



ALBANIA

**ACCOUNTABILITY,
ANTI-CORRUPTION AND
TRANSPARENCY POLICIES IN
PUBLIC-OWNED ENTERPRISES IN
ALBANIA**

Nevila MEHMETAJ

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Université de Liège

Quartier Agora

Place des Orateurs, 1

Bât. B33, bte 6, BE-4000 Liège

ciriec@uliege.be; <https://www.ciriec.uliege.be>

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Accountability, anti-corruption and transparency policies in Public-Owned Enterprises (POEs) in Albania

Nevila MEHMETAJ*

Abstract

Public-Owned Enterprises (POEs) are generally large economic enterprises owned and governed by state institutions. POEs generally are the sole or the main provider of the key public goods and services as water, electricity, transport, telecommunications, and postal services. If administered efficiently, the POEs are important for national development and perspective of natural economic resources. The concern is how accurately these monopolistic enterprises are organized in aspects of administrative and managerial perspectives to function as effectively as possible for the objectives they are created. Therefore an overall summary of the public-owned enterprises is presented through their process of emerging, privatization, and evolution in Albania, southeast Europe. The process was accompanied by shortcomings due to its ad-hoc nature; and associated with negative effects of bad management, governance corruption, and low efficiency of the operational activities and results.

Keywords: public-owned enterprises, privatization, governance, corruption

JEL-Codes: H82, H83, L32

* Lecturer of Microeconomics, Macroeconomics and International Economics, Faculty of Economics, University of Shkodra 'Luigj Gurakuqi' (Albania) (nevila.mehmetaj@unishk.edu.al).

Introduction

The word institution (institutum in.) is derived from the Latin 'instituo' (create, form). According to a more synthetic definition, an institution is a "structure of rules or a set of norms" accepted en masse by society and which individuals must follow. Formal institutions are grouped into two categories: economic institutions and political institutions. Economic institutions or enterprises determine the rules governing decision-making interactions in the economic field. In the legal sense, a public-owned enterprise is a legal entity that has its activity financed by public funds and controlled by the state. Public-Owned Enterprises (POEs) are in most monopolistic enterprises and have an extremely high value for a nation if are used appropriately for policymaking, implementation, and administration. If administered efficiently, the POEs are important for national development and perspective of natural economic resources. POEs generally are the sole or the main provider of the key public goods and services as water, electricity, transport, telecommunications, and postal services. The subject matter is how accurately these monopolistic enterprises are organized in aspects of administrative and managerial perspectives to function as effectively as possible (Waldo, 1947). The economic policy of POEs is the regulation of decisions and actions based on certain laws and rules for achieving economic and social objectives through the optimal functioning of each local economic unit.

It is the purpose of this study on state-owned enterprises to present the situation of POEs in Albania, their organizational forms, the privation processes, and corruption associated with their economic governance. After a brief overview of the POEs landscape through decades in Albania, the focus is given on three essential sub-dimensions. The first sub-dimension has assessed the importance of public-owned enterprises through the ownership privatization process. In the second, the current situations on accountability corruption and compliance measures are presented. POEs' efficiency and governance accountability indexes give an overview of Albania's ranking toward other southeast European countries. Third, anti-corruption issues are presented through policies and implementation of reforms.

The study includes a summary of the overall process of emerging, privatization, and evolution of the state economic enterprises, associated with governance corruption, miss leading of political parties in POEs governance. Abusive phenomena have been associated with negative effects on hampering the POEs' economic and social objectives, and consequently the outcomes of the economy.

Against this background the following questions are presented for SOEs in Albania:

1. Which is the relevance of public enterprises in Albania (number of people employed, economic impacts, sectors, trend in the last decades)?
2. Which are the main legal and organizational forms adopted for POEs in Albania (private law, special law, role of holdings, governance structures)?

3. Which is the current situation/approach on accountability and anti-corruption in Albania (importance of the theme, main legislative acts, etc.)?
4. Which have been the main anti-corruption and compliance measures (legal acts, guidelines, etc.) adopted for POEs in Albania?
5. Which are the main effects, risks, flaws emerging from the previous points?

1. History of Public-Owned Enterprises in Albania

In the history of Albania, the distinction between the two political epochs is considered very significant and fundamental in the evolutions of the public-owned enterprises in the country's history. Of particular importance is distinguished the period of the communism-socialism political system, during the years 1945-1990. During this period the Albanian economy was characterized by the centralized economic model. The communist party through almost half a century, established an autocratic form of governance in all the sectors of the economy by the abolition of all forms of private property, through full nationalization of industries, wholesale and retail trade, and extreme collectivization of agriculture (Angjeli, 2013). In 1976 the country Constitution completely banned any private-owned property, including private plots in rural areas. The Soviet model of industrialization of the planned economic system was strictly implemented and the party-state model has been running through all the country economic' sectors. Many public-owned enterprises began operational activities in the country with the establishment of many industrial factories of heavy and light industry. The economic development model paid special attention to the country's heavy industry sector which accounted for up to 45 percent of the country's output. This was implemented not taking into consideration the specific conditions of Albania, as neglecting tourism and agriculture sectors. Before the communist regime and after its collapse, the Albanian economy consisted of a significant agricultural sector.

Table 1. Sectoral Distribution of Output (in percentage), 1938-1994

Sector	1938	1950	1989	1992	1994
Agriculture	93.1	73.2	32.7	52	55.5
Industry	3.8	7	44.6	25	12.6
Construction	0.8	3.1	6.4	7.6	9.5
Services	2.3	16.7	16.3	15.7	22.4
Total	100	100	100	100	100

Source: IMF, Albania: IMF Staff Country Report, 1995.

The public economic policies based on party ideology and collective leading directives created a huge gap in the lack of knowledge on the country's real economic situation, needs, and demands of its citizens. Other factors as continuous financial subventions

of state factories that were operating with a deficit, lack of updated and new technologies, employment of all population or zero unemployment socialism country objectives, etc. were determinant to the country deterioration of the financial situation. Albania became the most backward and poorest country in Europe, a direct result of 45 years of mismanagement of the public economic capital, monetary and human resources. The corruption of the communist bureaucrats created an economic gap in their standard of living detaching from the mass population living in poverty and the miserable reality of the country. Having benefits and personal advantages of the centralized economic system, the communist bureaucrats were the most conservatives for its preservation. Unpunished corruption in the ranks of officials was high and people were disappointed by the failure of economic equality among them and to their promises of a better life (Duka, 2007). By the 1990s, increased social tensions led to massive population protests that ended the era of the communist regime. This period was associated with the demolition of almost all public-owned enterprises throughout the country. Revolted people guided by new democratic leaders destroyed all the capital, machinery, buildings, and everything in public-owned enterprises build in the socialism era (Zotaj, 2014). Massive work efforts and people sacrifices for 45 years of work building the heavy industries POEs in the country were destroyed in a short period under the pretext of destroying the communism-property. The transition period between the two political systems was characterized by a serious dislocation of economic order, aggravated by destruction and theft of public property, and widespread vandalism (Aslund & Sjoberg, 1992).

During the transition years, there have been massive privatizations of state-owned enterprises. The process was accompanied by shortcomings due to its ad-hoc nature. The overall privatization plan program was implemented through numerous decisions of the Council of Ministers, and not through a privatization law that lacked the framework and effective methods of implementation of the program. The process was carried with difficulties and controversy. Auctions were the main method of privatization ensuring significant income for the treasury. Many state-owned enterprises were sold or transferred to their previous employees. One aspect of privatization was the weak corporate governance mechanism which replaced state ownership and brought the rise of political allegations and favoritisms.

Table 2. Privatization of Small Scale Units, 1991-1994

Sector	No. of privatized units sold (cumulative)		
	1991-92	1993	1994
Trade	5,993	9,262	10,489
Public Services	3,464	4,517	4,597
Transport	1,835	4,185	5,194
Agriculture	1,489	5,189	7,479
Other	1,174	2,759	5,091
Total	13,955	25,912	32,850

Source: Dervishi, P. (1992), Privatization in Albania in 1992.

After years of transition experience, it was well established that privatization was not just about changes in ownership and legal status of enterprises. Privatization was expected to change the incentive system, alter managerial behavior, speed up restructuring, bring about new investment and raise enterprise efficiency. But whether or not privatization led to these outcomes depended on the used privatization method and the specific structure of public enterprise governance (Frydman, Phelps, & Rapaczynski, 1993; Stiglitz, 1994; Gray, 1996).

Although a massive privatization program took place rapidly, no serious attention was paid to the public enterprise governance of the remained public-owned enterprises. Through years their governance and their control were associated with problems of bad management and low efficiency in their operational activities results (Hashi & Xhillari, 1999).

How has been this 'control' organized, and how was used the flow of statistical information obtained from the activity of public-owned companies? There have been natural organizational aspects of the administration of these companies, where naturally the state, as well as any private owner, has been implementing the full right to decide the appointment of governing bodies, the number of employees, the system of salaries and bonuses, etc. While focusing in terms of economic activity, there has been regular planning over an annual basis as annual income; activity expenses; profit of the company; outflows (contributions) to the state budget; dividend for the state; investments, etc. But all these processes are associated with negative effects of bad management and low efficiency in their operational activities results during the last decades.

2. The Relevance of Public-Owned Enterprises in Albania (people employed, economic impacts, sectors, trend in the last decades)

State-owned enterprises (SOEs) are in many economies the sole or the main provider of key public goods and services, such as water, electricity, transport, telecommunications, and postal services. They generally also account for and ensure to be productive and efficient entities. Therefore their activity is crucial for economic development, public service delivery, and the competitiveness of the whole enterprise sector. In general, the overall objectives of public enterprises fall into the following categories: 1) supporting national economic and strategic interests; 2) ensuring continued national ownership of enterprises; 3) supplying specific public goods or services (after deeming that the market cannot supply the same goods or services); 4) performing business operations in a “natural” monopoly situation; and 5) other operations such as creating or maintaining a state-owned monopoly (or oligopoly) where market regulation is deemed infeasible or inefficient (OECD, 2018). POEs in Albania fulfill only two categories of objectives supporting economic and

strategic interests, and supplying specific public goods and services. While there is a lack of ensuring continued national ownership of enterprises and the lack of performing business operations in a “natural” monopoly situation.

Table 3. Rationales for state ownership of enterprises

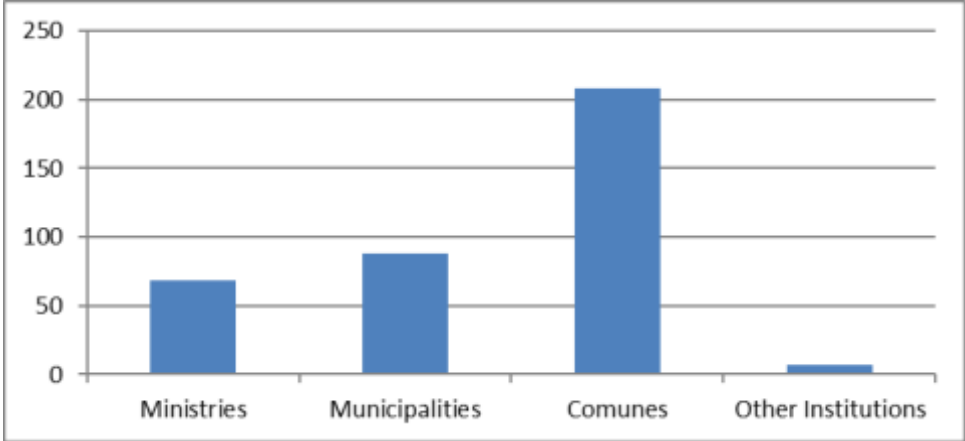
	Albania	Bosnia and Herzegovina	Kosovo	North Macedonia	Montenegro	Serbia
Supporting economic and strategic interests	✓	✓	✓	✓	✓	✓
Ensuring continued national ownership of enterprises		✓	✓			
Supplying specific public goods or services	✓		✓	✓		✓
Performing business operations in a “natural” monopoly situation		✓				
Other						✓

Source: OECD, Competitiveness in South East Europe: A Policy Outlook 2018.

When governed transparently and efficiently, SOEs can correct market failures, improve public service delivery, provide work for the high number of employees, and contribute to a large share in the GDP of the country.

In public-owned enterprises, the capital is owned by one or more public institutions of central government such as ministries, or local government such as municipalities or communes. In Albania, there are 371 public-owned enterprises with a total value of shareholder capital of 724.3 million Euros. Local communes are the dominant shareholders with 208 POEs in the country, followed by municipalities with 88 POEs and ministries with 68 POEs, and others 7 POEs. (Gjergji, 2014).

Figure 1. The list of Public Institutions with shares in POEs, 2014



Source: Open Data Albania, 2014.

POEs capital owned in the form of shares by ministries operate in important sectors such as industry, transport, telecommunications, financial services, etc. The value of POEs capital shares owned by ministries amounts to 636.6 million Euros. Communes and municipalities of the local government are in most cases the owner shares of in water supply POEs, sports activity POEs and local agro-food markets POEs. The value of POEs capital owned by the local government institutions is 82.6 million Euros, and other public entities own 5 million Euros POEs capital shares (Gjergji, 2014).

Ministries have different shares of capital on POEs. The Ministry of Economic Development, Trade and Entrepreneurship has the biggest number of POEs in its ownership, followed by the Ministry of Energy and Industry, which is a shareholder in 8 public-owned enterprises with a capital of 231.1 million Euros, and the Ministry of Finance, shareholder in 8 public-owned enterprises with a capital of 2.7 million Euros. A symbolic share both in terms of the number of POEs and capital engaged have the Ministry of Defense and the Ministry of Education and Sports.

Table 4. Ministries with shares in POEs, 2014

Ministry of Economic Development, Trade and Entrepreneurship	50
Ministry of Energy and Industry	8
Ministry of Finance	8
Ministry of Defense	1
Ministry of Education and Sports	1
Total	68

Source: Open Data Albania, 2014.

Regarding the number of POEs and their distribution of capital according to the field activities they perform, the situation is slightly different. About 31.8% of the total public share capital is engaged in the field of energy and extractive industry (energy, oil, minerals), followed by 20.8% operating in the industry and 15.9% in transport activity (air, sea, road, railways). Areas, where public capital is less present, are sports clubs with 1.1% and food and storage markets with 0.6% of the total. While from the number list of 153 public enterprises, the majority of them are 47 water supply and sewerage are owned by the municipalities of the country. These enterprises make up over 1/3 of the total number of public enterprises in Albania. The port authorities of Durres, Vlora, Shengjin, and Saranda are public commercial companies owned by the Albanian state. "Mother Teresa" Airport is a state-owned commercial company whose services have been given on concession to a private company. Railway transport is liberalized, but Albanian Railways is the only company operating in the railway transport market in Albania. Postal services are also liberalized, although there are emerged some private postal companies, still, the public post service has the majority of the market share. About 28 public enterprises are football clubs, sports clubs, or sports centers, mainly owned by municipalities. Other types of public enterprises are inherited from the socialist regime such as

Student dormitories of the public universities. In the financial sector, there are only a few savings and loan associations and investment funds with the primary objective of economic and regional development. While the insurance and banking sector has had privatization of all insurance companies and commercial banks, now owned only by the private shareholders.

Table 5. Number of POEs and Capital as per Activity, 2014 (in Euro)

Water supply and sewerage entities	47	70,243,020
Agro food markets	7	4,118,494
Sports Clubs	28	8,101,476
Transport activity (air, sea, road, railways)	9	115,424,925
Students Dormitories	5	74,088,600
Energy and industry of oil, and minerals	9	230,028,604
Light and Heavy industries	22	150,822,822
Financial Services	3	15,178,953
Telecommunications	2	32,852,895
Others	21	23,338,208
Total	153	724,197,997

Source: Open Data Albania, 2014.

Based on financial data of the National Business Center the capital share of POEs is approximately 9.7% of Albania's GDP in 2014. According to IMF, countries with high GDP per capita income have the rate of POEs capital share to 8-13% of GDP; middle-income countries to 7-9% of GDP; and developing countries between 14-28% of GDP. Individual public enterprises ranked according to the largest share capital is Albanian Railways with 52 billion ALL followed by Albanian Railways, Albanian Energy Corporation, Salt Enterprises, Alb petrol, University Student Residence, Alb control, "Mother Teresa" national Airport, Tirana Water Supply, and Sewerage, Albanian Post, etc. (IMF, Report for Selected Countries and Subjects, 2014).

In 2020, the list of public administration spending units is recalculated based on the European System of Accounts 2010 methodology (ESA), as well as other additional manuals published by Eurostat and the International Monetary Fund (IMF). The change in the number of budget spending units comes as a result of structural changes in the central government, reclassifications, as well as new or closed units.

Table 6. Summary of spending units that are classified as part of the Public Sector

Classification of spending units in the Public Sector		Year 2019
Central Government		966
Budgeting	S.1311	900
Extra-Budgeting		66
Federal Government	S.1312	-
Local Government		283
Budgeting	S.1313	195
Extra-Budgeting		88
Insurance Funds	S.1314	2
Public Non-Financial Corporations	S.11001	16
Public Financial Corporations	S.12701	1
Total	-	1268

Source: Institute of Statistics, 2020.

SOEs have been an important source of employment in the economy of Albania. During the socialist period, 100 percent of labour force was employed in the public sector till the 1990-s. After the change of the political system, there has a sharp decline of the labour force in the first year to 60.5 percent in 1991 up to 18.9 percent in 1999.

Table 7. Total employment and public sector, 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total Employees	1,404,091	1,094,821	1,045,918	1,161,546	1,137,829	1,115,760	1,107,677	1,085,104	1,065,104
Public sector	850,091	614,607	375,338	308,080	275,887	238,850	226,295	212,750	201,429
Public sector in %	60.5%	56.1%	35.9%	26.5%	24.2%	21.4%	20.4%	19.6%	18.9%

Source: Institute of Statistics, Labour Force Statistics.

In later years the employment rate in the public sector has been experiencing low fluctuations rates. During the last decade, the highest rate was 17.7 percent in 2013 and the lowest of 14.7 percent in 2017 of employment in the public sector.

Table 8. Total employment and public sector participation, 2012-2020

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Employees	962,434	926,561	934,178	1,003,047	1,051,546	1,122,635	1,134,982	1,154,017	1,144,509
Public sector	164,000	164,000	163,810	163,850	165,100	164,480	172,870	174,388	182,547
Public sector in %	17.0%	17.7%	17.5%	16.3%	15.7%	14.7%	15.2%	15.1%	15.9%

Source: Institute of Statistics, Labour Force Statistics.

3. Which are the main legal and organizational forms adopted for POEs (private law, special law, role of holdings, governance structures)?

In 1996, state-owned enterprises in Albania were transformed into companies through Law no. 7926, dated 20.4.1995 "On the transformation of state-owned enterprises into companies". Companies with state capital according to the Albanian legislation have the legal status classified "public-owned enterprises" into joint-stock companies (SH.A.), limited liability companies (SH.P.K.), and collective companies (SH.K.).

The shareholders of state-owned companies in Albania are mainly the Ministry of Economic Development, Tourism, Trade and Entrepreneurship, the Municipalities, and some other public entities. Public institutions, mainly the ministry and the municipalities, are shareholders in 344 cases with about 100.3 million shares (Open.data.al. 2014).

4. Which is the current situation/approach on accountability and anti-corruption in your country (importance of the theme, main legislative acts, etc.)?

The performance of POEs is related to the outcome results of its activities, processes, activities, mechanisms, instruments, etc. Performance means how the organization is managed and how much value it creates for its customers and owners (Moullin, 2003). Performance means performing certain activities measured in terms of standards or objectives fulfillment in terms of time, costs, and outcomes. Financial performance is a narrower perspective of the overall performance and relates to the quality of the enterprise's financial activity and to the extent to which the financial objectives have been achieved. In Albania, many SOEs are loss-making, in these cases government guarantees transfers of large and economically significant financial amounts regularly in time.

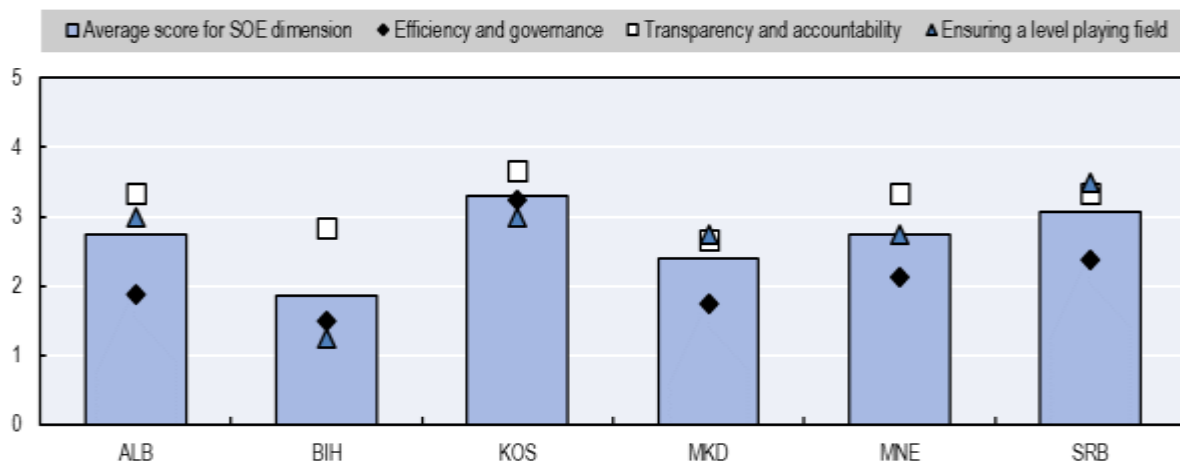
Table 9. State-owned enterprises: Indicator scores

Efficiency and governance	ALB
Ownership policy and rationales	2.0
The exercise of ownership	2.0
Nomination of board members	2.0
Board independence and professionalism	1.0
Transparency and accountability	
Reporting and disclosure	3.0
Auditing practices	3.0
Equitable treatment of shareholders	4.0
Ensuring a level playing field	
Legal and regulatory treatment	4.0
Access to finance	2.0

Source: OECD, Competitiveness in South East Europe: A Policy Outlook 2018.

Organization for Economic Co-operation and Development (OECD) has classified the performance of POEs through different scores. Compared to other southeast European economies, Albania is not in the best position. In the category of efficiency and governance, Albania has a 1.88 score (of 5), which shows better positions compared to Bosnia and Herzegovina and slightly better compared to North Macedonia. While is ranked after Montenegro, Serbia, and Kosovo. In the category of transparency and accountability of POEs, Albania is ranked after Kosovo, is in the same score level as Montenegro and Serbia with 3.33 (of 5), and is in better positions than North Macedonia and Bosnia Herzegovina. However, the overall quality of SOE governance and ownership practices among the six southeast European economies remains relatively weak compared to other European economies or referring to the international standards (OECD, 2018).

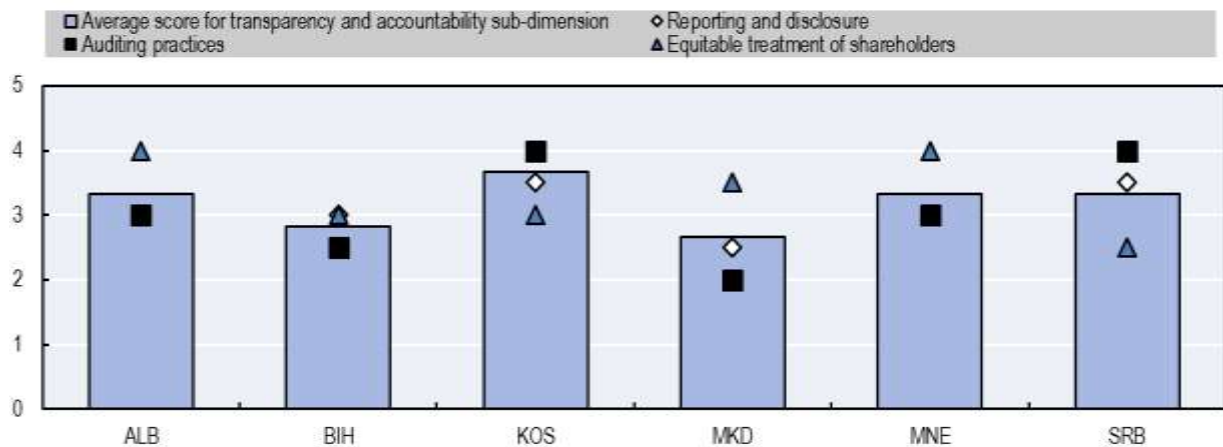
Figure 2. Public-owned enterprises: dimension and sub-dimension average scores



Source: OECD, Competitiveness in South East Europe: A Policy Outlook 2018.

Regarding transparency and accountability, Albania with an average score of 3.33 (of 5) is listed below Kosovo and is in equal conditions with Montenegro and Serbia. While in its sub-categories scores, Albania has equal scores of 3 in reporting and disclosure and auditing practices (of 5).

**Figure 3. Transparency and accountability:
Sub-dimension average scores and indicator scores**



Source: OECD, Competitiveness in South East Europe: A Policy Outlook 2018.

According to Bogdani and Loughlin, the continuing weakness of the state has created a favorable environment for cultivating the mentality of abuse of power (Bogdani and Loughlin, 2004). The policy of the clan' supporting affairs except at leading political posts, continued also in POEs through practices through the promotion of political individuals in different hierarchical managing positions. No skills, merit, or professional abilities were considered in most hiring processes. In this regard, many factors have to lead to a misguided of the POEs' management approach.

Movements in public administration. It has affected the weakening state institutions and produced a weak state, dependent on the ruling parties. The hiring of the POEs public administration with parties militants has been a widespread phenomenon happening with political parties' rotation.

The arbitrariness of dismissal of professional public staff. It is evidenced by the high number of fired employees' tribunal processes won by unfair decisions. The concept of "governing" in general and specifically in the economic aspect is distorted and this has made the state and its institutions dependent on politics and not the other way around.

Monopolization of power of executives. The new executives of POEs set up an example of abuse of state property and institutional distortion by giving priorities to their interests, over the enterprise's financial efficiency, law, and order (Rama, 2012).

The desire for enrichment. Executive managers continued with the model of the indisputable unit. They deliberately kept hiring political individuals to administrative positions close to them so they could fulfill all their economic requests.

This misguided approach of the country's economic management continued to reflect the political parties' primary role over the state and state structures. As a result, lack of trust and obedience to the rules of law combined with the former historical tradition resulted in the set up of primitive behaviors of self-regulation and revival of authoritarian actions, self-judgment, increased crime, etc. (Meksi, 2008).

5. The main anti-corruption and compliance measures in Albania (reforms, legal acts, guidelines, etc.)

Many anti-corruption efforts have taken place in Albania, still, the process is not well established after many years of endeavors. Albania shows a score of 36 in the corruption perception index, ranking at the bottom of the 180 countries list (Transparency International, 2020).

The Government of Albania has been implementing the anti-corruption strategy as part of the National Strategy for Development and Integration (NSDI). The "New Cross-cutting Strategy for the Prevention and Fight against Corruption and for Transparent Governance" was implemented, in order of corruption reduction, improvement of the integrity of public administration, and promoting good governance and transparency during the years 2008-2013. The strategy represented the government response to the second round of GRECO compliance ratio for Albania, adopted in October 2007. Furthermore, it represented a tool for the implementation of the Stabilization and Association Agreement (SAA) and the European Partnership of Albania. As a result, the project's technical assistance had the aim of contributing to a better implementation of the measures and objectives set out in the above-mentioned strategic documents. It served as an instrument for the provision of support reforms and interventions in the following fields:

- Implementation of anti-corruption policies and strategies (Anti-Corruption Strategy and Action Plan 2007-2013);
- Drafting/providing expert opinions and technical support for anti-corruption legislation, by following international standards;
- Promoting and involving civil society in monitoring and implementing anti-corruption initiatives;
- Increasing the capacity of anti-corruption and law enforcement agencies and the judiciary system to ensure that they effectively met their obligations under applicable law and best international practices;

- Contributing to the prevention of corruption in the POEs governance sector by improving transparency, accountability, and the auditing system;
- Carrying out risk analysis and raising economic awareness and responsibilities of objectives;
- Providing mechanisms to increase integrity and resolve conflicts of interest regarding staff administration;
- Development of anti-corruption educational modules in primary and secondary schools;
- The establishment of a professional and independent administration for long-term employment life circle against corruption.

Other instruments were used as decriminalization and testing of the public administration officials. In the framework of the implementation of the decriminalization law, self-declaration forms were mandatory to be submitted by all the public serving officials. On the other hand testing procedure was developed in the framework of the knowledge evaluation of human resources, and to update additional knowledge.

During 2019, reforms with the aim of reduction of corruption in public servants focused also on the training and achievement areas according to the job positions. Specific reforms were performed as evaluation of the work results through the job evaluation manual with procedures and “benchmarking”; strengthening the capacities of the public administration’ schools programs for training and developing the capacity of qualified human resources; unifying the procedures of public administration through monitoring the implementation of the legislation on civil servants in coherence with international standards. POEs in Albania have implemented the international auditing standards in order of improving the efficiency performance of POEs governance. Some enterprises apply external audits consistent with the private sector practices, while others continue to rely mostly on their state audit functions. Governments need to establish strong POE governance arrangements to maximize their contributions to development. In particular, POEs must have well-defined objectives, professional and independent boards of directors, and clear lines of accountability for their performance.

6. Which are the main effects, risks, flaws emerging from the previous points?

The privatization of state-owned enterprises did not play a significant role in the transition process of the economic systems of Albania as it should have. The process was accompanied by shortcomings due to its ad-hoc nature which lacked an

effective framework and the methods of implementation of the program. Policymakers did not pay sufficient attention to all aspects of privatization. Issues relating to corporate governance and rapid change of POEs ownership were not given sufficient consideration.

During the years the POEs sector has not been transparent enough to provide a fair overview of accounting governance or prevailing economic and social objectives. Although reforms are implemented to increase the quality of public sector governance, still Albania lack in establishing a comprehensive approach to state ownership practices. According to Competitiveness Outlook in the ranking scores of sub-dimensions of POEs, Albania is less advanced in establishing a comprehensive approach to public ownership practices.

Adoptions of international auditing standards by following the developed economies in the region are applied for external audits of POEs. This consists not only with their state audit functions that they rely mostly on but also with the private-sector practices.

Improving coordination of state ownership should be further steps of reform implementation. The ownership of at least part of the POEs portfolios should be exercised on a whole government basis rather than by individual ministers or political communities.

Other instruments as foster clarity in financial and nonfinancial objectives of POEs and ensure aggregate reporting to the government parliamentarians and the public, would be helpful for POEs performance. It helps the media to raise awareness of SOE efficiency; the taxpayers and the general public to have a comprehensive picture of SOE performance; and the parliament evaluate the performance of the state as an owner.

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Nevila Mehmetaj (PhD in Economics) is a Lecturer of Microeconomics, Macroeconomics and International Economics at Faculty of Economics, University of Shkodra ‘Luigj Gurakuqi’, Albania, since 2009. Her education includes Bachelor of Business Administration at University of Shkodra; Master of Science in Financial Management at University of Modena, Reggio Emilia, Italy; and PhD in Economics at the Swiss Management Center, Zurich, Switzerland. Since 2015 she is a ‘Career Integration Fellow, (CIF)’ to CERGE-EI, Prague, Czech Republic. She has been teaching mobility experiences at the International Business Department at the ‘Duale Hochschule Baden-Württemberg Cooperative’ State University in Mannheim, Germany; at the International College of Varna, Dobrich, Bulgaria, etc. She has been involved in international research projects such as HELIX project “Entrepreneurial Skills for Sustainable Hospitality” - Interreg Balkan-Mediterranean (2019); U-SIA Project “University to Society Innomediaries in Albania: Co-Production of knowledge and research that matters” (2021).



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