Soft Loan Project Preparatory Program

Feasibility study on e-Government

Final Report

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for the

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National Agency on Information Society

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REPUBLIC OF ALBANIA
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1 Executive Summary

Albania is in the position to participate in the soft loan program of the Oesterreichische Kontrollbank Aktiengesellschaft (OeKB). After a process of discussion and consultation the usage of a soft loan for financing necessary investments in the area of eGovernment strategy including ready made solutions in the areas of eTax, eHealth and eProperty registration is envisaged. The demanded systems will be connected with the already existing system of electronic civil registry, which also origins in Austria. Together these services will form an important step towards "The eGovernment Platform Albania".

FAA Holding GmbH was assigned among others by the Albanian government, National Agency on Information Society (NAIS), to provide a Feasibility-Study on the provision of such eGovernment solutions for Albania in the framework of the Austrian soft loan program of the OeKB.

In order to exactly meet the Albanian demands and to get tangible results allowing the soft loan project to start as soon as possible FAA pursued the strategy to combine different working methods in a tight agenda. The main elements of this agenda were the following:

- Study visits of Albanian representatives in Austria offering live presentations of eGovernment systems and discussions with high executives.

- Field visits of Austrian Experts in Albania to learn about the current situation, talk to officials on different levels and get a picture on their actual needs and expectations.

- Research on international best practice, Austrian solutions and outcomes of previous projects in Albania.

- Consultancy and the development of a model how to allow Albania the benefits from eGovernment within the framework of the OeKB soft loan program as soon as possible.

- Coordination with donor organisations active in Albania in order to optimize the benefit of the program.

The following consultations have taken place:

May 18.-20. 2011 there was the first study visit of Albanian representatives from the Ministry of Finance and the NAIS in Austria. Their Austrian counterparts were high representatives of the Austrian Federal Chancellery and the Austrian Federal Ministry of Interior. One day was dedicated to live presentations of Austrian eGovernment solutions.

June 5.-11. 2011 the first field visit of four Austrian Experts in Tirana took place. Intense consultations with the Albanian Ministry of Finance, the Tax directorate of Tirana, the Ministry of Health and the property registration office were conducted.

The team of FAA experts was provided documents describing both the current situation and goals for the future.

The information gained at this first field visit was systematically analyzed in Vienna.

Based on the results a second study tour to Vienna for Albanian government representatives was organized. This time they handled a tailor made schedule focused on specific IT solutions. In workshops facilitated by FAA experts the transferability of these solutions to the Albanian environments was discussed.

June 29. – July 01. 2011 Two FAA experts interviewed political decision makers about strategy and implementation of eGovernment tools. Their respondents were the Minister of Innovation, Information- and Communication –Technology, the Vice Minister of Innovation, Information- and Communication –Technology, the Vice Minister of Health and experts of the Property Registration Office, the Health Insurance Institute, the local World Bank office and other technical experts as well.

The topic eGovernment is actually partly also covered by other donor institutions, e.g. EU/IPA, World Bank and it is strongly recommended to coordinate all future investments also with those international institutions. This will avoid redundancies and will on the other side enable additional funds for investments which exceed the soft loan volume.

Finally all the investigations and analysis led to the following conclusions:

1.1 eTaxation

The Albanian General Directorate of Taxation (GDT) will face new challenges in 2012 in the area of supporting new tax regimes. As a consequence there is an urgent need to purchase and implement a new taxation system that meets the functional and legal requirements of the Albanian law and provides comprehensive taxpayer facilities. The new system shall replace the currently operational ITS system and all sub and stand-alone systems used to date.

Having examined the existing Albanian taxation system it is recommended to establish a ready made, already existing taxation system and to customize it to meet Albanian requirements.

Purchasing such a system offers the advantage of a short implementation period in combination with a degree of flexibility related to the system configuration and alterations to be carried out during the implementation phase.

The system to be procured should be compatible with the strategy of the National Agency of Information Society (NAIS) regarding the operational environment. Due to the fact that NAIS opted to install and operate Microsoft platforms (Windows Server and SQL Server) it is recommended that the taxation system to be procured shall be able to run in such environment including the usage of Active Directory and Share Point Services. The operational environment is a vital fact because the usage of another operational platform than the one suggested will cause additional license costs. NAIS has all required licenses for Microsoft Servers available.

The system has to be implemented within 12 months after the project start followed by a specified warranty period after the system implementation.

The system has to cater for an expected number of 2.000.000 users. This number includes tax officers and tax payers (companies and private persons).

Hardware has to be procured according to the actual needs of the Albanian government in order to guarantee a smooth implementation process of eTax solutions.

The new taxation system will need to support the following tax types including the respective return sheets and parameters in the area of tax rates, assessment and enforcement parameters, which are among others:

- Value added tax (VAT)
- Profit Tax
- Personal income tax for small businesses
- Withholding tax
- Income tax on wages
- Social contributions
- Gambling tax
- Mining / Mineral tax
- Electrical energy tax
- Royalty rights tax

Additional requirements for the new system to be procured are:

- The system needs to be web solution
- Multi language on database, user interface and reporting level needs to be guaranteed
- User authentication by active directory service needs to be possible

- Full historization on data needs to be provided
- All user actions related to creation of and changes to data should be logged
- Defined user actions related to "views" of data should be logged to protect against unauthorized access.

Data migration on including existing interfaces to other systems like the civil register or the National Registration Center needs to be given serious consideration.

It is suggested to procure a COTS (commercial-off-the-shelf) system that supports the following functionality:

- Taxpayer Registration
- Payments Processing
- Returns Processing supporting tax credits and refunds
- Taxpayer and Revenue Accounting
- Returns Management
- Debt Management
- Case Management
- Audit Support
- Taxpayer Services
- Revenue Reporting
- Business Intelligence including risk profiling and pattern detection

The vendor of the new system shall provide intensive user training on both technical and functional level.

The vendor should have an integral role in the design and completion of the implementation process. However, actions to be carried out related to the design and implementation of the new system need to be agreed with GDT and / or NAIS.

The implementation of a new eTax system has unanimously been mentioned as priority one for eGovernment investments by the Albanian counterparts and should be in place by January 2014 at the latest.

1.2   eHealth

The term eHealth has a very broad meaning and can refer to a wide range of services or systems that are at the edge of medicine, healthcare and information technology.

Electronic health records, healthcare information systems, telemedicine, consumer health informatics, knowledge management or hospital information systems are just very common examples.

Research in Albania showed that the next steps in eHealth have to meet the following requirements:

- The solution must be flexible to the outcome of the ongoing strategic work by Albanian officials (e.g. a current working group on eHealth strategy).

- The solution must be able to act as a first step towards a future comprehensive eHealth architecture following international standards.

- The solution must be able to gain quick wins within a short period of time.

On this basis there was a vision developed which draws a picture of possible future eHealth architecture – rather targeting topics like eHealthcare - , how it could look like, what services it would provide and in which ways it would affect the mayor stakeholder groups of the Albanian health system.

Two approaches are identified for implementation:

a) Nationwide Electronic health record

An electronic health record could host patient records, to update patient data in real time and enable secure access to those records by healthcare professionals across the country; it will facilitate the secure, real-time exchange of health information throughout Albania. This program will enhance medical decision-making and coordination of care; it will increase system efficiencies, control costs, and improve healthcare outcomes, quality and accuracy. eHealthcare will serve as a core asset in the country's long-term strategic plan to modernize and improve healthcare for all citizens throughout with the meaningful use of health information technology and health information exchange.

b) Hospital Information System (HIS)

A HIS project should be structured into several phases. To be able to adjust and converge in a short period multiple hospitals to the European standard, it is suggested to equip a first phase of 5 to 7 hospitals with a HIS. Additional modules that are connected on-demand as an "Add-on" to an existing HIS are available later on. After that a nationwide coverage of all hospitals is envisaged.

The services for social insurance contributions described in the eTax section of this study will mean a considerable improvement in the financing and allocation processes of the Albanian health system on an electronic basis.

The tight integration of the collection of social contributions in the eVAT system facilitates the identification of individuals and legal entities that are in general liable to pay social contributions based on data from other tax regimes held in the eVAT system. Furthermore,

this integration in the eVAT system provides the possibility to use the same functionality in the area of collection and enforcement as for other taxes.

1.3   eProperty

"To become an efficiently operating and successful institution, which guarantees geo-referenced real property related rights for facilitating secure property transactions and providing an infrastructure and services for economic, environmental and social purposes"

This mission statement is taken into account by those European countries that are successfully engaging in the property sector. They have all a very deep understanding in their daily actions concerning property issues within the boundaries of the land in question and concentrate on the vision that property transactions must be secure, integrated, accessible and also easier for everyone.

During this study it was found that Albania already established an organization, dealing with property issues for all interests. This institution is called "Registry of Real Estate" and will be described as part of the current state in this study.

Since 2009 a World Bank project concerning the topic eProperty has been realized. The goal of the Land Administration and Management Project is to facilitate the development of efficient land and property markets through enhancing tenure security and improving land administration and management.

Computerizing components of this project dealt specifically with the creation and operation of IS/IT infrastructure of IPRO through improving service delivery, efficiency and transparency and completing the first registration of immovable property rights.

In general one of the most important aims of Albania should be to support the realization and enforcement of rights in land and property ownership, healthy environment, the freedom of enterprising and economic competition and the official registration of all parcels and other real estates, objects through providing a uniform and authentic land registration system and spatial data infrastructure.

Therefore this study recommends to go on with the development of the IPRO system and to work on improvements of the already existing application. The World Bank Office in Tirana is ready to finance further needed consultancy services to finally fulfill all requirements of the Albanian stakeholders. A final evaluation of the system during live operations is recommended.