

MCC Initiates Stage II Threshold Program with Albania Improves Control of Corruption and Rule of Law

The Millennium Challenge Corporation's Board of Directors has approved a new two-year threshold program with the government of Albania. This second ("Stage II") threshold program, totaling over \$15.7 million, builds upon the substantial successes of the current program which focuses on controlling corruption in public procurement, tax administration, and business entry and registration and terminates on November 15, 2008. The program will provide for new activities focused on improving Albania's Control of Corruption and Rule of Law policy performance indicators. Specifically, the program will support reforms in public administration, building the capacity of the judiciary and prosecution of anti-corruption cases.

Component 1: Administrative Courts

To increase capacity of the judiciary, reduce opportunities for corruption, and build confidence among investors by supporting the creation of an administrative court system.

Activities:

1. Train newly-recruited administrative judges, prosecutors, and lawyers on the new administrative law legislation.
2. Develop guides or manuals for public administrators who will use the administrative court system.
3. Provide technical support and equipment to the new administrative court in Tirana.
4. Adapt the national case management system for the new administrative court to track case progress from registration to resolution.
5. Introduce transparency measures in the administrative court (e.g., online docket, publication of all decisions online, audio and video records of trial proceedings, electronic court archives).
6. Conduct public outreach and public education on the administrative court system.

Component 2: Tax Administration Reforms

To build a modern tax administration that reduces personal contact between taxpayers and officials, and strengthens tax collection while maintaining the integrity of the system.

Activities:

1. Reorganize the tax administration along functional and geographic lines pursuant to the new tax procedures law.
2. Create operational manuals for specific tax administration functions and train 1,000 tax inspectors to orient them to the new organizational and functional scheme.
3. Establish an internal investigation and anti-corruption unit within the tax administration.
4. Establish a criminal investigative unit within the tax administration to enforce laws against tax evasion and fraud.
5. Establish a taxpayers' consultative council to institutionalize consultation with tax administration and the public.
6. Establish a taxpayer advocate office to protect taxpayers' rights.
7. Establish a tax section at the new administrative court.
8. Expand e-filing and e-payment for all taxpayers.
9. Establish education and information service centers.
10. Establish an electronic system for selection of tax declarations based on risk analyses.

Component 3: National Business Licensing Center

To establish a National Business Licensing Center, building a simplified system to issue licenses for economic activities, employing the one-stop shop as a means to reduce opportunities for corruption.

Activities:

1. Establish a streamlined licensing system and a National Business Licensing Center to process standardized license applications.
2. Conduct public outreach to explain licensing reforms to the public and promote the new National Business Licensing Center.
3. Provide grants to nongovernmental organizations to monitor licensing reforms.

Component 4: National Planning Registry

Objective: To establish a streamlined national electronic registry for development and building permits, thereby reducing opportunities for corruption in construction.

Activities:

1. Establish a National Planning Registry, a web-based repository for planning and building codes, guidelines, and announcements.
2. Design registry software, create a geographic information system database, and draft secondary legislation on the National Planning Registry.
3. Develop a training plan for National Planning Registry staff.
4. Train 400 national and local planning experts on the new building registry system.

Component 5: Special Investigative Units

To strengthen anti-corruption enforcement efforts by establishing special investigative units in prosecutors' offices in six administrative districts outside Tirana and create activities to boost public awareness about the new units.

Activities:

1. Establish special units within the Office of the Prosecutor General in Shkodër, Durrës, Fier, Vlorë, Korçë and Gjirokastra to investigate and prosecute corruption related and economic crimes.
2. Equip and provide support to establish offices for these units.
3. Establish a training office and develop training modules for investigative units.
4. Train prosecutors and police on economic crimes and corruption.
5. Provide grants to nongovernmental organizations and educational institutions to increase public awareness of anti-corruption enforcement efforts.

Component 6: Grants

To support the efforts of civil society to monitor the government of Albania's anti-corruption efforts and serve as an advocate for improved efforts where necessary.

Activity: Provide grants to civil society to monitor the government's anti-corruption efforts and to advocate for further government anti-corruption reform.

Highlights of Expected Results of the Threshold Program

- ★ Case management efficiency increases from case registration to resolution by approximately two-thirds, from 94 days to 30 days.
- ★ 10 administrative court cases are adjudicated in year 1; 40 cases after year 2.
- ★ Trust in the judicial system improves from 40 percent (2008) to 55 percent (2010).
- ★ Revenues collected through taxation as a proportion of gross domestic product increases from 23.6 percent to 28 percent.
- ★ Ranking in terms of “paying taxes” increases from 118 to 75.
- ★ Anti-corruption unit successfully prosecutes 60 cases by year 2.
- ★ Average license approval time is reduced from 331 days to less than 120 days.
- ★ Average number of license approval steps is reduced from 24 to less than 10.
- ★ Number of licensed, tax registered businesses increases from 124,424 to 200,000.
- ★ Albania’s ranking on licensing in the World Bank’s Doing Business Report increases from 168 to less than 50.
- ★ Permit approval time for construction is reduced from 331 to 30 days.
- ★ Number of permit approval procedures for construction is reduced from 24 to 4.
- ★ 100 prosecutions for corruption and financial crime cases are initiated.
- ★ 60 convictions on prosecutions based on investigations by the special investigative units are achieved.

Implementation

The United States Agency for International Development will administer Albania’s threshold program. The U.S. Department of Justice will implement component 5 of the program.