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A Diagnosis of Corruption in Albania

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Country

How corrupt is this country? What type of corruption? How did it evolve during the years? Was it a period when it was more corrupt and what happened to change that?

The first systemic studies on the typology and spread of corruption in Albania were conducted in 1997, following the collapse of the pyramid schemes which shook the foundation of Albania's state.¹ The main findings of these studies have persisted over the last decade: corruption in Albania is endemic and it penetrates public life in Albania at all levels. Frequent instances of petty corruption in Albania are matched by numerous scandals of grand corruption which remain unresolved. From the health sector through judiciary, to public administration, experience with corruption of Albanian citizens seems to be among the highest in the region. Comparing results from the Institute for Development Research and Analysis (IDRA), the Tirana hospital and the World Bank,² shows that the percentage of respondents who had paid doctors informally in the last 12 months ranges from 38% to 66%.³ Public trust in the judiciary is also very low, yet what seems to be curious is that the majority of judges agree that courts were susceptible to corruption.⁴ One third of judges admit that parties have approached them with bribes; meanwhile, increasing evidence shows that bribery of judges' decisions is not uncommon practice in Albanian courts.⁵ Otherwise within public administration, the most severe cases of corruption seem to be in tax administration and public procurement.⁶

Albania's international ranking has varied over the last 15 years. Between 1996 and 1998, Albania saw a sharp fall in the control of corruption, a World Bank governance indicator. Its rate dropped from 59.1 percent to 13.1 percent.⁷ From then on, Albania has seen small but steady increases, with a significant improvement between 1998 and 2000, when the score went up from 13.1 percent to 23.3 percent.⁸ Another notable improvement, though insignificant, occurred between 2006 and 2007, when the ranking went up from 28.6 to 35.7 percent. Similarly, Albania's CPI score improved comparably between 2007 and 2008.⁹

¹ Sida report

² Sida report 14

³ Ibid.

⁴ Sida report 19

⁵ Sida report 20

⁶ Ibid page 21

⁷ World Bank Governance Indicators http://info.worldbank.org/governance/wgi/sc_chart.asp

⁸ Ibid

⁹ Transparency International, CPI

It is no coincidence that the major drop in Albania's governance indicator between 1996 and 1998 came at the same time as the collapse of the pyramid schemes. The turmoil of the mid-1990s resulted in nearly complete disintegration of the Albanian public institutions and failure of the rule of law institutions. Prior to this period, corruption had not yet entered the political agenda in Albania and no study had been conducted to measure corruption by either local or international organizations. Not until the collapse of the pyramid schemes was Albania put on the map of troublesome transitions. Moreover, between 1996 and 1998, the number of sources increased from 2 to 6 –leading to a more grounded assessment of the situation. The outcome of the pyramid scheme collapse were even more fragile institutions, diminishing public trust and disintegrating social, political and economic order.

Yet, over time Albania has made incremental but important steps towards establishing functioning institutions governed by rule of law. The second big change in the World Bank control of corruption score is positive and occurs in the period between 2007 and 2008. The improvement could be related to the series of reforms which the government of Albania implemented in order to tackle low level corruption, the most notable of which seems to be the one-stop-shop for business registration.¹⁰ Prior to the reform, businesses needed over 40 days to register and paid sometimes even up to 4,000 Euro.¹¹ The one-stop-shop simplified the process, cut the red tape, and tightened the area where corrupt practices can take place. Because the model was successful, it has been copied for other registration centers as well.

Improvements in rankings and scores have been incremental, while both perception and experience of corruption in Albania remains among the highest in the region. Experts argue that the consistency in high perceived corruption despite administrative reforms reflects that corruption is moving up in the hierarchy.¹² Since 2005, three corrupt affairs have surfaced involving high level politicians. While the affairs have been different, the results are similar. Investigations by the prosecutor's office have begun, but due to a series of impediments none of the investigations have been completed. In reality, the functionality of the Albanian state is crippled by diverging and colliding interests of groups of businessmen and politicians, leading to high state-capture.¹³

¹⁰ IPLS interview and Council of Ministers interview

¹¹ Ease of doing business <http://www.doingbusiness.org/CustomQuery/Default.aspx?excel=false> and interview with Helena Papa, Council of Ministers

¹² Interview Andi Dhima

¹³ ACT3

Civil Society

How strong is civil society in this country? What is its reputation? Are notable anticorruption projects known without research? Are there any anticorruption heroes? What are they? Who are they?

The civil society sector is weakened by receding funds and the influence of politics on civil society organizations. Critics argue that civil society reflects the priorities of the donors leading to a discrepancy between public concerns and civil society projects.¹⁴ The Government of Albania is preparing a legislation to support the not-for-profit sector financially. The legislation aims to minimize external pressure exerted on civil society, thus allowing it to focus on issues which citizens view as priorities.¹⁵ Nonetheless, it remains to be seen whether the effect of the legislation will be to increase government leverage on civil society. However, a more grave concern is related to the influence that political parties apply on civil society organizations, especially media. Media outlets which have strived to maintain independence were subject to assaults and threats. To illustrate, the publisher and owner of “TEMA”, Mero Baze has been physically assaulted several times, the newspaper has been evicted out of its premises and consistent financial pressure was applied by cutting down advertisement from institutions and publicly held companies, which is the main source of revenue for most newspapers in the region. Finally, the newspaper was shut down in January 2010.¹⁶

Donor and international organizations have been involved in anti-corruption work for over a decade now. Despite having poured a large part of the donations in the civil society sector, the sector’s impact in combating corruption has been mild. Unfortunately, exact evidence about the impact of all implemented projects, organizations and the sector in general, is difficult to trace, unsystematic and often missing. High migration within and between sectors, especially from civil society to the public sector, has weakened civil society and dispersed information. The most severe consequences have come when strong leaders have left CSO-s. Facing financial constraints and weaker leadership within organizations, many NGO-s in Albania have struggled to maintain citizen involvement. Yet, to its advantage, Albania has two broad membership based organizations (Mjaft! and CAO), which are rather rare in the region.

Years between 2000 and 2005 are often regarded as the ‘golden anticorruption years’ for civil society. Two massive anti-corruption projects marked this era: PACO I of the Council of Europe,

¹⁴ Interview with Papa

¹⁵ Interview with Papa

¹⁶ Interview with journalists in Tirana, January 2010

focusing on institution building and Reducing Corruption in Albania of the USAID, one of the biggest civil society anticorruption projects in the Balkans. The USAID project foresaw the establishment of a large umbrella organization- the Albanian Coalition for Anti-corruption (ACAC). In 2001, the ACAC had 180 different organizations under its auspices: think tanks, community centers, education and media groups, and private businesses.¹⁷ During the project, the ACAC actively participated in the Anticorruption Monitoring Group with a member, integrated a part of its action plan in the governmental action plan, contributed with expertise, lobbied for the adoption of anti-corruption laws, such as the law on conflict of interest and monitored the implementation of the action plan, and contributed in the process of drafting the national anti-corruption strategy. The ACAC was built on a popular model of that period, which focused on two aspects: raising awareness and strengthening collaboration between civil society and government.¹⁸ Accordingly, a part of ACAC's mission was to strengthen civil society: enable it to negotiate with the government and learn it to shine in the spotlight. As a result, the first year of the coalition was dedicated to training members to understand corruption and issues that stem from it in the public sector, as well as designing activities which could prevent and cure corruption. Alas, enthusiasm was short-lived. By the end of the first year, the ACAC had only 30% of its initial membership.¹⁹ The ACAC had a number of successes and failures, most importantly it is a valuable (and expensive) lesson for donors. Analysts in Tirana argue that its most notable success was establishing the Citizen's Advocacy Organization- which later became the TI chapter in Albania.²⁰ The period during which CAO had financial security and strong leadership, it was perceived widely as a success story in the public eye; with funds drying out, the effectiveness and viability of CAO were threatened. CAO still operates, however a part of the mass-appeal it had in the beginning has vanished. The ACAC managed to fulfill most of its goals, but did not reduce corruption in Albania as its name had suggested. As citizens' experience with corruption did not change during the program, it led to a wide disillusionment and pessimism among citizens.

As mentioned earlier, Albania has two broad membership organizations. Of the two, Mjaft! has received more international acclaim and citizen support. Since its inception in 2002, it has actively engaged in citizen advocacy. Mjaft! has consistently advocated for government transparency and accountability, and higher citizen involvement. Mjaft plays the role of both a watchdog organization and, having earned the trust of people, of a mediator between the state and citizens. In its watchdog role, Mjaft! monitors various ministries, the parliament and elections, and produces periodic reports. Clearly, institutions and institutional processes continue to be marked by secrecy and deals behind

¹⁷ IPLS paper

¹⁸ Ibid page 5

¹⁹ Ibid page 9

²⁰ Ardi Dhima, IPLS, Interview in Tirana in January 2010

closed doors. But, the existence of monitoring projects is crucial for a functioning democracy, and it is too early in the process to measure the impact of such projects. A key variable for success or impact is continuity.

A success story to be taken from Albania is the Coalition for Clean Parliament, modeled after a similar project in Romania and led by Mjaft!. In the outset, the coalition received the backing of the former president of Albania, Alfred Mojsiu, a highly respected personality, and many organizations. Coalition's work was marked by systematic and structural challenges, including the closed party list and unwillingness of party leaders to cooperate. Moreover, threats, pressure and uncertainty led to the withdrawal of many organizations from the coalition. Regardless of these obstacles, the coalition was partly successful as 8 candidate MPs who were blacklisted by the coalition did not end up in the final party lists. Even though multimillionaires with dubious origin of wealth are MPs today, the Coalition was an important step in Albanian political history. Its merits lie in being the first serious attempt to address the issue of corruption in high levels.

After the boom and the bust of the projects with big names which led to small results, organizations in Albania have started working with local authorities. Partners Albania has implemented projects in municipalities which have been deemed successful by donors, local authorities and citizens. One of the projects focuses on curing and preventing corruption at the local level, by increasing transparency and analyzing bureaucracy. To ensure interest and dedication on the part of municipal authorities, there was an open application process where only 6 out of 22 applicants were accepted. Initially, the project organized a survey in the relevant municipalities measuring citizen satisfaction. The poll was a strong stimulus and signal for the participating local authorities. Afterwards, Partners organized a series of trainings for local authorities which aimed to increase transparency and, ultimately, citizen satisfaction.

To conclude, both non-profit organizations and media are developed, but fragmented and with questionable effectiveness. The third sector experiences a lot of pressure from politicians and most of the media outlets are owned by a few businessmen.²¹ Investigative journalism plays a very important role in combating corruption in Albania, but faces many obstacles in order to do so. Financial and political pressure is applied to any media outlets which publish corruption scandals.²² Meanwhile civil society organizations, while big in number are largely ineffective, with a few exceptions. Albania's experience with anti-corruption has been valuable for other countries in the region. Current experience shows that projects focusing on local authorities, if well targeted, well researched and with the right incentive structure, are likely to succeed. Local authorities deal with citizens regularly, hence they are more likely to respond to their needs and dissatisfaction. Alas,

²¹ Nations in Transit 2009

²² Nations in Transit 2009

Albania's experience also shows that dealing with high level corruption is subject to intimidation. Pointing out anti-corruption heroes is difficult: journalists, officials and CS activists were all reluctant to name one person who has contributed significantly in the fight against corruption.

Government and Political Society

Was the government anti-corruption plan carried out in good will and effective? Make a stakeholder analysis of anticorruption; who, from government agencies, are the promoters, who the neutral and who the resistant. How did this come about historically (through electoral cycles)? What about political parties? Are politicians elected on anti-corruption tickets? Are corrupt politicians elected? Are some parties associated with more or less corruption?

Albania's transition path has not been an easy one. The collapse of the pyramid scheme brought Albania to the brink of civil war in 1996-1997. The fragile state of the society, politics and economy in transition, shivered while an increasing number of police stations were being looted and people were being armed. The consequences of that period are still visible today in the political imagery. The constitution of Albania was ratified in 1998. The main power contestation for the past 18 years has been between the Democratic Party and the Socialist Party. Power has been shifting between these two parties, without any visible pattern- currently the government is in the hands of the Democratic Party, under the leadership of Sali Berisha. Accusations of corruption have been interchanged consistently. Even though elections are held regularly, their fairness has been often criticized by both international and national observers- mainly due to the lack of official identification.

In 2005, the Democratic Party came to power on a promise of clean government. So far, this promise has all but been fulfilled. The highway between Albania and Kosovo, a highly praised project, has been prey to numerous accusations of corrupt affairs. The project has finally cost the Albanian state hundreds of millions Euro more than it was initially presented. Ironically, during winter 2010 one of the tunnels collapsed and repairs amounted to an additional 40 million EUR. In 2007, the Chief Prosecutor of Albania requested the Parliament to lift the immunity of the Minister of Transport and Public Works, Lulzim Basha. The parliament failed to do so and today Basha serves as Foreign Minister. The Prosecutor, on the other hand, was removed from the post for failure to tackle organized crime. Yet, what shook Albania's public opinion most is the Gerdec tragedy of 2008, when a weapons' storage burst in flames leaving 26 dead and 200 injured. The tragedy unveiled a series of corrupt affairs, involving the former minister of Defense, Fatmir Mediu.

Following his resignation, a court investigation was started but never completed, as Mediu was reelected as an MP and his diplomatic immunity was reinstated.²³

Albania does not have an independent agency for anti-corruption. However, it has a number of institutional bodies which deal with anti-corruption. One of the main institutions is the High Inspectorate for the Declaration and Auditing of Assets (HIDAA). With the adoption of the Law on declaration of Properties by Officials (2002) and the Law on Prevention of Conflict of Interest (2005), HIDAA has the legal infrastructure to fulfill its mandate. The laws have comprehensive regulations, strict limitation on personal interests of public officials, severe penalties and connections to criminal laws.²⁴ However, HIDAA enjoys very low public trust and usually ranks as one of the most corrupt institutions in public opinion polls.²⁵ The Department of anti-corruption and Administrative Control in the Council of Ministers has a mainly consultative role. Under current administration, the Prime Minister has established Joint Investigation Units (JIU) whose goal is to increase cooperation between rule of law institutions. The effectiveness of such endeavors is often doubted, as the judiciary's work is often impeded by political interference. Some argue that it is no coincidence that the judiciary has been threatened with the vetting process several times just when it was dealing with high level corruption cases.

In terms of legislation, the law on political party financing, which was also the focus of European Commission's Progress Report for Albania in 2009, deserves a special mention. The legislation in place is weak and not enforced. Political parties have no obligation to report private donations, meanwhile the body responsible for political party financing has no authority to investigate the declarations.²⁶

Albania's (slow but sturdy) progress has reflected in its accession to international organizations. More recently, it has joined NATO and signed the Stabilization and Association Agreement with the EU. Among other international agreements, within the EU, in 1995, Albania became a member of the Council of Europe, in 1993 ratified the Partnership for Peace Agreement and joined the European Partnership in 2006. Albanian politicians, in their rhetoric, are determined to bring Albania into the EU, which (in theory) gives the EU leverage.

²³ Interviews Tirana, January 2010

²⁴ Sida Report, page 30

²⁵ IDRA corruption in Albania polls

²⁶ European Commission, Progress Report 2009, Albania

Voters

Is participation to corruption broad? Is the public losing because of corruption? How upset are they?

The rising importance is easiest identified in nation-wide polls. Almost half of the population believes that corruption has increased since last year, even though polls show that the number of people who have experienced corruption has decreased between 2007 and 2009.²⁷ Albanians believe that customs officials and tax officials are among the most corrupt, followed by doctors, ministers and parliamentarians.²⁸ A declining trust in institutions characterizes the Albanian society, accompanied by low perceived transparency.

A survey conducted by the IDRA found that out of 20 institutions, the public considers 14 institutions more corrupt than honest.²⁹ About half of the public surveyed considers that corruption has increased last year (48.5%) and 38% believe that it has remained the same as last year.³⁰ On the other hand, the experience with corruption has declined by 10 percent between 2005 and 2009.³¹ Nonetheless, it is still the highest in the region since about 50% of the population report to have paid bribes in the last year, compared to 20% in other places in the region.³² It is interesting to note that while everywhere in the region tolerance for corruption has decreased between 2006 and 2009, in Albania it has increased. Gallup poll shows that between 2006 and 2009, the number of Albanian citizens who thought it is acceptable to use connections or money to get a better or quicker public service has increased. At the same time, businesses report corruption as their third biggest problem, while 87.9% Albanians believe that stopping corruption is necessary for region's peace and stability.³³

Corruption has been consistently reported as one of the biggest issues in Albania. The implementation of the USAID project between 2000 and 2005 raised expectations that the situation would considerably improve. However, that did not happen. There was a clear discrepancy between what the project had foreseen and what the public was expecting to happen. The project merely helped to establish institutions which could oversee the government and create a link between civil

²⁷ Corruption poll, IDRA

²⁸ Corruption poll, IDRA

²⁹ Corruption poll 2009 IDRA

³⁰ Corruption poll

³¹ Corruption poll 2009

³² Gallup Balkan poll 2009

³³ BEEPS WB

society and the government; meanwhile the expectations of the public were that corruption would be rooted out. The situation in practice remained the same and people continued to pay bribes to get basic services, which caused further disillusionment among the public. Berisha's coming to power on an anti-corruption ticket in 2005 confirm the salience that this issue has for the public.

Interviewees

Antuen Skenderi, Policy and Development Director, Mjaft!

Ivi Kaso, Director, Department of Anti-corruption and administrative control, Council of Ministers

Helena Papa, Coordinator, Department of Anti-corruption and administrative control, Council of Ministers

Stefano Failla, Civil Society Officer, European Commission

Stefano Calabretta, Anti-corruption Officer, European Commission

Quentin Reed, Anti-corruption expert, Council of Europe

Rajmonda Duka, Director, Partners Albania

Gledis Gjipali, European Movement Albania

Leonard Bahillari, Journalist, Korrieri

Emirjon Senja, Journalist, Shekulli