



## Albania and Millennium Challenge Corporation: Combating Corruption and Streamlining the Business Environment

Albania signs a \$13.85 million Millennium Challenge Corporation Threshold Program to tackle corruption and improve the environment for businesses to operate.

To support Albania's fight against corruption, the Government of Albania has proposed a Threshold program that will reform tax administration, public procurement and business registration.

### Threshold Program Overview

The Government of Albania has requested MCC assistance to fund three specific initiatives over 24 months, highlights of which are listed below:

#### **Reduce Corruption in Tax Policy and Administration:**

- Limit tax officials' personal interaction with taxpayers and their discretion in tax assessment and collection
- Broaden the tax base by including a larger percentage of the economy
- Improve tax collection by upgrading information technology applications
- Upgrade technical expertise and improve procedures by providing training and manuals to tax collectors, internal auditors and the judiciary
- Create a better and more efficient legal tax environment

#### **Reduce Corruption and Realize Transparency in Government Procurements:**

- Improve transparency and facilitate public scrutiny of procurement procedures
- Enhance institutional mechanisms to detect, deter, and punish corrupt practices
- Bring the existing public procurement system into fuller compliance with the 1995 public procurement law

- Strengthen technical capacities at the Public Procurement Agency to enable it to function as an oversight body over other government procurement entities
- Provide continuous, professional and sustainable training for procurement officers at all procuring entities to elevate skill levels and strengthen commitment to the enhanced procurement process

### **Combating Corruption in Business Entry and Registration in Albania—Establishment of a National Business Center (NBC):**

- Create a unified registration form and simplified registration procedures
- Establishment of a single office (the NBC) where businesses can file electronically all documents needed to set up a new enterprise or renew the registration of an existing one
- Revise administrative rules so that approval is automatically granted if a relevant agency does not respond within a given time

### **Expected Results:**

- Increase the total tax collected by the Large Taxpayers Office to 50 percent from the current 30.4 percent
- Reduce from 42 to 13 the percentage of firms stating that bribery in tax collection is frequent
- Reduce by 20 percent the cost of governmental procurements (adjusted by volume, currency and inflation)
- Reduce the value of the gift expected to be paid to obtain a government contract from 6.15 percent to 2 percent.
- Increase from 625 to 1000 the number of new businesses registered monthly
- Reduce the total registration cost as percentage of income per capita from 31 percent to 13 percent;
- Reduce the percentage of businesses that consider corruption a big obstacle to operation and growth from 69 percent to 30 percent;
- Reduce the percentage of businesses that paid a bribe to register from 19 percent to 5 percent
- Reduce from 47 to 1 the number of days it takes to register a business

## **Implementation:**

The United States Agency for International Development will oversee implementation of the program on behalf of the Government of Albania.