

# **Corruption, Albania's biggest challenge for integration in E.U.**

By Marsida Nence

[WWW.PECOB.EU](http://WWW.PECOB.EU)

DECEMBER 2013

# **Corruption, Albania's biggest challenge for integration in E.U.**

by Marsida Nence

## **Introduction**

Corruption represents the failure of the society to manage the competing interests of different groups in a fair and meritocratic way. According to the Transparency International, corruption in Albania within the public sector remains one of the country's biggest challenges, particularly in areas such as political parties, health, and justice systems. The low wages, the social acceptance of bribery and the narrow social networks make difficult the task of combating corruption among police, judges and customs officials. In 2009, Albania applied for EU membership, but the Commission assessment, while recognizing progress made, concludes that Albania's democratic institutions still lack effectiveness and stability and have not yet been brought to EU norms.

In 2012 the Transparency International Report (E.U.), despite the "zero tolerance" policy by the government of Sali Berisha, ranked Albania as the most corrupt country in Europe and also as one of the most corrupt countries in the world. The country was in 116th position out of 176 countries in 2012, down from 95th place in 2011. This number sounds the alarm for the democratic stability of the country. Research has shown that \$1.3 billion moved illicitly out of the country from 2005 to 2010. As the Albanian Finance Minister, Ridvan Bode, said, Albania does not look bad in comparison with other Balkan countries – Serbia with \$5 billion negative influx, Bulgaria with \$1.5 billion and Croatia with \$1.5 billion a year-. However, it is an enormous amount of money for a country like Albania, to lose. The European Council's Group of States against corruption said that Albania has made great progress in its anti-corruption efforts. On the other hand analysts and citizens claim that the country has more work to do. The fight against corruption is a problem that Albanians continues to have without any result. While reforms have been carried out in a number of areas, the country continues to face major corruption and governance challenges. Corruption remains difficult to investigate and prosecute and it is also recognized as a major impediment to growth (difficulties in doing business in the country).

"Achievements in the legal framework and adoption of laws against corruption, is not enough", said Mirela Bogdani, professor in the University of Tirana. "In reality, the measures recommended and implemented do not seem to have any significant impact on the ground, and moreover they raise legitimate jurisdictional and equal protection issues", said Agron Aliboli, Albanian lawyer. The question is why corruption is still in the forefront? The only thing that one can say is that the government turns a blind eye to this money that escaped from Albania through an evasion, or in the worst case the government is part of the criminal links. The question is that financial crime is eroding the economy of Albania, while money could have been used in infrastructure, education and to pull people out of poverty.

## **Historical background**

Situated in the Southeast Europe and bordered by Montenegro, Greece, Kosovo and Macedonia, Albania remained under Ottoman control as part of the Rumelia province until 1912, when the first independent Albanian state was declared. Founded as a monarchy and then only briefly becoming a Republic in 1925, Albania enjoyed very short-lived periods of independence. Occupied by three different regimes and having passed through two World Wars, in 1944 it became subject to one of the most totalitarian communist rules. In 1991, Albania, regained its independence and finally became a

liberal democratic state. However, after the first elections held in 1992, which brought the Democratic Party to power, a range of problems came on the scene risking once again the status of democracy. Due to the lack of democratic history, Albanians perceived a newfound democracy as unrestrained freedom, which resulted in low civil moral and disregard for the common good. The absence of adequate institutions combined with the vacuum created by the collapse of the communist regime, lead to a weakening of state legitimacy, efficiency and coercive power. A network society emerged in which people rely on personal relations and connections characterized by loyalty and dependence rather than professionalism.

In 1997, a widespread corruption and extensive pyramid schemes pushed a large portion of the population into ruin and the whole country in deep crisis. As a result, the democratic government collapsed and it was only after the intervention of the international community that the situation improved. New elections were held, but even if the Socialist party came to the power, the situation in Albania was still unstable. The war in Kosovo (1999), the difficulties with the establishment of the constitution and the Macedonian crisis (2001), left the field open to the prevalence of corruption and electoral fraud which set a precedent for highly disputed elections and boycotts for the following years.

## **Forms of Corruption**

Talking about corruption in Albania, it should be noted that it is a problem that takes up many different forms and occurs in different levels. The rapid spread of corruption in all sectors could be well likened to the rapid spread of a virus. Some of the most common phenomena of corruption found in Albania are, bribing public officials, faulty privatization, discriminatory application of laws and taxes, illegal funding of political parties to outright theft of state property and revenue. Corruption is also closely interlinked with organized crime with many of the senior state officials being involved in smuggling, contraband, tax evasions and land grabbing.

Corruption affects the daily lives of Albanian ordinary people in their dealings with the public administration, the service provider that a remarkable eight out of ten adult Albanians interact with it at some point during the course of the year. In every procedure bribes may be used for different purposes. Such dealings may be for anything from a medical visit or school enrollment to the issue of a new passport or driving license. Although there are notable variations between the Albanian regions, a considerable number of Albanian citizens aged 18 to 64 have been exposed to a bribery experience with a public official. Moreover, bribes are almost exclusively given in the form of cash payments, while payments in kind are not used. Almost 30% of bribes paid are actually offered by citizens themselves, while in more than half of cases they are paid in response to an indirect request by a public official and for almost 15% they refer to an explicit request by a public official or a third party. In many cases bribes are paid to facilitate bureaucratic procedures and deficiencies in the public sector (education, health). Indeed, 70% of citizens who participate in a bribery act do so to receive better treatment, while 9% does so to speed up a procedure or to avoid the payment of a fine. That explains why doctors and nurses are the public officials paid most kickbacks in Albania. We all pretty much know that for a student, in order to graduate is required not less than 4-5 years. Contrariwise, in Albania a financially comfortable student, in two to three years maximum, can easily obtain not only a bachelor's degree but also a master's degree and why not a PhD.

In accordance with Transparency International and Global Corruption Barometer 2013, 40% of Albanians believe that the level of corruption over the past two years has been increased a lot and only 3% think that it has decreased a lot. When Albanians were asked, they highlighted the judiciary, health, education and politics sectors, as the most corrupted institutions in the country.

## **Transparency of political parties funding**

Electoral fraud has long been an issue of concern in Albania, acting as an important obstacle to the country's Euro-Atlantic integration. According to a survey conducted by the "Transparency International Albania", the political parties of the country are characterized by a profound corruption. Despite the constitutional and legal obligations, political parties do not inform their members, voters and the entire public on the annual finances which is considered a lack of accountability and transparency. For example, in the 2007 and 2009 elections, there have been procedural problems with voters' registration, the vote count process was disputed and followed by complaints and violence. Moreover, 2011 was an electoral year in which the political parties should submit a report covering both the finances of the annual period and the finances of the electoral campaign. The truth is that, one of the parliamentary parties (Democratic Party), has reported on the period of the local elections and four others (Social Party, Republican Party, Socialist Movement for Integration, Union for Human Rights Party) on the entire annual period. Furthermore, the audit reports conducted by certified accountants were prepared solely for the period of the local elections whereas the law requires that these audit reports should be conducted both for the annual finances and those of local elections. In addition, the reliability of the official financial information declared by political parties in Albania does not provide good results, because there is a general perception that large amounts of private donations are left out of the financial reporting. Opaque campaign funding and unsatisfactory auditing of the reported party income largely contributed to this situation. As a result of an increase in sophistication and cost of the political parties' activities, the latter are vulnerable to offers of funding in exchange for the provision of favors. This buying of influence via political donations undermines the very foundations of representative democracy. Public trust in democracy is eroded when elected leaders fail to comply with the laws they have designed and respect the oversight institutions they have established. Albania is currently engaged in a reform process aimed at addressing the low level of transparency in Albanian political financing. A new law passed in February 2011 addresses the issue but implementation remains a concern.

## **Organized Crime**

The lack of resources, the lack of political will, the strategic position of the country and the disparity in implementing the law, benefit not only corruption but also organized crime groups. Albania has a large informal economy, which derives from illicit activities conducted by organized crime such as cigarette smuggling (which accounts for 80% of the market), human, drug and arms trafficking. Albanian organized crime is considered one of the most expanding and networked criminal groups in contemporary Balkans and Europe. According to the Research Institute for European and American Studies (RIEAS), Albanian Mafia groups are actually hybrid organizations, often involved in both criminal and political activities in order to influence political developments. According to Transparency International, 80% of the Albanian economy is a "parallel one" for every 100 euros of documented capital; another 80 euros are never accounted for, most of it from organized crime activities.

The 2010 US State Department Report notes that Albania is a transit country for narcotic traffickers moving Afghan heroin from Central Asia to Western Europe, while the fight against drug trafficking is hampered by corruption and weak institutions. Nowadays the existence of regular heroin supply from Afghanistan, and the control by the "Albanian Mafia" of the Balkan route, has enabled it to obtain a large capital base that is laundered mainly through the construction center in Albania and the use of offshore financial centers. Actually the largest enterprise in terms of sales and profits in South Eastern Europe is the Albanian organized crime. According to Interpol's data, the Albanians from Kosovo hold more than 80% of the heroine trade, they have dealers located in most of the European countries and

they smuggle 4 to 6 tons of heroine monthly, which means 2 billion dollars a year. Furthermore the rise in opium production in Afghanistan over the past 5 years have most certainly assisted in the expansion of narcotics smuggling interests of the Albanian Organized Crime groups, that further empowered their abilities and distribution networks. One has to take note that the total profit from the opium production is immense because of the metamorphosis of opium into heroin. That is just a pointer of the importance of Organized Crime groups in the international financial system and the key role of the Albanian ones in Europe in particular.

In order to thrive, the Albanian criminal syndicates involved in the Balkans narcotics trade need friends in high places. In this new global financial environment, powerful undercover political lobbies connected to organized crime cultivate links to prominent political figures and officials of the military and intelligence establishment. Except for the political figures, to this procedure also contributes, respectable banks which undertakes to "launder" large amounts of "dirty money".

Moreover, according to Interpol reports, since 1999 trafficking in women and prostitution played an important role in the Albanian organized crime. Armed conflicts in the region, enforced thousands of women to leave their country and go to Albania. The Albanian prostitution networks involve women not only from Albania but also of other nationalities such as Moldova, Romania, Bosnia and Herzegovina and the Russian Federation. The pimps usually state that they originate from K&M in order to obtain the status of political refugees although actually most of them come from Albania and not from K&M. These operations are being controlled from abroad by Albanian "bosses" of this activity, with a seat in Belgium.

The dynamics of the Albanian Organized Crime seem large enough to alarm not just the Balkan region but further beyond in a Pan-European and international level. In brief, there could be not tangible solution to the problems concerning South Eastern Europe, if the international community does not invest considerable political capital in combating with the threat that Albanian groups pose. What could really help in order to combat this kind of networks is an international coordination both at police and judicial level.

## **Health sector**

Corruption in the health sector is a concern in all countries, but it is an especially critical problem in developing and transitional economies where public resources are already scarce, like Albania. As I already said, most of the Albanians have experienced corruption in their interactions with health sector. In particular, more than 80% of Albanians believe that informal payments are necessary to get any treatment at all and as a result they feel forced to bribe doctors in order to ensure the best medical treatment. According to The Albanian Living Standards Measurement Survey, informal payments in the health sector in Albania are higher than in other Balkan countries. Recent literature claims that the reason why health personnel accept informal payments is the low salary they receive. Compared with other Balkan countries, the Albanian health sector salaries are the lowest. Although the Albanian government increased health personnel wages over the past decade in an attempt to tackle informal payments, other sectors such as education, forestry, construction, and trade still have higher salaries (World Bank). However, literature argues that low salaries might not be the main factor for informal payments in health care. Other factors are: the belief that good health is worth any price, the desire to get better services, the fear of being denied treatment, or giving gifts to express gratitude towards hospital. According to Transparency International (2011), people in Albania willingly make payments in the health sector to ensure restoration of good health, a priceless commodity and to ensure to get a better attention or faster medical care. Some authors even argue that corruption in transition economies is part of national culture. But if corruption is seen like a national culture, then why isn't it being reported by the citizens?

## **Corruption in the public sector recruitment procedure**

Across the region, public tenders lack transparency and accountability, with political interests and personal connections between government and business actors, regularly interfering in bidding procedure. We all know how attractive job opportunities in the public sector are to job seekers, first of all for the nature of the job itself and secondly for the advantages of employment in the public administration, such as social status, fair remuneration and job security. Public sector institutions jointly make up the largest single employer in any given country. Due to the big size and importance of the public administration, departments need to hire new staff on a regular basis. Therefore, most of the citizens of Albania apply for a job in the public sector. Of those who were successful, quite a large percentage admits paying money, giving a gift or doing a favor in order to be hired. In a state without corruption, the recruitment process is usually regulated in order to ensure transparency, and new staff is normally selected on the basis of criteria such as competence and experience. But, in case of Albania, it appears that other factors also come into play, such as nepotism, cronyism or even bribery.

## **Fight against corruption**

During the last years, the government of Albania has made significant efforts to address the issue of corruption in the country. After the public uprising in 1997, the government made the first survey of corruption and in 1999 the Governmental Commission of the fight against corruption was established. In 2000 national anti-corruption strategy was drafted followed by the establishment of the Department of Internal Auditing and High State Audit. Prime Minister Sali Berisha, who was re-elected in 2009 for a second term, has placed the fight against corruption on his political agenda since his first election and has run an anti-corruption platform ever since.

With the contribution and recommendations of the international organizations, Albania's public procurement system has been improved as well as the system for checking conflicts of interest of politicians and high ranking public officials. Furthermore, procedures for establishment of new businesses have been streamlined, thereby limiting the scope for corruption in business registration and licensing. According to the European Commission, Albania took initial steps towards improving the efficiency of investigations and prosecutions in the fight against organized crime and corruption. The 2013 parliamentary elections were conducted in an overall smooth and orderly manner. The government has also adopted an anti-corruption strategy and action plan 2007-2013. The overall legal and institutional anti-corruption framework is mostly in place, but the real problem is the implementation of this plan. Over the years Albania has managed to establish a strong legal base, which meets the requirements of the Criminal Law Convention on Corruption. The Albanian Criminal Code covers all types of corrupt behavior (promising, offering or giving and requesting, receiving or accepting) and after the amendments made in 2004, which established a completely new system of corruption offences, meets the international standards. An access to information law was adopted in 1999, according to which every individual has the right to ask for information and to be informed about public documents as well as the right to be informed about the activity of the administration and individuals that exercise public duties. However, only a limited number of documents can be made available without a formal request from the officials

Even though we can see a positive progress, corruption continues being a big problem in Albania. Most of the institutions are still highly politicized and often used as a tool for fighting opposition leaders rather than actual corruption. Furthermore they have limited powers and can only advise the

government and judicial authorities. The lack of separation of the legislative and executive branches of the government in particular has held back the fight against corruption. The implementation of legislation has been hampered by frequent legal amendments, which have established a complicated and incoherent system and the absence of legal definitions of key terms used in the Criminal Code. All of these constitute a major obstacle in the development of democracy as well as the creation, implementation, and enforcement of proper policies. According to the European Commission, in order to be able to tackle corruption, Albania needs to meet further key priorities, with particular focus on administration reform, the rule of law and fundamental rights. Constructive and sustainable political dialogue will remain essential for a successful reform process. Sustained efforts are needed to strengthen administrative capacity for the implementation and enforcement of legislation and to improve transparency and accountability.

## Conclusion

Albanian citizens rank corruption as the second most important problem facing their country, after unemployment. Majorities in Albania, report that using personal contacts, small gifts or envelopes to get things done, is more harmful than useful. Albania had started its "democratic process" more than ten years ago, but most of its reforms were implemented using tactics from the "old system". Several officials with inadequate experience and bureaucratic skills currently hold positions in central institutions and in higher administrative and police structures. This situation confirms that appointments in Albania are guided by politics rather than professional qualifications. Since the whole operation depends on the political leaders' will, success, with the present situation, is uncertain. Even though most Albanians see corruption as both widespread and harmful, it remains difficult to fight when it seems to be an effective way to get things done. In countries like Albania, unless one succeeds in completely transforming the current political class, the efforts to change towards the policies developed at the EU level are futile. It might prove beneficial to initiate a radical change from the 'grass-roots' where a 'bottom-up' attitude could instigate cultural change by working from the lowest to the highest level of society. Instead, the involvement of the most vigorous sectors of the civil society, which simply suffer corruption and the support to NGOs, women coalitions, students associations, trade unions, in terms of protection, and education to public life is the only way to successfully proceed, as stated by empirical data. Public institutions need to be more open about their work and officials must be more transparent in their decision-making. The country faces major implementation challenges and efforts need to be stepped up to close the large gap between existing laws and their limited enforcement.

## References

- *European Commission, Website, Enlargement: Albania country profile*, <http://ec.europa.eu/enlargement/countries/detailed-country-information/albania/>
- *Transparency International, 2013, Global Corruption Barometer*, <http://www.transparency.org/gcb2013/country/?country=albania>
- *Corruption in Albania: experience and perceptions*, <http://www.usaid.gov/albania>
- *Research Institute for European and American Studies (RIEAS)*, <http://www.rieas.gr/index.php>
- *U.S. Department of State*, <http://www.state.gov/j/drl/rls/hrrpt/2010/eur/154409.htm>

- *Global Corruption Barometer,*  
<http://www.transparencia.org.es/BAROMETRO GLOBAL/Bar%C3%B3metro Global 2013/Global Corruption Barometer 2013.pdf>
- *Shqiptarja.com,*  
<http://www.shqiptarja.com/Aktualitet/2731/tia-korrupsioni-n--shqip-ri-u-rrit-gjat--vitit-2013-hapa-pas-189634.html>
- *Zeri I Popullit,*  
[http://www.zeri-popullit.com/index.php?option=com\\_content&view=article&id=3804:instituti-i-huaj-liria-ekonomike-ne-shqiperi-e-shtypur-nga-korrupsioni&catid=36:intervista&Itemid=128](http://www.zeri-popullit.com/index.php?option=com_content&view=article&id=3804:instituti-i-huaj-liria-ekonomike-ne-shqiperi-e-shtypur-nga-korrupsioni&catid=36:intervista&Itemid=128)