

Albania

by Ditmir Bushati

Capital: Tirana
Population: 3.2 million
GNI/capita: US\$7,240

The data above was provided by The World Bank, *World Bank Indicators 2009*.

Nations in Transit Ratings and Averaged Scores

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electoral Process	4.25	4.00	3.75	3.75	3.75	3.75	3.50	4.00	4.00	3.75
Civil Society	4.00	4.00	3.75	3.75	3.50	3.25	3.00	3.00	3.00	3.00
Independent Media	4.50	4.25	4.00	4.00	3.75	4.00	3.75	3.75	3.75	3.75
Governance*	4.75	4.25	4.25	4.25	4.25	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.25	4.00	4.25	4.25	4.25
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	3.25	2.75	2.75	2.75	2.75
Judicial Framework and Independence	5.00	4.50	4.50	4.25	4.25	4.50	4.25	4.00	4.00	4.25
Corruption	6.00	5.50	5.25	5.00	5.25	5.25	5.25	5.00	5.00	5.00
Democracy Score	4.75	4.42	4.25	4.17	4.13	4.04	3.79	3.82	3.82	3.82

* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

In the 18 years since the collapse of the Communist regime and the introduction of a multiparty system, Albania's transition continues to be dominated by politicians who began their careers in the Communist Party and later adopted populist and anti-Communist rhetoric. The separation of powers among the legislature, executive, and judiciary remains fragile and intermittently damaged by political initiatives. Politicization in the public sector persists and limits the development of a professional, nonpartisan civil service, police, judiciary, electoral administration, and media. Likewise, Albania's social and political upheaval has evolved in an uneven, and at times contradictory, manner.

In 2006, Albania signed the Stabilization and Association Agreement with the European Union (EU), and in 2008, Albania received an invitation to join NATO. On December 22, 2008, 18 years after the collapse of the communist regime, the ruling party initiated a lustration law to address the crimes of the former Communist regime. The law was adopted by the Parliament, but serious concerns about its constitutionality were expressed by the U.S. government, EU member states, Council of Europe, and Organization for Security and Cooperation in Europe. Albania's deficiency in the separation of powers and identification of the state with the party in power are the main obstacles to the country's democratization and its integration with the EU.

National Democratic Governance. Despite divisive conflict among major parties, elites were able to arrive at a consensus on enough issues for Albania to receive an invitation to join NATO. The Parliament also moved forward with constitutional amendments concerning changes to the electoral system, the duration of the Parliament's mandate, the convening of the first meeting of the new Parliament, the removal of the Central Election Commission (CEC) from the Constitution, the election and mandate of the president, motions of confidence in the prime minister, and a term limit for the general prosecutor. Public clashes broke out between the ruling party and President Bamir Topi, who was elected to office primarily with the votes of the parliamentary majority just one year earlier. The ruling party continues to demonstrate its tendency to control the judiciary rather than propose an all-inclusive strategy on how to reform the justice system. The party's bias against the Office of the General Prosecutor did not improve with the dismissal of General Prosecutor Theodhori Sollaku or with the introduction of his replacement, Ina Rama. *The national democratic governance rating remains at 4.25.*

Electoral Process. Constitutional amendments sanctioning a regional proportional model were followed with a cross-party consensus allowing Parliament to adopt a

new electoral code on December 29, 2008, six months prior to election day. The new electoral system aims at strengthening government stability, regional cohesion, and development by transforming the voting system into regional multinominal lists. Yet persistent tardiness in technical preparations—such as the issuance of ID cards, production of a transparent voter list, and establishment of the new CEC—weakened the credibility of the electoral process and the maturity of Albanian democracy and its path toward Euro-Atlantic integration. *Despite technical shortcomings and protests from smaller parties, the cross-party consensus was a remarkable feat; therefore Albania's electoral process improves from 4.00 to 3.75.*

Civil Society. Civil society in Albania struggles to serve as an important voice in public life: Donor-driven agendas, lack of a governmental strategy for cooperating with nonprofit organizations, and limited financial resources hinder development in this sector. Civil society failed to mount an exhaustive consultation process when the government changed the legal framework that regulates the activity of the sector. Policy institutes, however, provided significant input on public policy issues. The first human rights debate took place on December 12, 2008, on the occasion of the 60th anniversary of the Universal Declaration of Human Rights, covering delicate issues such as the rights of women, children, and LGBT (lesbian, gay, bisexual, and transgender) persons, as well as Albania's poor record of protecting the rights of these groups. Civil society activists have been monitoring the fulfillment of obligations deriving from the Stabilization and Association Agreement and Visa Facilitation Agreement with the European Commission. The role of the media in promoting civil society organizations remains essential. *Albania's civil society rating stays at 3.00.*

Independent Media. Albanian citizens enjoy a variety of print and electronic sources of information representing a range of political and social viewpoints. The most influential media outlets, however, are increasingly concentrated in the hands of a few owners. Financial resources and transparency in the media market continue to be a concern. In the biggest media controversy in 2008, the National Council on Radio and Television fined TV News 24, an outlet known for its criticism of the government, 800,000 ALL (US\$8,000) for broadcasting a television spot ridiculing a commercial by the prime minister. Investigative journalism is slowly developing, but by year's end, the newspaper *TEMA* was attacked after publicizing corrupt activities by government officials. The newspaper's printing press was blocked in violation of a court order, yet *TEMA* continued to produce a shorter version of the paper. *Albania's independent media rating remains unchanged at 3.75.*

Local Democratic Governance. Decentralization remains one of the main challenges facing local government in Albania. The National Decentralization Strategy aims at completing the normative and institutional framework to transfer responsibilities for local taxes, water pipes, and sewers to municipalities and adopting the normative framework on loans to local government in order to

facilitate the capital investments necessary to ensure better local service. The transfer of enterprises of water pipes and sewers under local government management was objected to by local government authorities as only the shares of these companies will be transferred to local government units, not their real management, which will remain under the authority of the central government. The Law on Loans to Local Government, adopted by unanimous vote in the Parliament in February 2008, will eventually enable municipalities to increase long-term local investments. However, the Ministry of Finance has yet to complete the subordinate legal acts for implementing this law, which currently hampers investment financing through loans. *Albania's rating for local democratic governance remains at 2.75.*

Judicial framework and Independence. Improving the independence, efficiency, career prospects, accountability, and transparency of the judiciary continues to be a major challenge for Albania. A cross-party consensus in the Parliament enabled the adoption of the Judicial Power Law, and the Law on the Office of the General Prosecutor, but by year's end, little progress had followed their entry into force. The judiciary continues to be perceived as one of the most corrupt segments of the society. An overall judicial reform has not been completed yet and seems unlikely before the 2009 parliamentary elections. The infrastructure and administration supporting judges remain poor. Coordination between prosecutors and the police is insufficient. *The independence of the justice system faced a constant threat from repeated government attempts to assert pressure on and control magistrates; therefore the rating for judicial framework and independence worsens from 4.00 to 4.25.*

Corruption. One of the most dramatic failures of the government and its "clean hands" policy can be measured by the way it has handled corruption within its own ranks. Two key ministers from the cabinet faced criminal proceedings for corruption scandals in 2008. Government pressure on the Office of the General Prosecutor and judges increased, particularly when General Prosecutor Ina Rama brought these cases to the court. Overall, magistrates are hesitant, owing to political pressure, to decide major corruption cases involving top politicians and favor the use of legal artifices to postpone the process. The media have continued to play an effective role in exposing corruption cases and informing the Albanian public. *The rating for corruption remains unchanged at 5.00.*

Outlook for 2009. Albania is expected to join NATO and apply for EU membership in 2009. Parliamentary elections slated for June 2009 are expected to have a crucial impact on the country's democratization process, political stability, and Euro-Atlantic path.

MAIN REPORT

National Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	4.25	4.00	4.25	4.25	4.25

In April 2008, Albania received an invitation to join the NATO alliance during the 20th NATO Summit in Bucharest, motivating chief political actors to begin developing cross-party consensus on major strategic issues.

On April 21, the Parliament adopted a number of constitutional amendments concerning changes to the electoral system, the duration of the Parliament's mandate, the convening of the first meeting of the new Parliament, the removal of the Central Election Commission (CEC) from the Constitution, the election and mandate of the president, motions of confidence in the prime minister, and a term limit for the general prosecutor.

The constitutional changes were the result of a consensus reached by the main political parties, the ruling Democratic Party (DP) and the main opposition Socialist Party (SP), but were contested by smaller parliamentary parties. Despite this notable political consensus, no wide process of consultation with local and foreign expertise took place before the adoption of the constitutional changes. The Socialist Movement for Integration (SMI) party and a few public figures called for a referendum on the approval of the constitutional changes, which was subsequently rejected by the CEC in a ruling that was challenged at the Constitutional Court. The Court had not issued a decision by the end of 2008.

The government and opposition failed to reach an agreement on the Joint Pact of Justice, which set forth proposed reforms of the justice system; instead, each of the three parties (SP, DP, SMI) submitted a version of the pact and left it at that. With the exception of the Judicial Power Law and Law on the Office of the General Prosecutor, which were adopted consensually by the Parliament, initiatives in this area were undertaken unilaterally by the government under objections from the opposition and the civic sector. Representatives of independent institutions affected by the legal initiatives, independent legal experts, and international assistance missions either were not involved in discussions of the draft laws or were avoided after initial consultation because of the criticisms they raised.

On March 15, a series of explosions at a military ammunition depot near the capital, Tirana (Gërdec), killed 26 persons and injured 300 more, while thousands of houses were destroyed. Assuming political responsibility, Minister of Defense Fatmir Mediu resigned several days after the tragedy, but the opposition demanded the additional resignation of Prime Minister Sali Berisha.

A full-scale investigation was initiated by General Prosecutor Ina Rama, whose request to lift the immunity of Minister Mediu created tension in the Parliament.

Speaker Jozefina Topalli claimed that the Office of the General Prosecutor had intentionally hidden evidence. This statement was followed by reactions from international representatives in Albania. While supporting the work of the general prosecutor, they called for an independent and comprehensive investigation of the Gërdec tragedy, prompting Parliament to lift Mediu's immunity in June.

In 2008, the first public clash occurred between the ruling party and President Bamir Topi, who was elected only one year earlier primarily by the parliamentary majority. In May, President Topi sent the assembly five decrees for the appointment of judges to the high court, which drew heated debates over their constitutionality. The ruling majority argued that the president should have informally discussed the appointments with the Parliament, citing past practice and the precedent of an earlier, ambiguous Court decision. On June 16, the Parliament voted to reject all five decrees in plenary session, an action later described by the president as "a political execution."¹

In June, President Topi announced the creation of a nine-member group of legal experts to advise him on professional criteria for choosing new nominees. The group included the deputy chairman of the High Council of Justice, the president's legal adviser, a former Constitutional Court chairman, two law faculty deans, a constitutional law expert, the secretary general of the National Bar Association, and the chairmen of the two judges' associations. He also asked parliamentary groups for their criteria. Later, in a secret vote, the Parliament approved the president's new nominees to the high court, thus ending the paralysis of this institution.

New draft amendments to the Law on the Office of the General Prosecutor featured increased control of the executive over prosecutors, permission to suspend the general prosecutor under certain circumstances, salary reductions, and other measures for interfering in the function of their office. Following criticism by international missions assisting Albanian judicial reforms, consultations took place that led to the adoption of the Law on the Office of the General Prosecutor by the Parliament on December 29, 2008.

In the lead-up to the general elections of 2009, Prime Minister Berisha used publicity spots to communicate to citizens the government's achievements over the past three years. One of the leading TV stations, Media Vizion, discovered that a very similar commercial had been used in the campaign of a presidential candidate in Argentina, a clear conflict with Albania's commitment to prosecute copyright violation under the Stabilization and Association Agreement signed with the European Union (EU). Moreover, the production of the publicity spots lacked transparency, as the producers were contracted directly by the government without bidding procedures. Despite demands from media and civil society actors, the government failed to disclose either the name of the production company or the amount spent by the state budget on the campaign.

After 18 years of pluralist democracy in Albania, the ruling party initiated a Lustration Law to address the crimes of the former Communist regime, and the law was adopted by the Parliament on December 22, 2008. Serious concerns about the constitutionality of this law were expressed by the U.S. government,

EU member states, the Council of Europe, and the Organization for Security and Cooperation in Europe. On the other hand, the opposition alleged that the goal of this law is to remove or intimidate judges and prosecutors who deal with cases involving governmental officials. The government responded that it would establish the Authority for Checking the Figure, which is charged with implementing the law and removing judges, prosecutors, and others from office.

Electoral Process

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
4.25	4.00	3.75	3.75	3.75	3.75	3.50	4.00	4.00	3.75

The 1998 Constitution established Albania's electoral system, under which the first 100 members of Parliament (MPs) are selected in a single round of voting and the remaining 40 members by a proportional nominating system at the national level. The proportional list was designed to promote representation of smaller parties, which must exceed a 2.5 percent voting threshold. The proportional aspect of the system was of no use to the country's largest parties, which led to the so-called Dushk phenomenon² whereby big parties urged citizens to vote for smaller parties with whom they had formed a coalition.

Albania's electoral system had been favorable to parliamentary candidates who later were discovered to have strong family, business, police, or social connections rather than strong ties to the parties they represented. Also, members elected on the basis of their economic interests often exploited their positions for personal profit or social connections.

By contrast, the new electoral code adopted by the Parliament in December 2008 aims to strengthen government stability and regional cohesion while simultaneously detaching MPs from narrow interests by changing the voting system into regional multinominal lists. According to the new system, the country is divided into 12 regions, with a specific number of seats in the Parliament based on population. Therefore, the electoral threshold for entering Parliament varies by party, and electors will vote for a list of candidates whose ranking is decided by the parties. The stipulation that 30 percent of list candidates should be women is expected to increase their participation in the country's decision-making processes.

The Christian Democratic Party (CDP), a former ally of the ruling party, and the SMI, a former ally of the SP, harshly contested the new electoral code as favoring the two main parties and damaging the interests and representation of other parties in the Parliament. To prevent the adoption of the new code, ten members of Parliament (MPs) went on an eight-day hunger strike inside the Parliament. The CDP and SMI also reduced their requests toward other political actors, explicitly demanding their political representation in the CEC. The new code foresees a CEC with seven members: three from the ruling party (DP), two from the main opposition party (SP), one from other parties in the ruling coalition,

and one from parties in the opposition. Although the CDP and SMI exhausted all forms of democratic protest, it did not prevent Parliament from adopting the new electoral code with a wide consensus.

Although the electoral code was adopted six months prior to the June 2009 parliamentary elections, the delay in technical preparations—that is, preparation and distribution of ID cards, a transparent voter list, and establishment of a new CEC—put the credibility of the electoral process at risk.

Civil Society

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
4.00	4.00	3.75	3.75	3.50	3.25	3.00	3.00	3.00	3.00

After the collapse of the Communist regime in 1990, Albania became a productive ground for the development of civil society. Freedom of assembly and freedom of association are guaranteed by the Constitution and unrestricted within the basic democratic order. The legal environment for nongovernmental organizations (NGOs) is open and nonrestrictive. NGOs can register fairly easily. They are also allowed to engage in a broad range of activities. Overall, NGOs and their representatives are able to operate freely within existing laws, and they can openly address matters of public debate as well as express criticism of the national leadership.

The legal framework on civil society organizations was changed in October 2007 without consultations with the civic sector. On the other hand, civil society in Albania demonstrated its weakness and fragmentation by failing to embrace a common position on these amendments. The paragraph providing tax exemptions for nonprofit organizations and other benefits to civil society was removed from the law. Furthermore, the law is ambiguous as to whether NGOs should be taxed on the same footing as companies. In May 2008, Open Society Foundation for Albania prepared amendments to the legal package on nonprofit organizations to more clearly define the status of NGOs, facilitate registration procedures, and improve their functional independence and fiscal autonomy, but no final drafts were discussed with policy makers by the year's end.

Although Albania is often criticized by the international community for lacking respect for human rights related to property, media freedom, torture, and human trafficking, these areas have been widely debated and have become part of public policies. Still, certain groups remain among the most vulnerable in Albanian society, including women, children, and LGBT (lesbian, gay, bisexual, and transgender) persons. The first human rights debate on these and other issues took place on December 12, 2008, on the occasion of the 60th anniversary of the Universal Declaration of Human Rights, with plans to make the debate an annual event. In addition to recommendations for improving conditions for targeted groups, a Declaration of the First Human Rights Debate was approved. It will serve as a

guiding tool for public institutions and civil society. However, it remains to be seen whether this initiative will strengthen ties between policy makers and human rights activists or improve respect for human rights in Albania.

Some organizations have actively monitored the observance of human rights, thus fulfilling Albania's obligations under the Stabilization and Association Agreement and Visa Facilitation Agreement with the EU, as well as offering services to social groups in need. Several policy institutes have been established in recent years providing significant input on public policy issues. However, the general lack of funding and uncooperative behavior of the government diminished their potential. The government does not have an overall strategy for cooperation with civil society. By contrast, the media's role in promoting civil society organizations and their work remains essential. Albanian media increasingly report on events organized by the most influential NGOs, and experts from policy institutes are invited as guests on news programs and talk shows.

In 2008, leading activists from MJAFT! Movement, an NGO known for criticizing the government, formed a new sociopolitical movement called G99, which is expected to transform into a political party and run in a coalition with the center-left opposition in the 2009 parliamentary elections. In an interview on December 18, 2008, Arbi Mazniku, former deputy director of MJAFT! Movement, described this generational transition of leadership by stating that "while MJAFT! Movement was aiming and continues to aim to empower citizens to pressure politics, G99 aims at empowering citizens to participate in politics."³

Albanian civil society remains dependent on foreign donations. Many organizations implement projects that are focused on priorities set by donors, while limited financial resources impede the development of human resources within the sector. The EU organized large conferences in Brussels in April, and Zadar in October with the participation of civil society organizations from the Western Balkans. The conference aimed to strengthen the links between civil society in the Western Balkans and the EU policy-making process, as well as to introduce new means for easier access to greater EU funds. These funds, however, remain difficult to access owing to complicated application procedures and lack of stable human resources in Albania's civic sector.

Independent Media

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
4.50	4.25	4.00	4.00	3.75	4.00	3.75	3.75	3.75	3.75

Albania's Constitution guarantees freedom of expression, freedom of the press, and access to information. Journalists and media are able to form their own professional associations, but those that exist are rather weak. No criminal proceedings against journalists were reported in 2008, mainly as a result of the prime minister's statement

that government officials would not bring defamation charges against journalists. However, the criminal code was not amended by year's end to decriminalize defamation in cases involving journalists.

The 2008 World Press Freedom Index by Reporters Without Borders ranked Albania 79th out of 173 nations, an improvement from the 2007 ranking but still worse than the rankings for other countries in the region such as Croatia, Serbia, Montenegro, Bosnia and Herzegovina, Macedonia, and Kosovo.

In July 2008, Parliament initiated a draft Law on Radio and Television Broadcasting to merge the existing Laws on Public and Private Television and Radio and on Digital Broadcasting. The draft law's provisions to guarantee the independence of the National Council on Radio and Television (NCRT) and the Steering Council of Albanian Radio and Television (SCART), however, appear insufficient. The Action Plan Albania adopted with the European Commission and Council of Europe in 2007 foresaw the approval of a new broadcasting law through a transparent process but progress is noticeably lagging in drafting a broadly consulted digital strategy.

The Parliament adopted new legislation in 2007 that increased the membership of NCRT and SCART with experts suggested by the parliamentary opposition. This did not increase the confidence of political actors and media operators in NCRT and SCART, given that both councils faced public criticism in 2008 as institutions virtually controlled by the government. In February, NCRT issued national licenses to Top Channel and Media Vizion, the latter authorized to broadcast only as a national satellite operator.

In September, NCRT imposed a fine of 800,000 ALL (US\$8,000) on News 24, known for its criticism of the current government, for broadcasting a television spot by the sociopolitical movement G99 ridiculing the prime minister's commercial about the government's achievements. The NCRT decision was based on Article 55 of the Law on Radio and Television Broadcasting prohibiting parties and other political organizations from broadcasting political spots during nonelection periods. News 24 and G99 appealed the decision, arguing that G99 is registered as a nonprofit organization, not a political organization. According to the ombudsman of Albania the NCRT decision raises serious concerns regarding freedom of expression. Judicial proceedings are under way at the district court of Tirana. The same criticism of government control is targeted at SCART.

Nevertheless, Albanian citizens enjoy a diverse selection of print and electronic sources of information representing a range of political and social viewpoints at both national and local levels. Yet the most influential media outlets are increasingly concentrated in the hands of a few owners. Financial resources and transparency in the media market remain a concern.

Investigative journalism in Albania develops slowly while encountering difficulties, such as the well-publicized government confrontation with the daily newspaper *TEMA* over its continuous disclosure of alleged corruption of officials. In response, the government annulled a 20-year lease with *TEMA* for the use of a state-owned building. *TEMA* filed a complaint against the government, and the

Tirana district court suspended the lease annulment until a final decision can be issued on the matter. Regardless of the court order, the *TEMA* printing press was blocked, but the publisher continued to issue a shorter version of the newspaper. Media associations, public figures, and human rights organizations expressed their solidarity with *TEMA*.

Local Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	3.25	2.75	2.75	2.75	2.75

According to the Constitution, local government in Albania is based on the principles of democracy, decentralization, and autonomy. Local authorities are elected by citizens in free, direct elections. The legal framework is composed of laws covering the organization, function, and financial aspects of local government. The Constitution, European Charter of Local Self-Government, and Law on Local Government provide a comprehensive set of guiding principles for the appropriate functioning of local authorities.

Local government units are financed by revenues collected from local taxes and fees, funds transferred from the central government, and funds derived from shared national taxes.

The legal framework provides mechanisms for involving citizens in the decision-making process, including referendums, consultation, and participation in the plenary sessions of local councils. Local authorities also consider citizen complaints and petitions.

The basic units of local government in Albania are the municipality and commune. Regions are administrative-territorial entities comprising several municipalities and communes with geographic, traditional, economic, and social ties and joint interests. The representative organ (regional council) is not directly elected but consists of members delegated by the elected councils of municipalities and communes in proportion to their population. The mayors of communes and municipalities are always members of the regional council; other members are appointed from among municipal or communal councilors by their respective councils. Currently, Albania is undergoing a process to define the geographic scope and competences of regional authorities, based on recommendations by the Congress of Local and Regional Authorities of the Council of Europe. The central government is represented in regions by the prefect, who guarantees sovereignty, constitutional order, and the protection of public health. The prefect also coordinates and supervises the activity of state institutions at the local level.

Decentralization remains one of the main challenges facing local governance in Albania. In 1999, Albania drafted the National Decentralization Strategy, which was aimed at addressing two priorities: (1) completing the normative and

institutional framework on transferring to municipalities responsibility over local taxes, water pipes, and sewers; and (2) adopting the normative framework on loans to local governments to facilitate capital investments that are necessary to ensure better local services.

Management of the small-business tax was fully transferred to local government in 2006, and the level of collection increased in 2007. However, on January 1, 2008, the government cut the fiscal burden of this tax in half, which immediately had a negative effect on the revenues that local governments could collect. The government's policy of delegating the collection of national-level taxes to local government was not coordinated, and there was no increase in capacities for achieving better fiscal administration at the local level.

The official transfer of enterprises managing water pipes and sewers to local government in November 2007 was finally completed in compliance with the 2001 Law on Transfer of State Property. Yet according to the underlying normative act, only the shares of these companies were transferred to local government units, not their actual management, since the Ministry of Economy, Trade and Energy (METE) will remain the real owner and manager of these companies for a two-year period. METE will be responsible for convening an assembly of partners from these companies and will have the authority to approve supervisory councils composed of members nominated by shareholders. Local government units have objected to the ownership transfer process for these companies, particularly the formula for composing supervisory councils and nominating company managers.

In February 2008, the Law on Loans to Local Government was adopted by unanimous vote in the Parliament. The law was strongly supported by municipalities, which viewed it as a new long-term financing opportunity with the potential to improve local services. The Ministry of Finance, the body authorized to issue subordinate legal acts to implement the law, has yet to act, thus hampering local investment financing through loans.

Judicial Framework and Independence

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
5.00	4.50	4.50	4.25	4.25	4.50	4.25	4.00	4.00	4.25

Judicial reform is considered one of the most important elements in the democratization framework and will help Albania's efforts for a smooth Euro-Atlantic integration. Although the justice system in Albania is far from meeting required standards, there have been certain legal initiatives aimed at addressing these problems. Unfortunately, the same problems have carried over from one year to the next, and the response has been fragmentary and typically devoid of political consensus. In a notable shift, a cross-party consensus in the Parliament at the beginning of 2008 resulted in the adoption of the Judicial Power Law and the Law

on the Office of the General Prosecutor, as well as the creation of the parliamentary subcommittee on justice reform at the Parliamentary Committee of Laws, Public Administration, and Human Rights.

Although the Judicial Power Law was approved in the Parliament, six months after the law became effective it was challenged by the National Association of Judges of Albania (NAJ) in the Constitutional Court. The NAJ motion claimed that the manner of appointing the court chancellor and his role in the appointment and removal of the judicial administration violate the independence of the judiciary.

The Judicial Power Law fails to address the division of competences between the two inspectorates of the High Council of Justice and the Ministry of Justice. The law gives power to the minister of justice to appoint and discharge the chancellor of the court, who according to the law is in charge of the overall management of judicial administration. This provision, together with the draft Law on Judicial Administration, which at year's end was still pending in the Parliament, appears to strengthen executive control over the judiciary, raising questions about the separation of powers.

The Parliament's subcommittee on justice reform brings together representatives of justice institutions and international institutions to filter all legal initiatives prior to sending them to the laws committee for adoption and later to the plenary session of the assembly. Yet the subcommittee met officially only once in 2008. Still, its creation marks a salutary step forward—the government ignores its existence in preparing and adopting laws in the area of justice—in the lawmaking process in Albania.

In 2008, the Office of the General Prosecutor investigated Bosnian Serb businessman Damir Fazlic in connection with money laundering, thus fueling a conflict with the government. Fazlic visited Albania in October for a few hours to give a television interview in which he confirmed his friendly relations with Prime Minister Berisha and Minister of Foreign Affairs Lulzim Basha. He also confirmed media allegations that his commercial activities in Albania were run by the brother-in-law of Minister Basha and that he was legally counseled by the law firm of Prime Minister Berisha's daughter. Police refused to fulfill the prosecutor's office request to question Fazlic during his short stay in Tirana, arguing that the request was made only verbally.

In response, Prime Minister Berisha called for criminal prosecution of the prosecutors who sought to question Fazlic and an international investigation of the case. The government claimed that inspectors from the Ministry of Justice were not permitted by the Office of the General Prosecutor to inspect the investigation files against Fazlic, while the Office of the General Prosecutor requested that Fazlic's assets in Albania be frozen until the end of the investigations. Following strong criticism from both the public and the international community, the government was forced to withdraw its investigation of the Office of the General Prosecutor. However, on New Year's Eve, the Fazlic assets were unfrozen by order of the district court.

In September, the Ministry of Justice completed draft amendments to the Law on the Office of the General Prosecutor, which were contested by the Association of Prosecutors and General Prosecutor Ina Rama, who argued that they increased the executive's control over prosecutors, suspended the general prosecutor, cut their salaries, and provided other measures for interfering in their function. Following criticism from international missions assisting in Albanian justice reforms, the Ministry of Justice involved the Office of the General Prosecutor in consultations on the draft. As a result, a new Law on the Office of the General Prosecutor was adopted by the Parliament on December 29, 2008.

The High Council of Justice (HJC) held two open meetings for the first time in 2008 to select the chairs of the courts of first instance and courts of appeals. These meetings were intended to achieve an open presentation of the candidates, while the eventual selections were made according to tradition, behind closed doors. It is worth noting, however, that candidate decisions and reasons for selection were given for the first time in writing.

The 2007 reorganization and reduction of district courts from 29 to 21 in an effort to increase court efficiency and transparency has been the most disputed of recent decisions. The reorganization—which terminated 24 judges and many administrative staff—seriously conflicted with the constitutional guarantee of continuous employment for judges. Some of the terminated judges challenged the HCJ decision before the high court, which declared the terminations unconstitutional, and in October 2008, these judges were reappointed to the courts that had taken over the jurisdiction of the dissolved courts.

Although the HCJ's increased public activism is perceived as an improvement in the Albanian justice system, in a few worrisome cases it has gone beyond the competences entrusted to it by the Constitution and the law. For example, the HCJ discharged three military appeals court judges serving on a case before the high court, which had yet to issue a final decision in the case.

Corruption

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
6.00	5.50	5.25	5.00	5.25	5.25	5.25	5.00	5.00	5.00

The center-right coalition led by Prime Minister Berisha came into power in 2005 on an anticorruption platform, promising “clean hands” policies. In recent years, anticorruption rhetoric has played a major role in the political discourse, but to date there have been only insignificant successes from this approach. The government speaks more about corruption, and donors assisting Albania spend more money combating it, but there is little evidence of actual accomplishment. The European Commission's 2008 progress report states, “Corruption remains a particularly serious problem in Albania.”

The fight against corruption is considered one of the fundamental criteria for consolidating rule of law and the market economy, consequently allowing for progress in Albania's European integration. The country's main commitments undertaken to fight corruption are: improving the legislative framework, involving justice institutions, defining measurable indicators in the anticorruption strategy, aligning public procurement legislation and practices with the EU *acquis*, and reducing the list of officials with immunity. However, a clear vision for addressing the problems related to corruption is missing in Albania.

The 2007–2013 National Strategy for Development and Integration (NSDI) contains anticorruption elements but lacks a strategic framework for implementation with objectives and funding that can be monitored. The 2007–2013 Anticorruption Strategy adopted by the Council of Ministers on October 3, 2008, creates a link to the NSDI and identifies the ratings of Transparency International and the *World Bank Business Report* as measurement indicators. However, sections such as the “Regulatory Licensing Reform” or the “Public Service Reform” lack the legal and institutional instruments necessary to meet the stated objectives. In its 2008 *Report for Albania*, the International Monetary Fund recommends detailed elaboration of the NSDI into concrete and measurable objectives with respect to fighting corruption in the education and health care sectors.

The strategy's preventive measures restricting corruption—including those related to transparency, internal and external control, access to decision making, and the monitoring role of civil society, local communities, and media—go unimplemented owing to the lack of provisions for clear monitoring indicators. The measures remain general and do not clearly identify the persons responsible for their implementation. Furthermore, cooperation is weak among institutions charged with implementing anticorruption measures.

The High Inspectorate for Declaration and Auditing of Assets (HIDAA), an independent body that collects asset declarations from public officials, has identified 110 cases of conflicts of interest. Given that HIDAA has no proper investigative mechanism, it can play only a limited role in this regard. Albania lacks strong and independent supervisory or auditing authorities that could effectively investigate the assets of politicians and magistrates. Both internal audit units and the Department of Internal Audit and Anticorruption (DIAA) in the Council of Ministers investigate corruption independently of each other. It should be noted that the 300 inspections carried out in connection with administrative inspections of corruptive practices were initiated not through the mechanisms of internal control of public institutions, but through the DIAA, indicating the insufficient institutional setup and interagency coordination in Albania's fight against corruption.

Despite continuous discussions, the main political actors have yet to agree on a formula for reducing the list of officials with immunity. While in principle all are in favor of lifting immunity for corruption charges, when it comes to concrete cases, political elites are reluctant to cooperate with the justice system. One example involves Lulzim Basha, the former minister of public works, transport, and telecommunications and current Minister of Foreign Affairs, accused of corruption

in the Durres-Morine highway project between Albania and Kosovo, where the government entered into a contract with a construction company without a secured project (detailed plan and construction costs), as required by Albanian legislation. In December 2007, following a request from former general prosecutor Theodhori Sollaku, Basha's parliamentary immunity was lifted. In December 2008, after nearly 11 months of investigations, the new general prosecutor, Ina Rama, who was elected by the ruling party in the Parliament, brought the criminal proceeding against Basha to the high court. Basha ignored calls from the opposition and the media to resign as the minister of foreign affairs. Rather than cooperate with the justice system, Basha accused General Prosecutor Rama of political bias.

According to Transparency International's Corruption Perceptions Index, Albania improved from a ranking of 105 in 2007 to 85 in 2008. Notwithstanding such improvement, corruption is perceived as and remains a serious problem in Albania.

Beginning in January 2009, the Albanian government will use only electronic procurement procedures. Although this initiative constitutes a progressive step, it is still accompanied by skepticism, as Albania's indicators for overall Internet use are very low. According to the High State Control,⁴ corruptive practices continue to dominate the area of public procurement. Violations of the new Law on Public Procurement have been found in 60 percent of cases, and the cost of these violations to operational and capital expenses is calculated at 454 ALL (US\$454 million), of which 93 percent occurs during the procurement process.

The new electoral code addresses the issue of party finance transparency. Accordingly, a new audit system is foreseen under the supervision of the CEC, but its efficiency remains a question with the approach of parliamentary elections in June 2009.

■ AUTHOR: DITMIR BUSHATI

Ditmir Bushati is executive director of European Movement in Albania, a nonprofit think tank based in Tirana.

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- ¹ Press statement of the President of Republic delivered on June 17, 2008.
- ² During the parliamentary elections of 2001, there were no elections held in electoral zone 60, encompassing the commune of Dushku. The national election results showed that some smaller parties did not reach the 2.5 percent threshold at the national level but could do so with a small number of additional votes in the proportional voting. When elections in this zone were held several weeks later, the SP advised its voters to vote in the proportionality system for candidates of smaller parties of their coalition so that the threshold could be reached. Indeed, 10 new members were elected to the Albanian Parliament from this electoral zone. The same technique was used in 2005 on a larger scale by the DP, which won the parliamentary elections, as well as by the SP.
- ³ Interview with Arbi Mazniku, leading activist of G 99, December 18, 2008.
- ⁴ This report was submitted to the Parliamentary Commission of Economy and Finance on January 10, 2008.

