

FOR IMPROVING THE QUALITY OF DIGITAL PUBLIC SERVICES TO BUSINESSES

INVESTMENT COUNCIL MEETING
Tiranë, 6 October 2023

- I. SCOPE AND METHODOLOGY
- II. MAIN FINDINGS
- III. RECOMMENDATIONS

REPORTED ISSUES - SURVEY

GDC **Fiscalisation**

(i) Problems in customs fiscalisation; (ii) there are problems in presenting customs declarations on time; (iii) the fiscalisation portal often does not allow us to fiscalise customs practices; (iv) completing customs declarations in self-care is duplication of work for any company that carries out imports; v) the system imposes unfair fines automatically.

GDT **Fiscalisation & e-tax**

i) Application for initial registration and changes for businesses should be simplified; (ii) taxes and customs continue to require registration documentation or additional applications; (iii) systems often do not work; (iv) missing notifications when the systems do not work; (v) lack of e-tax reconciliation and fiscalisation.

National Business Centre

(i) Opening/deregistration of the activity; (ii) submission of financial statements to be simplified by removing duplication in data reporting; (iii) the application procedures have unclear requirements; (iv) continuous change of required documentation/procedures.

E-Albania

(i) Delay in obtaining the certificate and electronic signature; (ii) return unstructured and non-exhaustive response to the business; (iii) delay in responding, especially to services that have time pressures; (iv) fragmented and difficult system for complaints against institutions that offer services; (v) delay in receiving service.

Municipalities e-platforms

(i) Basic; (ii) lack of services; (iii) no assistance is provided for services.

National Cadastre Agency

(i) Applications and responses from the Cadastre Agency; (ii) the services are not very practical to use and the language used should be more understandable (as well as the video examples for the applications should be more understandable); (iii) non-compliance with deadlines, documents with material errors, return of the answer without legal argumentation; delay in benefiting from the service.

CONTEXT

Political Vision

Digital Agenda of Albania 2022–2026 - (Comprehensive and borderless digital services for citizens and businesses)

More specifically:

1. Secure, fast and reliable internet access
2. A digital state that offers the best digital services and with a high level of security and reliability.
3. Developing digital skills.
4. Facilitating and supporting the transformation of companies and SMEs into digital enterprises.
5. Strengthening and reinforcement of digital innovation, increasing the capacities/level of cyber security;
6. Increasing the productivity and security of the use of public administration data;
7. The inclusion of digital technologies in all economic sectors.

Intersectoral Strategy for Decentralization and Local Governance 2023–2030

Goal 3 of the Strategy: The expansion of digital governance at the local level to provide government services and programs in a more efficient, transparent, and cost-effective manner - implying the digitization of the provision of local services and integration into the e-Albania portal.

United Nations

Regarding ICT indicators, while Albania surpasses global averages in several aspects, a notable disparity persists when compared to the European country average. Enhancing the digital proficiency of the populace is imperative.

The government has adopted a proactive stance toward public service digitization and has established the requisite legal infrastructure to facilitate this advancement. However, in the realm of "agricultural digitalization," Albania still faces significant tasks ahead. In the field of e-commerce, Albania lags behind its counterparts in the Western Balkan region.

UN Albania- Albania Digital Development Country Profile 2022

In the 2022 e-Government Index, Albania's ranking has declined compared to 2020, now standing at 63rd out of 193 countries. Conversely, in the e-Participation Index, Albania fares considerably better, securing the 22nd spot globally and the 10th position in Europe among 43 countries.

UN report on e-government

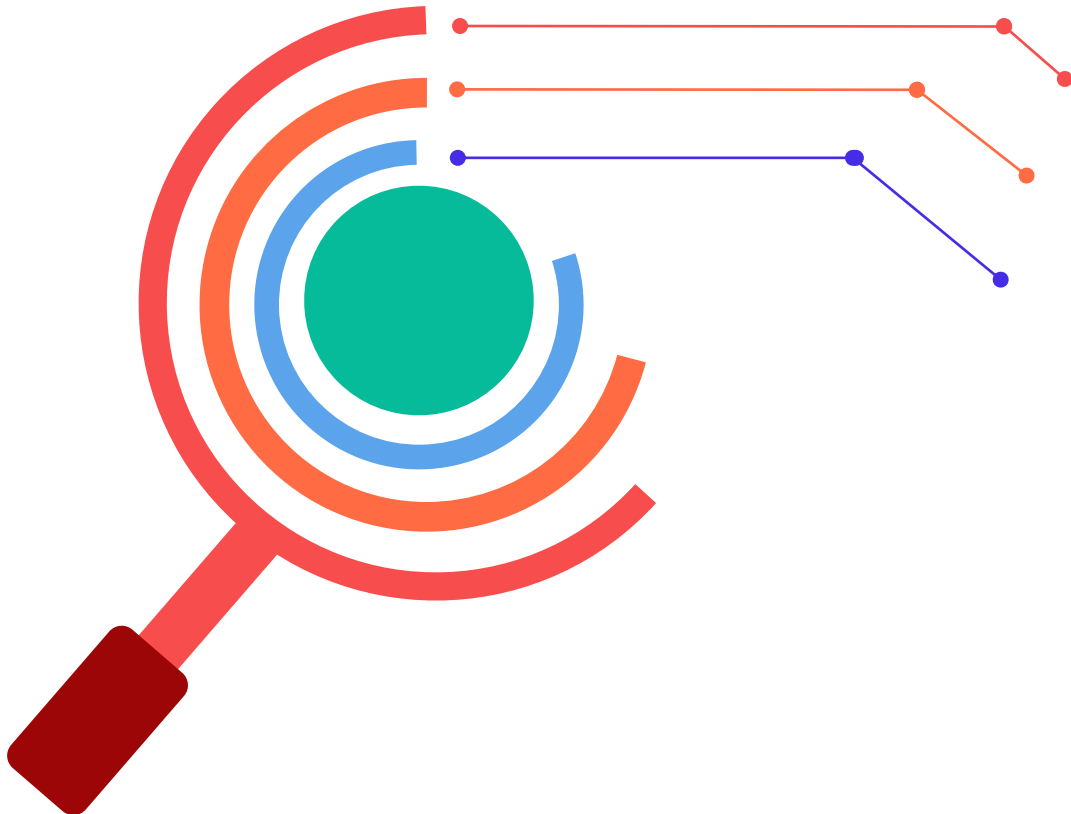
European Union

Based on the assessment of the European Commission (Maturity of e-Government) Albania has reached a Maturity level of 46% (out of 100%), occupying the 32nd place out of 37 European countries evaluated (bearing in mind that leading countries such as Malta or Estonia have maturity 96% and 90% respectively).

While public service platforms can be rated well technically for Albania (reflecting a relatively good ranking of Albania), from a user rating point of view there is still a lot of work to be done.

EU 2022 progress report: "... digitization of cadastral data is necessary, and the sector remains prone to corruption"; - "...digitalization and education improved, but entrepreneurial and technological knowledge remains low".

SCOPE



Encouraging discussion concerning the quality of digitalised public services, with a specific emphasis on the private sector, while showcasing advancements and giving precedence to key concerns across three foundational aspects:



Assessment on administrative burden and corrupt practices.



Experiences with online platforms (e-Albania, e-tax, e-fiscalisation, electronic signature and municipal platforms).



Assessment of specific elements of electronic service platforms (security, access, deadlines, navigation, complaints, etc.).

METHODOLOGY

Desk Research

- Reports, national and international, laws/bylaws
- Analysis of official data from secondary sources
- Synthesis of findings and recommendations to date
- The Secretariat's work so far on digitisation

Consultations

a) **Semi-structured interviews** with 6 public institutions and the business community.

b) **Focus Groups:**

- *a meeting organized with 15 representatives of the Women's Economic Chamber*
- *a meeting organized in cooperation with the Director of the National Business Center with the participation of 25 representatives of business chambers and associations and representatives of AKSHI.*

c) **In-depth discussion** with 8 independent experts in the field, with the participation of 2 experts from AKSHI.

Questionnaire

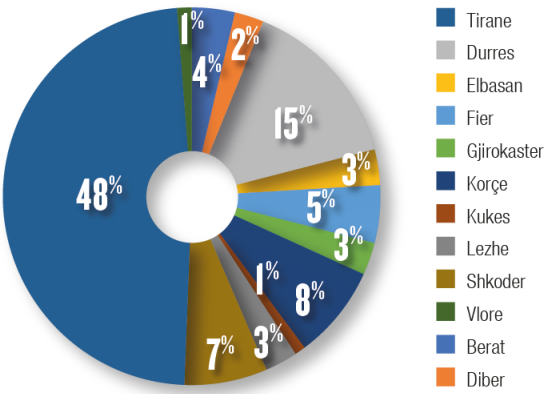
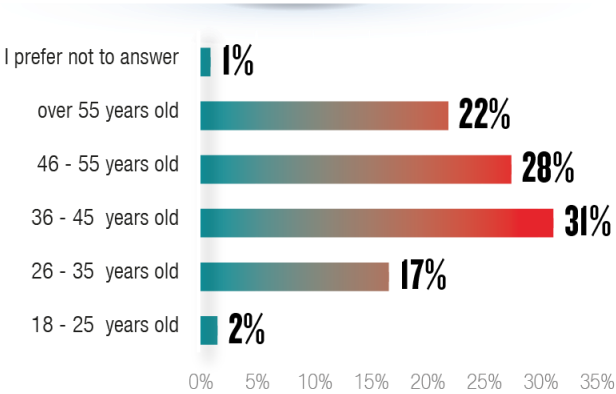
Structured questionnaire (sent online to 30,000 companies) to identify key challenges related to:

- administrative burden, corrupt practices
- online platforms (e-Albania, e-TAX, e-fiscalization), electronic signature", municipal platforms.

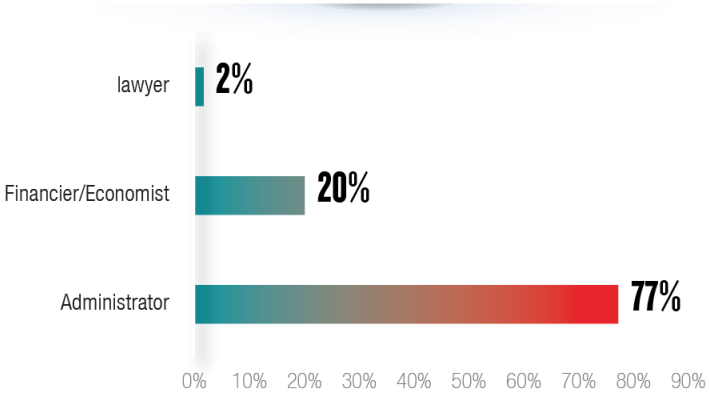
The survey was completed by 324 businesses anonymously.

IC SECRETARIAT SURVEY: COMPANY PROFILE

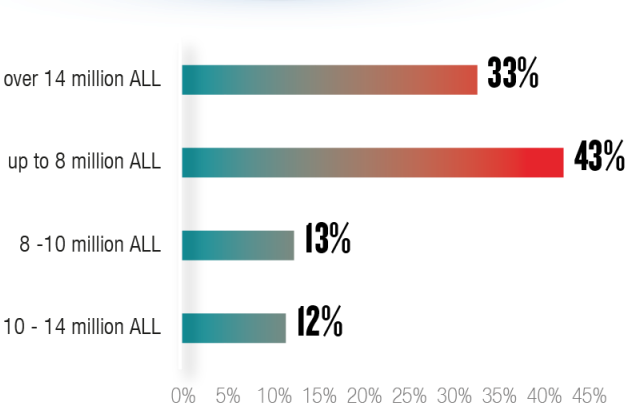
Age



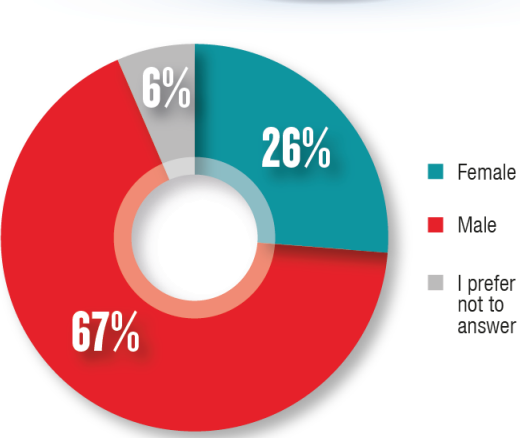
Position in the company



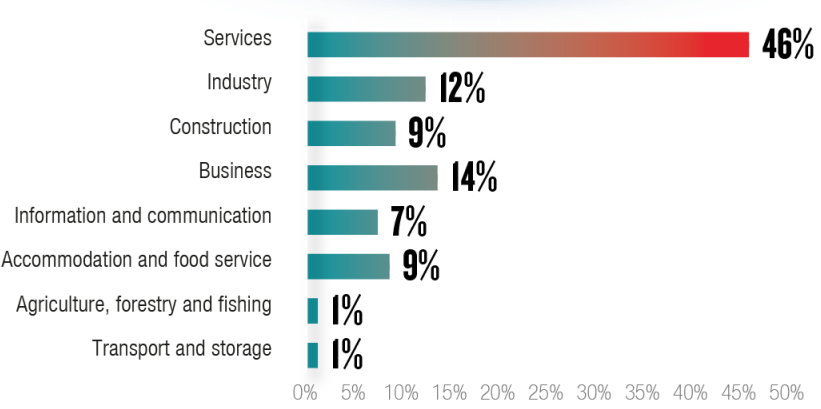
The size of your business according to the turnover of the last year



The largest shareholder/Partner/Owner of your business is:



Activity



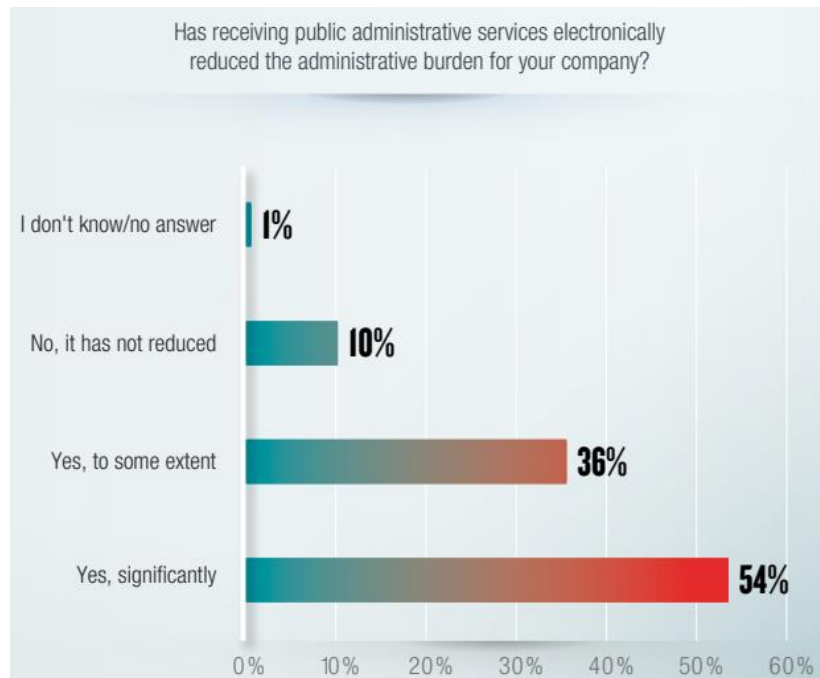


II. FINDINGS

II. BUSINESS - ADMINISTRATIVE BURDEN AND CORRUPTION

Businesses are aware that online services have reduced the administrative burden for their company.

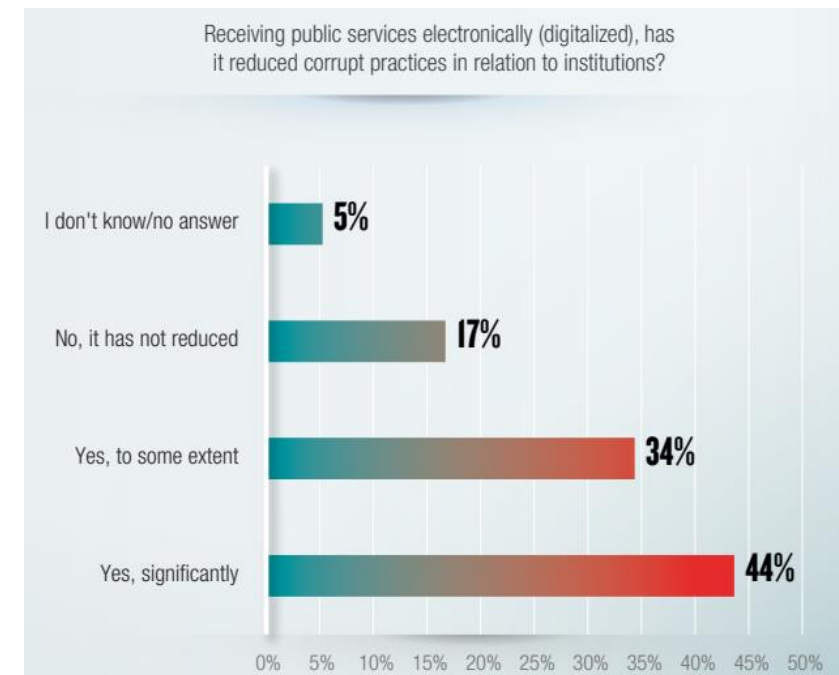
However, another internal "administrative burden" of the company seems to be emerging, especially for SMEs. For example: a) Electronic management of documents, b) archiving, use of electronic signature (not only randomly), and c) basic use of online platforms are challenges for SMEs.



Source: Secretariat Survey, June 2023

Avoiding physical contact with applicants for various public services has reduced corrupt practices (8 out of 10 companies)

But there is a perception that "if the requested service is not provided at the right time or obstacles arise", there is still "hidden pressure" to find a solution.



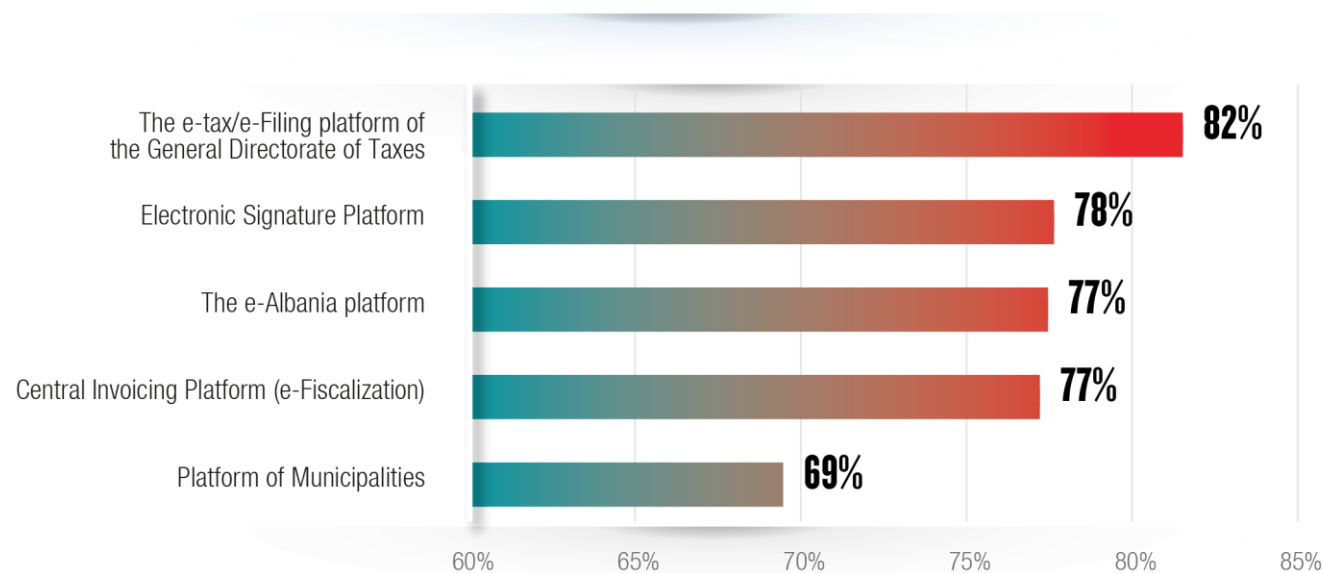
Source: Secretariat Survey, June 2023

II. BUSINESS AND ONLINE PLATFORMS

Based on business perceptions, it is noted that generally businesses are satisfied with the use of online platforms.

Satisfaction with the platforms of public administrative services

Completely/somewhat satisfied



Source: Secretariat Survey, June 2023

However, despite the generally positive results in the assessment of online platforms, qualitative discussions have highlighted that when it comes to specific, special services, businesses continue to encounter difficulties and have expectations for improvements (services such as opening and closing a business, electronic certificates, e-tax reconciliation - fiscalisation, complaints, online payments, etc.).

II. BUSINESSES AND E-ALBANIA - CHALLENGES



Online identity protection is considered challenging based on private sector perceptions.

Digital support or customer service provided through digital channels such as email, chat, mobile applications, social media, etc., is considered insufficient and undermines the efficiency of digital services.

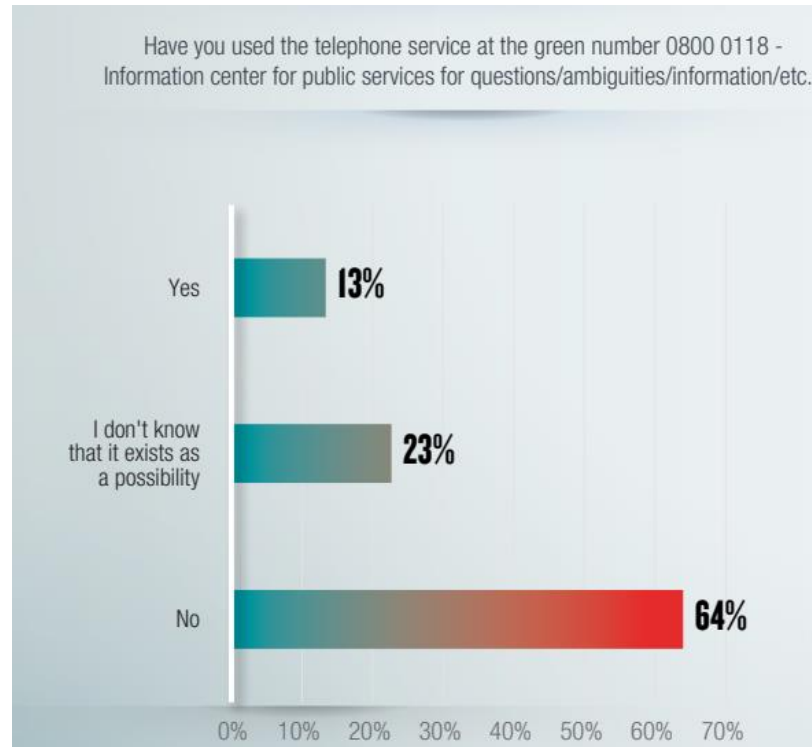
The "complaint system" for services received through the platform seems very fragmented and difficult to use by businesses, especially when it comes to getting a quick response regarding services that have time pressures.

The help section is necessary to enrich and target the different typologies of problems faced by businesses.

The service is not received at the appointed time. Here, of course, we are talking about those business services that need "processing" by the back-office of the institution responsible for the service.

II. BUSINESSES AND INFORMATION CHANNELS

Lack of awareness on the part of the business regarding the existing information channels for obtaining public services



Source: Secretariat Survey, June 2023

The green number is not recognised by businesses, and the main question identified was “Why this number is not found on the e-Albania platform as information, but only on the ADISA website?”

II. ONLINE BUSINESS AND PAYMENTS

Online payments for obtaining digital public services are considered underdeveloped and lacking.



Source: Secretariat Survey, June 2023

The surveyed businesses, however, express consensus regarding the readiness to use online payments where 8 out of 10 companies are completely/somewhat willing to use it as an option. Companies that hesitate to use this option mainly point to the issue of lack of confidence in the security elements of online payments.

II. INTERACTION WITH THE LOCAL GOVERNMENT

Currently local government is considered unintegrated in online service platforms and business perceptions consider existing local platforms as basic and lacking in services

Currently integrated in the e-Albania platform are the following services for business:

- (1) E-permits
- (2) Only the Municipality of Tirana and that of Durrës have implemented Taxes and Local Taxes on the platform, and this too only at the level of information about obligations
- (3) Some municipalities have created their own fragmented platforms (the case of Shkodër, Fier and Patos Municipality) that provide some services mainly at level 1 (the level of information and generation of invoices with obligations).

There are a number of services at the local level that business considers an administrative burden (requiring applications and documents that could be eliminated as part of a deregulation or re-engineering), such as:

- (1) Business registration and de-registration for the effect of local taxes and fees
- (2) Payment of Local Taxes
- (3) Municipal permits required for normal business activity up to 500 kw for the installation of wind or solar power generation units by a small or medium-sized company or a family customer, among the highest in the region (where it usually ranges up to 200 kw).

II. OPTIMUM INSTITUTIONAL INTERACTION

Connecting the registers of the National Business Center with the registers of other public institutions would facilitate the obtaining of public services by minimizing the duplication of required documents.

The services offered by the State Cadastre Agency through the e-Albania platform are the most problematic for business.

The identified problems include, but are not limited to:

- (a) non-return of responses to applications made according to information cards and legal deadlines in e-Albania
- (b) returning unclear answers and confusing legal references
- (c) requests for completing additional documents that are available or previously issued by the Cadastre itself or that can be obtained from other institutions
- (d) non-confirmation of copies of ownership cards to notary offices according to legal deadlines, hindering ownership and banking transactions.

II. BUSINESS - RE-ENGINEERING & DE-REGULATION

The analysis of the legal framework and the competencies of the institutions responsible for digitalization, shows that the functions of re-engineering/deregulation are decentralized and distributed in several laws and among several institutions. This creates an overlap of competencies, ambiguity in accountability, and the management of this function.



AKSHI is responsible for the electronic re-engineering of public services, being set in motion for this purpose by the relevant institution. This competence is granted according to Article 29/f of Law no. 43/2023 "On Electronic Government"

ADISA has powers to initiate the reengineering of public services. According to the provisions of Article 13 of Law no. 13/2016 "On the Method of Providing Public Services through a Service Window in the Republic of Albania"

The Agency for Dialogue and Co-Governance has been added to the architecture of institutions involved in the reengineering/deregulation of public services, according to the provisions of Law No. 107/2021 "On Co-Governance"

The Ministry of State for the Protection of Entrepreneurship - From the analysis of the legal framework and competences as well as from public reports, it is not evident what is its role in the process of re-engineering and deregulation of business services.



RECOMMENDATIONS

RECOMMENDATIONS –

RE-ENGINEERING AND DE-REGULATION

Recommendation 1. Institutionalization of the process of re-engineering and dynamic deregulation of public administrative services provided by central institutions for Business

- **INSTITUTIONAL RESPONSIBILITY** - It would be recommendable, also from the legal point of view, an integrated approach through a structure that would constantly pay attention to the improvement of services by proposing and following the implementation of proposals for the improvement of services. Thus, ad-hoc and non-integrated interventions would be avoided.

RECOMMENDATIONS –

RE-ENGINEERING AND DE-REGULATION IN LOCAL LEVEL

Recommendation 2. Digitization of local administrative public services for business

- **(1) Legal and institutional clarification for the coordination and implementation of the digitization process of local services.** This would require cooperation between agencies at the central level (AKSHI, Agency for Dialogue and Co-governance, Agency for the Support of Local Self-government) and municipalities (at the level of associations) to create a coordination mechanism.
- **(2) A process of harmonization, categorization, codification, and reengineering of local services identified at the local level.**

RECOMMENDATIONS

– EDUCATION AND AWARENESS

Recommendation 3. Support for “digitalization” and digital education of businesses, especially with a focus on small and medium-sized businesses/women.

- This is recommended through:
 - (a) Programs with grants/assistance for SMEs
 - (b) Digital Education through continuous mass awareness campaigns
 - (c) Training programs offered to businesses to facilitate usability and adoption with the digital transition such as the use of e-Albania, management of electronic documents, use of electronic signature, information management systems, etc.
 - (d) Dedicated tutorials for each service.

RECOMMENDATIONS

– DIGITAL CAPACITY OF THE ADMINISTRATION

Recommendation 4. The increase in the quality of service to business, as one of the main taxpayers of the budget, is conditioned not only by the level of investments in technical/technology capacities or the facilitation of relevant procedures but also by the quality of digital training of public administration staff.

- Suggested:
 - (1) drafting and annual publication of a roadmap clarifying training tasks and budgets
 - (2) capacity building through continuous training of the administration on digital changes
 - (3) transparent monitoring of results for the sake of achieving reform objectives, budget costs, and the quality of accountability to taxpayers.

RECOMMENDATIONS

– DIGITAL SECURITY

Recommendation 5. Strengthening Information Security on Digital Administrative Platforms

- It is suggested:
 - (1) create a “backup plan” in case of cyber attacks and make it transparent for businesses and the public to encourage and increase trust in the platforms
 - (2) to enable the classification of information that becomes public, that is, the data declared by businesses should have limited access (e.g., with payment).

RECOMMENDATIONS

– ASSISTANCE

Recommendation 6. Facilitating the usability of the platforms by businesses, through the unification of the assistance process through an integrated support system.

To create an integrated system based on user experience, it would be important:

- mapping in detail and defining the levels/"touchpoints" that the user must touch to get the answers in the most efficient way.
- to unify a support telephone number and to provide the possibility of "chat bot" in real time on the problems in the services.

RECOMMENDATIONS

– COMPLAINTS

Recommendation 7. Simplifying the complaints process through harmonization, integration, and improvement of the complaints system for administrative services.

- Mapping the "user journey" for the issue "I have a service complaint" that should define all levels of contact and integrate the path that the user should follow. This mapping should serve as the basis of the "digitalisation" within the e-Albania platform (related to the specific requested service) of the complaint and the efficiency of the resolution of complaints in general.
- "Complaints" related to receiving services from (1) KKB, (2) Customs, (3) Tax Administration are considered priority for the business.

RECOMMENDATIONS

– ONLINE PAYMENTS

Recommendation 9. Improvement of the online payment system for central administrative services.

The business community has expressed readiness to operate with online payments (beyond skepticism about the security of transactions), so it is recommended that e-Albania enable online payments through all second-level banks or even other payment options, allowing diversification, facilitation and acceleration of services for businesses.

RECOMMENDATIONS

– TECHNICALITY

Recommendation 8. Review, evaluation and regulation of administrative services for agricultural business and farmers in terms of:

(1) The initial registration of companies for agricultural cooperation since the entire process of registration of these companies and documentary requirements should be reviewed since it is currently considered difficult and subject to unclear interpretations, (2) regulating the registration of farmers with NUIS since all farmers who sell their products to entrepreneurs (traders) are obliged to register and be provided with the NUIS certificate. It would be recommended that this procedure be unified and that farmers operate with a single NUIS.

Recommendation 10. Simplifying the interoperability and usability of platforms for businesses, through:

(1) Selection/display of services that are offered only to businesses in e-Albania from the moment of entering the platform (not all services that include those for individual citizens as it is currently), (2) enabling the traceability of processes especially in cases of blocking of the platform, (3) the Fiscalisation system where it is possible to codify the NIVFs according to a logical order (not an unrelated number), (4) the possibility of downloading invoices at once on a weekly/monthly basis automatically from fiscalisation system, which would facilitate filing by businesses.



DISCUSSIONS

**ARE WE
READY??**

DISCUSSIONS

Business perceptions regarding the level of data security, reliance on ease of use of platforms, complaint channels, or the level of accuracy of responses from institutions remain challenging.

Also, even following the public evaluations, institutional stability, and coordination, digital training of the administration staff and continuous education remains problematic

Is it time for entrepreneurs to turn their eyes to the absorption of digitalization as a mechanism for economic integration since the direct link between it and the increase of enterprise productivity and competitiveness has already been proven?

Digitalisation should not be considered an end in itself, but a mechanism to improve the performance of public administration in providing public services at optimal cost.

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