of regulations to enable the application of the e-procurement system for the first time in Albania, laid out in the Council of Ministers' Decision no. 659, dated 3.10.2007,

The e-procurement system, built by the Millennium Challenge Albania project, is modeled on EU guidelines, standards, and functional requirements, bringing Albania firmly in line with the goals of the EU 2010 e-Government action, and even placing it ahead of some EU member states in this important area.

- Public procurement through the use of information technology is *easier*, as procedures are sped up and optimized.
- It is *cheaper* as it reduces costs by removing unnecessary paperwork on the part of both Contracting Authorities and Economic Operators, and encouraging competition.
- It is *more transparent* as a result of increased information flow and less human intervention.
- It is also *more accountable* given the tools to track activity and monitor compliance with procurement processes.
- E-procurement, thus, results overall in a "*more efficient and effective use of taxpayers' money*".

The e-procurement system in Albania uses the web-based services approach by means of which all public procurement tender notices are uploaded into the e-procurement website, and economic operators are able to download tender documents free of charge as soon as they are posted, as well as submit their bids online. As part of the e-government services put in place with the support of the Millennium Challenge Albania project, e-procurement is closely interconnected with the National Registration Center and the General Directorate of Taxation IT systems.

**3. Business Registration:** The project is committed to assisting the Government of Albania to implement the new Law on the National Registration Center (NRC) and new business registration procedures which significantly reduce entrepreneurs' time and costs in registering a new business or requiring other business registration services, as well as provide public access to an Electronic Commercial Registry.

One of the major regulatory reform initiatives undertaken by the Ministry of Economy, Trade and Energy (METE), with the support of the Millennium Challenge Albania project, is the reform of business registration procedures, which reduces to one day the time required to register new businesses, and combines all registration steps-including tax registration-in a single procedure, thus combating corruption and increasing efficiency. The new Law on business registration reform was approved by the Government on 14 March 2007, and was enacted by the Parliament on 3 May 2007. In an effort to further facilitate access to business registration services for the business community, in January 2008, the Council of Ministers approved an amendment of the law to enable chambers of commerce to set up NRC service windows. The parliamentary vote on this amendment is expected soon. This business registration reform is a significant step in the overall Government program of

improving the business climate in Albania. It provides several important benefits for Albanian businesses as well as foreign investors:

- Simpler, faster and less costly process of registering a new business
- Simultaneous registration with tax authorities (national and municipal), social and health insurance, as well as the labor inspectorate, using a single application and registration procedure.
- Application windows located throughout Albania, making it possible for a business to do all registration procedures locally.
- Free public access to Commercial Registry information via internet.

The one-stop-shop process for business registration established by the Millennium Challenge Albania project through the opening of the National Registration Center (NRC) is based on IT solutions that ensure:

- an electronic registration process,
- public access to the Electronic Commercial Registry, as well as
- interconnectivity with the e-tax system for tax registration, as well as the e-procurement system to verify the registration status of economic operators.



*E-registration - faster, easier and less costly business registration procedures in Albania*

The e-register system offers all the necessary security safeguards and protection of information, including complete audit trails. It allows businesses to start the registration processes online, and provides the inquirer (who may be local businesses, foreign investors, government agencies and the general public) with the opportunity to search the Commercial Registry for all publicly-available information about any registered business

The second stage of the MCC Albania Threshold Program is a two-year, \$15.7 million agreement between Albania and the United States, funded by the Millennium Challenge Corporation (MCC), and administered by USAID, which aims to strengthen the rule of law, reduce corruption and increase public oversight, thereby improving the business environment in Albania through IT solutions and technical assistance. The MCC Albania Threshold Program II builds upon the successes achieved during stage I of the MCC Albania Threshold Program, which included the establishment of the National Registration Center and the Procurement Advocate office, the enactment of the new tax procedure law, as well as the introduction of three major e-government services: e-registration, e-procurement, and e-filing.

The MCC Albania Threshold Program II supports reforms in the following main areas:

1. **Administrative Court System:** The program works to increase judicial capacity, reduce opportunities for corruption, and build investor confidence by supporting the planned administrative court system. Key initiatives include providing technical assistance, training, IT systems, and equipment to establish a Tirana-based administrative court.
2. **Tax Administration Reform:** The program continues work to modernize tax administration based on the 2008 tax procedures law. Key initiatives include expanding e-filing and taxpayer services, establishing a Criminal Investigative Unit, strengthening the tax audit function, and establishing the Taxpayers Consultative Council.
3. **Business Licensing Reform:** Following the successful model of the National Registration Center, the program supported the establishment and helps the operation of a 'one stop shop' National Licensing Center that allows businesses to submit and track standardized business license applications electronically.
4. **Territorial Planning:** Based on the new Law on Territorial Planning approved in April 2009, the program works to establish a National Planning Registry that will streamline the building planning process and reduce opportunities for corruption in building planning and permitting process.
5. **Private Sector and Civil Society Engagement:** The program supports nonprofit and business associations to contribute in achieving MCCA2 goals by assisting with policy changes, monitoring program-supported reforms, and advocating for improved anti-corruption measures. Efforts continue to educate businesses and the public regarding opportunities and services developed with the program's support.
6. **Anti-corruption Investigative Efforts:** The program helps establish Special Investigative Units in prosecutor's offices in districts outside Tirana to

strengthen efforts to combat corruption-related and economic crimes. This program component is implemented with assistance by the U.S. Department of Justice.

## **Conclusion**

Starting in 2002, UNDP Albania has offered a considerable assistance to the Government of Albania in implementing different ICT projects and preparing the necessary policy framework for supporting and sustaining the ICT projects. The Government constantly has expressed its commitment in partnering for these projects and there has been a constant communication and cooperation between the project and the government. Currently, the Government Electronic Network (GovNet) and E-Services Projects have been completed. GovNet provided a high-speed infrastructure for exchange of information and data among the institutions of central government, whereas the e-services Project assisted the Government of Albania in surveying, designing and deploying a set of pilot ICT-driven information services and offered capacity building for IT staff of line-ministries.

On the other side, the network established and other services applied on top of it require from the Government of Albania a long-term strategy in order to sustain it. The Government should designate adequate financial and human resources in order to address the issues formulated in the National ICT Strategy and more specifically the ones related to network maintenance and operation. Ensuring funding and controlling disbursement of financial resources and ensuring a correct awareness of the costs associated to ICT services will be an immediate need the Government has to face. In addition, the Government has to appoint a special ICT structure that will direct, manage, coordinate and supervise all the ICT projects within the Government and at the same time will have a central role in designing and planning for the network. Specialized IT experts will have to be hired and motivated for working directly in maintaining and operating the network, the e-mail system and many other applications that are and will be implemented on top of the network. The IT staff that has been trained during the implementation of the project should remain at work and given more responsibilities in running the network.

Also, the Government needs to adapt and utilize a generally applicable and accepted standard for good IT security and control practices to support management's needs in determining and monitoring the appropriate level of IT security and control for their organizations, otherwise serious risks will soon appear from improper use of IT equipments and systems. These standards will ensure that users are making effective use of technology and are aware of the risks and responsibilities involved in

using the ICT tools. Government has to recognize that the issues exist and need to be addressed

There are several constraints that limit the use of ICT in public sector reforms in Albania: lack of political will to change, lack of financial resources, lack of government officials' ICT skills, lack of buy-in from the general public, and lack of support from the private sector. To overcome these difficulties, it would be very important to learn from the experiences of other countries in the region.

Albania, then, has much work to do to modernize its public administration. At the same time, there are unequivocal examples demonstrating that such a modernization is not just feasible, but can be carried out effectively where there is sufficient determination on the part of those involved immediately.

## References

1. UNDP Public Administration Reform website  
<http://www.undp.org/governance/public.htm>
2. Heeks R., (2004). "eGovernment for Development Information Exchange".  
<http://www.egov4dev.org/>
3. ICT Strategy (2003). "National Information and Communication Technologies Strategy".  
[http://www.pad.gov.al/Content/e-Gov/StrategjiaTIK/ICTD\\_Strategy.pdf](http://www.pad.gov.al/Content/e-Gov/StrategjiaTIK/ICTD_Strategy.pdf)
4. ICT Strategy (2007). "Project-proposal for the Inter-Sectorial Strategy on Information and Communication Tehcnologies and Telecommunications". Ministry of Public Works, Transport and Telecommunications of Albania.  
<http://www.mpptt.gov.al/Strategjia.doc>
5. The User Challenge Benchmarking The Supply Of Online Public Services. Directorate General for Information Society and Media, European Commission 2007.
6. United Nations Online Network in Public Administration and Finance  
<http://www.unpan.org/>
7. [www.app.gov.al](http://www.app.gov.al)
8. [www.pad.gov.al](http://www.pad.gov.al)
9. [www.tatime.gov.al](http://www.tatime.gov.al)
10. [www.qkr.gov.al](http://www.qkr.gov.al)