

EUI WORKING PAPERS

RSCAS No. 2006/18



The Balkanisation of Politics:
Crime and Corruption in Albania

Daniela Irrera



EUROPEAN UNIVERSITY INSTITUTE

Robert Schuman Centre for Advanced Studies
Mediterranean Programme Series

EUROPEAN UNIVERSITY INSTITUTE, FLORENCE
ROBERT SCHUMAN CENTRE FOR ADVANCED STUDIES

*The Balkanisation of Politics:
Crime and Corruption in Albania*

DANIELA IRRERA

EUI Working Paper **RSCAS** No. 2006/18
BADIA FIESOLANA, SAN DOMENICO DI FIESOLE (FI)

© 2006 Daniela Irrera

This text may be downloaded only for personal research purposes. Any additional reproduction for such purposes, whether in hard copies or electronically, require the consent of the author(s), editor(s).

Requests should be addressed directly to the author(s).

See contact details at end of text.

If cited or quoted, reference should be made to the full name of the author(s), editor(s), the title, the working paper, or other series, the year and the publisher.

Any reproductions for other purposes require the consent of the
Robert Schuman Centre for Advanced Studies.

The author(s)/editor(s) should inform the Robert Schuman Centre for Advanced Studies at the EUI if the paper will be published elsewhere and also take responsibility for any consequential obligation(s).

ISSN 1028-3625

Printed in Italy in May 2006
European University Institute
Badia Fiesolana
I – 50016 San Domenico di Fiesole (FI)
Italy
<http://www.iue.it/RSCAS/Publications/>
<http://cadmus.iue.it/dspace/index.jsp>

Robert Schuman Centre for Advanced Studies

The Robert Schuman Centre for Advanced Studies carries out disciplinary and interdisciplinary research in the areas of European integration and public policy in Europe. It hosts the annual European Forum. Details of this and the other research of the centre can be found on:

<http://www.iue.it/RSCAS/Research/>

Research publications take the form of Working Papers, Policy Papers, Distinguished Lectures and books. Most of these are also available on the RSCAS website:

<http://www.iue.it/RSCAS/Publications/>

The EUI and the RSCAS are not responsible for the opinion expressed by the author(s).

Mediterranean Programme

The Mediterranean Programme was set up at the Robert Schuman Centre for Advanced Studies of the European University Institute in 1998. It focuses on the Mediterranean region.

The Mediterranean Programme engages in research with the twin aims of: a) generating intellectually excellent scholarly work; and b) contributing to the general policy debate relating to the flows of persons, goods and ideas between and within the Northern, Eastern, Southern and Western Mediterranean areas.

The Mediterranean Programme and its activities have been financed by: Capitalia, Compagnia di San Paolo, Eni spa, Ente Cassa di Risparmio di Firenze, European Commission, European Investment Bank, Fondazione Monte dei Paschi di Siena, and Regione Toscana.

The Annual Mediterranean Research Meeting brings together scholars from across the region.

<http://www.iue.it/RSCAS/Research/Mediterranean/Meetings.shtml>

For further information:

Mediterranean Programme

Robert Schuman Centre for Advanced Studies

European University Institute

Via delle Fontanelle, 19

50016 San Domenico di Fiesole (FI), Italy

Fax: + 39 055 4685 770

E-mail: MedProgSecretary@iue.it

<http://www.iue.it/RSCAS/Research/Mediterranean/Index.shtml>

Abstract

In the last few years, Albania and other South Eastern and Mediterranean countries have shown increased growth in corruption affecting every level of political power. Organized crime is becoming more sophisticated as it consolidates links between Albanian clans and the wider criminal world. According to the EU, the FBI and other police organization reports, while the situation concerning organized crime and corruption is grave throughout the Balkans, it is especially so in Albania, even as its authorities proceed with talks for future membership in the EU.

Efforts to combat this problem have thus far been insufficient. Authorities appear to not admit the full extent of criminal links among individuals in state offices, the police and politics. In many areas traffickers work with the complicity of police and customs officials and enjoy the protection of high-ranking politicians. Corruption is rife and seriously undermines efforts to democratize the society.

Albania is caught in a vicious cycle: every institution is affected by organized crime, which hampers democracy and economic development; any attempts to change the situation, like the Stability Pact for South Eastern Europe, seem to be ineffective. This paper aims to analyze the problem of corruption and illegality in the current period in Albania and to measure its infiltration, via local authorities, into every level of political, economic and social life.

Keywords

EU-East-Central Europe; transparency; democratization; civil society; pre-negotiation

1. Introduction

The 1992 break-up of Yugoslavia contributed to an escalation of troubles throughout the Balkan region linked to the slow democratic and economic transition processes. Countries had to deal with radical institutional changes (including electoral reforms and representation mechanisms), the transformation from a centrally planned economy to a market oriented system and modernization of civil society and social life. To meet these new challenges were traditional government leaderships, rooted in the past and characterized by an old management style. It is true that ‘democratic’ elections were held everywhere in the region, and that the ‘new’ parties and politicians expressed a public will to change the situation and embrace both democracy and Europe. Nonetheless, during the first years of this transition process, a very different approach emerged. The South Eastern countries in particular found it very difficult to overcome endemic ethnic problems, which led to long and bloody civil wars. These struggles contributed to the collapse of already troubled economies, and the creation of an illicit arms market in which guerrilla groups, paramilitaries and, sometimes, official armies buy and sell weapons. The same networks also operate to favour illicit immigration towards Western Europe. The diplomatic solutions that the US and the EU implemented to resolve the issues and attain an acceptable geopolitical order in the region (starting from the Dayton Peace Treaty in 1995) were only a partial solution and didn’t succeed in helping these governments to establish good practices.

In other words, the Balkan region—mostly the Western part—had to face its transition process mired in old and new problems. The fall of communism, the disintegration of the old ethnic balance, civil wars and the lack of a real US-EU intervention favoured the rise of criminal activity. Weak institutions and inefficient bureaucracies were confronted with managing depressed economies and inflation in the face of a very dissatisfied populace. In this difficult context, a variety of groups used the conflicts as a means to profit from illicit activities, trading not only in weapons and human beings, but also in nuclear materials, cigarettes and, above all, drugs.

Serbian, Macedonian, Kosovar and Albanian clans established a solid network reaching into all parts of the South Eastern Balkans. They created drug routes and formed ‘good’ relationships with local police officers, civil servants, businessmen, and former intelligence officers. Politicians—at local, federal and national levels—were not excluded: government leadership did not stand in the way of this illicit economic system, and many used it for personal gain and to consolidate political power. What happened—and is still happening—in the developing countries in the Balkan region, and in the South Eastern part, in particular, shows very clearly how, and how much, organised crime and political institutions can establish mutual relationships, by weakening the rule of law. These relationships permeate all aspects of the State system, producing a high level of corruption. After the fall of the Berlin Wall, several political scientists described the situation as the ‘Balkanisation’ of politics. Placing the issue a broader context, one can also engage in the debate on the relationship between the rise of non-State actors (as, sad to say, organized crime can be considered) and the crisis in State sovereignty. Finally, the situation also offers one a chance to reflect on the development of what Ethan Nadelmann defines as ‘institutionalized corruption’ (Nadelmann, 1993) and the use that criminal organizations are able to make of it. In 1996, reporting on this issue, the UN Commission on Crime Prevention wrote:

Organized criminal groups have demonstrated their preference towards ‘systemic’ corruption designed to ensure the preservation of a congenial and low-risk home base or a comfortable environment in the host countries. Such a method of operation may be characterized by widespread use of bribery and favours to ensure the malleability of key positions and agencies; political funding to ensure that politicians elected to office will be indebted to the criminal organizations; carefully targeted ‘payoffs’ to law enforcement personnel to provide intelligence; and the provision of financial incentives to members of the judiciary to ensure that the penalties

for criminal activities are either not imposed or are modest. These links between the underworld and the 'upper world' have a corrosive effect on governance.¹

In the shadow of this general phenomenon, Albania seems to be one of the countries affected most. Albania had suffered under a very conservative and oppressive communist regime, and now is trying to bring about political and economic transformation. In 1992 Albanians elected an old-fashioned class of politicians who had neither experience nor resources, except the ones offered by the strategic geographical position of the country. In that same period, in fact, several clans, placed in the north near the Kosovo border, used the Balkan wars to increase their illicit activities. Within a few years, the Albanian clans began operating independently, establishing a solid network and consolidating their control over illegal markets. They successfully created a strong system of complicity by instrumentalising both local and national institutional bodies. Organised crime and corruption seeped into every aspect of public life, bearing significant influence over political stability, rule of law, legality and social and economic development.

We chose, thus, to focus on this case study for two main reasons:

a) By studying Albania's historical background and its most recent political context, we can observe the successive phases of criminalisation of a State and the spread of corruption, as a common phenomenon within developing countries ruled by transition governments.

b) Regardless of challenges on the domestic front, as a participant in the EU Stabilisation and Association Process Albania is under pressure to produce significant results in terms of anti-corruption measures. Implementation of legality and the fight against corruption are crucial conditions required of the Tirana leadership in order to be considered for future membership in the EU.

Finally, and unfortunately, Albania illustrates a paradoxical case where the very individuals who seem to contribute to implementing institutional corruption—elected party leaders—are entrusted at the same time by the EU to return the country to the rule of law. This state of affairs offers the possibility of making some remarks, not only on corruption practices at every level, but also on the efficacy and efficiency of the European problem-solving attitude.

2. Historical background

The complicated ethnic mosaic that comprises Albanian identity distinguishes the country from its Balkan neighbours. The Albanian people are direct descendants of a group of tribes, the Illyrians, who arrived in the region around 2000 BC (Pollo and Arben, 1981). This ethnic identity is extremely important: while they have professed different religions (Christianity and Islam), they have maintained a common language and customs. This is what allowed them to build and preserve the Albanian nation and this is what has contributed to characterize the political and institutional system in the country.²

Under Ottoman supremacy, the territory was divided into the classical provinces—called *vilajet*—which enjoyed great institutional and administrative autonomy: if they paid taxes to the Sultan, the

1 Report no. E/CN.15/1996/2 4 April 1996, Commission on Crime Prevention and Criminal Justice, in 'Review of priority themes, Implementation of the Naples political declaration and global action plan against organized transnational crime', par. F, 'Linkages between the licit and the illicit and the problem of corruption', p. 8.

2 On Albanian nationalism, see E. Hobsbawm (1992), *Nations and Nationalisms since 1870. Programme, Myth, Reality*, Cambridge Univ. Press, Cambridge, p. 53. In particular, Fischer wrote: 'in 1928, King Zog noted that the average Albanian knows nothing about nationality. He had always looked up to the head of his tribe, or his Bey, as the supreme authority. [...] He must learn in fact that while remaining the member of the tribe, he is also a citizen of the state.' In B. J. Fischer (1995), 'Albanian Nationalism in the Twentieth Century', in P. Sugar (ed.), *Eastern European Nationalism in the Twentieth Century*, American University Press, Washington, p. 23.

local communities had the possibility to establish their own rules and manage life as they saw fit.³ In that period many Albanians converted to the Islamic faith, which contributed to diversify communities: the Gheg were located in the North of the country, while the Tosk lived in the south. The former were both Christians and Muslims and developed a very conservative and traditional society. The latter were strictly linked to the Ottoman customs. While Orthodox Christians were numerous among the Tosk—especially in the region south of the Shkumbin River—they were mainly Muslims and, culturally, more open.⁴

These two different communities had been able to live together on the same territory both during the Ottoman period and after independence, in 1913. Something changed, however, after World War II, when communism became the prevailing political ideology in the country and an influential part of its culture in the following years. From 1944, the Enver Hoxha regime adhered to a strict Stalinist philosophy paired with strong nationalist sentiments: the ‘nation’ became the most important value and was considered as a new religion. The economic situation was not positive: though possessing several natural resources, including oil and gas, the economic system established by Hoxha regime condemned the country to poverty and underdevelopment. A planned economy, price regulation and the typical ‘five-year plans’ did little to spur activity. For a long period Albania depended external aid, first from the Soviet Union and then from China (Zickel and Iwaskiw, 1992). In 1976, the autarchy was declared. Because of this dramatic situation, the Albanian people had no choice but to purchase food and other goods on the Black Market, favouring an illegal economy. It was a necessity for them. Trade was conducted along the Balkan Route, which crossed the whole region, starting from the Middle East. While prices were lower, the trade benefited certain smuggling bands who can be considered the precursors of modern criminal organizations.

During the communist period, both Gheg and Tosk communities were involved in political life, with both enjoying periods of control. One could say that Enver Hoxha’s southern origins, and his preference to be surrounded by his own people, granted the Tosk community a good opportunity to play a leading role. They were the most important component of the national police and of the SIGURIMI, the Albanian intelligence system. The latter was extremely powerful and corrupted, especially from the beginning of the 1980s, and controlled people and goods that passed national borders, and they ruled passport policy, including bribes. These first network alliances between criminal clans and intelligence officers and public officials, created during communism, would be institutionalised years later (Xhudo, 1996). Hoxha’s death, in 1985, and the process of democratization which swept throughout Central and Eastern Europe after the fall of the Berlin Wall, were factors that increased this situation. Following a party feud,⁵ Ramiz Alia became the new leader and attempted to gain some state control. He began to improve economic conditions by seeking closer ties with the West, and he introduced some initial democratic reforms, like multi-party elections, in 1991. Even if he showed a modern attitude, however, Alia didn’t fully comprehend the many inevitable widespread changes provoked by the fall of communism.

In the following year, the Democratic Party won elections, gaining 67% of the votes in the Assembly. The leader was a cardiologist from the Gheg community, Sali Berisha, who became the first democratically elected President of Albania. He began a more deliberate program of economic

3 On the Ottoman Empire, see G. W. Gawrich (1983) ‘Tolerant Dimensions of Cultural Pluralism in the Ottoman Empire: The Albanian Community, 1800-1912’, in *International Journal of Middle East Studies*, 15, pp. 519-36.

4 On the Gheg and Tosk composition, see P. Lendvai (1969), *Eagles in Cowbys: Nationalism and Communism in the Balkans*, MacDonald, London; P. Sugar (1995), *Eastern European Nationalism in the Twentieth Century*, American University Press, Lanham; I. Blumi (1998), ‘The Commodification of Otherness and the Ethnic Unit in the Balkans: How to Think about Albanians’, in *East European Politics and Societies*, vol. 12, n. 13, p. 545; J. Sugarman (1999), ‘Imagining the Homeland: Poetry, Songs and, the Discourses of Albanian Nationalism’, in *Ethnomusicology*, vol. 45, n. 3, pp. 424-25.

5 Within the Albanian Communist Party, those who supported the breaking-off with the Soviet Union and the relationship with China, like the powerful Minister for Foreign Affairs, Mehmet Shehu, were obliged to resign.

reforms: the country was, in fact, one of the poorest in the world, with a pitiful standard of living. The keyword in the economy was privatisation, which transformed every sector: trade, industry and agriculture. This phenomenon—which was common, in that period, in all former communist countries—contributed to the rise of organised crime: on the one hand, the Berisha program failed to control inflation, driving citizens to resort to the Black Market to buy basic essentials; on the other hand, engagement in smuggling activities enriched the criminal clans, which began to ‘invest’ in the privatisation process. These clans gained control over the new markets (weapons, migration and drugs) opened up by civil wars in near-by Balkan countries. They also benefited from the re-organisation of the Albanian Central Bank which re-valued the national currency, the *lek*. They had all guarantees: in the country, old smugglers and new bosses began to put into place a sophisticated criminal network.

The political leadership in Tirana didn’t remain uninterested. Thanks to the President’s northern origins, the Gheg community had the possibility to enter the most important institutions. Berisha made some important changes in the SIGURIMI, replacing many security personnel from the old communist era state intelligence agency (Tosk). The new intelligence unit—called SHIK—was introduced as more efficient and transparent. Many of the agents who lost their jobs with the reorganization, some formerly in positions of power, began offering their services to criminals in exchange for money (Saija and Irrera, 2001: 105). The northern clans began controlling the illegal network. Illicit trade travelled along the Balkan Route—the ancient thoroughfare used by merchants to bring Eastern goods to the West. Criminals preferred it because of its proximity to the drug cultivations in Afghanistan and Turkey. The route started in Turkey and passed through Bulgaria, Greece, Macedonia, Yugoslavia, Bosnia-Herzegovina, Croatia and Slovenia, to finally arrive at the threshold of Western Europe.⁶ As all goods on this route pass through Kosovo, the country became a fertile breeding ground for criminal activities, and was controlled by a number of clans. The area was under a sort of *pax mafiosa* established between the Albanian and Serbian clans active in the zone. This situation allowed them to carry illegal goods through Elbasan directly to the ports of Durres, Sarande and Vlore (Miletitch, 1998: 13).

3. The political context and the criminalisation process

In their reports, Interpol and UN Agencies expressed alarm at the rise of Albanian clan networks everywhere in Europe and by the spread of corruption in Albania.⁷

Connections between organised crime and politics seem, in fact, to have been strong: the Defence Minister, Safet Zhulali, was involved in the arms trade to Bosnian factions; a Member of the Assembly, Arben Lika, was condemned for cigarettes smuggling and documents forgeries. Institutional corruption was guaranteed by a particular banking system based on pyramid schemes. During the period 1992-96, these schemes were the backbone of what Berisha declared was Albania’s transformation into a capitalist economy. Official State banks ran the pyramid schemes, collecting currency from investors and offering them equivalent interest rates. The mechanism was simple: new

6 On the Balkan Route, see N. Miletitch (1998) *Trafics et crimes dans les Balkans*, op. cit. pp. 95-99 ; T. Makarenko (2001), ‘Traffickers turn from Balkan conduit to ‘northern’ route’, in *Jane’s Intelligence*, 22 October 2001; Italian Ministry for Domestic Affairs (2003), Ministerial conference *The drug routes from Central Asia to Europe*, Paris 21-22 May, 2003, pp. 1.2; European Council (2003), ‘Draft Action Plan on Drugs between the EU and Countries of Western Balkans and Candidate Countries (Bulgaria, Romania and Turkey)’, 5062/2/03, REV 2 COR 1 (nl,en,fi,sv) , 3 June 2003.

7 European Union organised crime report (2005); United Nations Office on Drugs and Crime (September 2002), *Results of a Pilot Survey of forty Selected Organized Criminal Groups in 16 Countries*, in http://www.unodc.org/pdf/crime/publications/Pilot_survey.pdf; UNDP (2005) *Trafficking in Human beings in South Eastern Europe*, in <http://www.unicef.org/ceecis/Trafficking.Report.2005.pdf>. See also M. Galeotti (1998), ‘The Albanian Connection’, in *Jane’s International Policing Issues*, 3 December 1998; Id. (2001), ‘Albanian Gangs Gain Foothold in European Crime Underworld’, in *Jane’s Intelligence Review*, vol. 13, 11 November 2001: pp. 25-7.

deposits were used to refund previous ones and to assure interest, in order to guarantee every financier without significant problems.⁸

Interest rates were variable and reached very high levels. In 1996 an Albanian journalist wrote that with a deposit of US\$2000, it was possible to receive from the bank, one month later, US\$260 in interest. That was the equivalent of a public officer's salary. The pyramid schemes were celebrated as a good example of renaissance in a transition country and attracted more and more investors: individual savers, directors of small firms, Italian entrepreneurs with Albanian branches, privatised companies controlled by the Berisha government—and criminal organisations. The most important banks, in fact, Vefa, Silva, Cenaj, Gjallica, and Kamberi were located near Vlore, a conduit for all illicit activities passing through the country (Miletitch, 1998: 78). According to official statistics, one Albanian in three deposited money in these state banks (Miletitch, 1998: 79).

This pyramid phenomenon was not unique to Albania: one could find the same banking system in other Eastern European countries (Russia, Bulgaria, Romania, Macedonia). However, in Albania it was managed with institutional corruption.⁹

The pyramid schemes collapsed in 1997: initially Sudja went into bankruptcy on the same day as its director, Maksude Kademi, then Xhaferri and Populli (Miletitch, 1998: 79). Several investors asked for refunds but all the money seemed to have disappeared. Anarchy engulfed the country. Discontent among entrepreneurs, foreign investors and Albanian savers was driven by those who provided weapons and managed illegal migration towards Italy across the Adriatic Sea. Not many weeks later, President Sali Berisha resigned.

Why did such a solid and well-established banking system fail? What was really happening in Albania in that period? If we analyse the pyramid schemes' mechanisms and, above all, the quality of investors, we will find some answers.

During 1996, the most important and productive banks registered several requests for refunds. As already mentioned, new deposits were necessary in order to refund old ones and to maintain high interest rates. Without that money, the banks were not able to assure their main functions. In the same period, the theft of weapons from some military deposits had been denounced by the local police.¹⁰ Investors stopped their deposits and started requesting refunds, which inevitably led to 'jamming'. With the clear intent to put an end to the Berisha leadership, these same actors then mobilised to create unrest among the Albanian people.¹¹

According to this interpretation, one can consider the collapse of the pyramid schemes as the stepping off point to broader strategy, which aimed to change the political situation in the whole area.

8 On pyramid schemes, see C. Jarvis (2000), *The Rise and Fall of the Pyramid Schemes in Albania*, International Monetary Fund Staff Papers, vol. 47, n. 1 ; P. Keefer (2001), *Banking crises and the effect of political checks and balances on special interest influence*, Development Research Group, The World Bank, October 2001.

9 A good example is the Shqiponja bank: there were several Democratic Party members in the Boarding Council. The bank was involved in the oil smuggling: it arrived in Albania through Greece, thanks to the Defense Ministry, Safet Zhuali, who directed the activities, by using his institutional powers. See *The Independent*, 14 February 1997.

10 The police found an illegal arms deposit in Lazarat, near Argirocastro, in the south of Albania.

11 During those days, Jonathan Sunley, a British Helsinki Human Rights Group member was in Albania. He wrote: 'gunmen effectively holding the local population hostage, and either standing in the colors of the Socialist Party (and its allies) themselves or backing those from its ranks.[...] In the north of the country, by contrast, not a single Socialist Party candidate was barred from standing or campaigning. And then: "The gangs and self-styled committees that took control over most of the south of the country following the disturbances prompted by the collapse of pyramid investor-schemes were not out simply to rob and loot—let alone to settle scores in accordance with the atavistic customs of the country's northern clansmen. On the contrary, they had a clear-cut ideological agenda: to force early elections and to win these for their political sponsors, the Socialist Party, by preventing the ruling Democratic Party from setting foot—still less campaigning—in well over one third of electoral districts.' See J. Sunley (1997), 'Disorder in Albania' in *The New York Review of Books*, vol. 44, n. 19, in <http://www.nybooks.com/articles/1001>

The Democratic Party failed and the Albanian people elected a new Premier, Fatos Nano, a man coming from the Socialist Party.¹² Some months later, Nano again hired different SHIK personnel, increasing the number of the former communist intelligence unit. I have tried above to demonstrate how, even if they were part of the same nation, the communities living in the north and in the south expressed a different kind of involvement in political life (Morozzo della Rocca, 1997: 13-19). Nevertheless, both communities had the chance to build links with organised criminal networks and to develop sophisticated connections with political parties and politicians.

Nowadays, Albanian criminal clans seem to be stronger than in the past: according to the Narcotics Control Strategy Report for 2001, they are divided into small groups and their structure is variable, depending on the kind of illegal activity they are to manage.¹³ It is very important to be part of the same tribe: this important sense of identity has dominated the clans and no external members are accepted. Despite this closedness to outsiders, the clans have still been able to establish solid international alliances. According to the Report of the Italian Agency for Combating Crime (DIA), Albanian criminal organisations have cooperated with the traditional Mafia (from Sicily and Calabria or from Campania and Puglia) sharing drug trafficking benefits.¹⁴

Criminal activities and corruption have had a negative effect on the country's economy and development: 50 % of the Albanian GDP comes from illegal activities—the drug trade, stolen cars, cigarette smuggling, and prostitution. The public housing system functions thanks to money laundering, and the banking system, after the pyramid schemes, is still in disarray.

The most damaging effects are visible in politics: deterioration of party representation, disaffection among people towards their leaders and regression from the 'rule of law'. Every institution seems to be affected: not simply government, but also the judiciary system, the military and the public administration.¹⁵

For a long period, the Socialist Party and the Democratic Party, guided by Sali Berisha, continued to quarrel over involvement in mutual corruption. But, two month before Fatos Nano became Prime Minister for the third time, in August of 2002, the DP ended its boycott of municipal and county government and announced its intention to play the role of a constructive opponent. DP secretary for the local government, Njazi Kosovrasti, declared, in fact, that 'the absence of DP representatives from the local councils had made the DP short of information on the current situation and decisions made by local government structures.'¹⁶

The unexpected agreement between Nano and Berisha—long-time enemies—raised suspicion among other parties on both the right and the left, and in Western countries, especially in the EU. Several local actors assumed the establishment of a sort of new *pax mafiosa*.¹⁷ Nonetheless, the agreement provided a much needed calm on the political scene, at least for some months. By early 2003, Berisha began again to accuse Nano, declaring the ambiguity of his behaviour. He stated 'it is an illusion to believe that Socialists can respect the will of the Albanian people.'¹⁸ And both major parties suffered from fragmentation.

As we have seen, the Democratic Party ruled the political and economic transition after the fall of communism, and until 1997, it gained power and strong popular support—even as it contributed to the rise of criminal activities and corruption. Since its fall from power following the pyramid schemes

12 See 'Constitution Watch', in *East European Constitutional Review*, vol. 6, n. 4, fall 1997.

13 Narcotics Control Strategy Report 2001, in <http://www.state.gov/g/inl/nrcrpt/2001/2pt/8484.htm>

14 Annual Report made by the Italian Agency, 2000 in http://www.interno.it/dip_ps/dia/2sem2000.htm

15 *Albania: State of the Nation 2003*, I CG Balkan Report n. 140, 11 March 2003.

16 *Albanian Telegraphic Agency*, 31 July 2002.

17 *Gazeta Shqiptare*, 30 October 2000.

18 *Albania Daily News*, 10 January 2003.

debacle, the DP opposition activity was limited to the boycotting the political process, especially at the local level. The dramatic decline of its membership obliged Berisha to merge the DP and its opposition into a single party. Thus, he declared to the allies and to the media that a strong front, above all, a united one, was necessary for the country. This seems to be the current situation: those who left the DP are now returning in the hope of gaining personal power in a possible future government. For the future, the party needs internal reform if it desires to return to office, while Berisha works on his personal image, in order to attract more party activists.

Within the SP, Nano's old-guard supporters were against the reformists led by former Prime Minister Meta. The former were helped by a stronger base among the party's grass roots, while the latter continued to control most of the governing structures. The main reason why Nano was elected Prime Minister was that many SP parliamentarians feared losing their seats in an early election; he had established very poor relations with them and with those claiming reforms. Yet, with this level of fragmentation, it was very hard for him to satisfy both wings of the party, and also the international community. In the October 2003 local elections, Nano tried again to cooperate with the other parties, the smallest ones. The SP Secretary General Gramoz Ruci said in an interview that 'There will be a partial cooperation in certain constituencies, where SP candidates might be backed by SP allies, or in other constituencies where the candidates of allied parties might be supported by SP voters.'¹⁹

Attempts to create a broad left-wing coalition are evident. As the centre-left Social Democratic Party (SDP) chairman Skender Gjinushi informed party activists that 'We are open for negotiations with the SP—this is now a call to all Albania's left-wing. It is necessary to create a counterbalance to the right-wing grouping, its games and efforts to exploit new circumstances for the benefit of the right.'²⁰

Even if problems are the same, the SP has never suffered the deep fragmentation that afflicted the DP, and Nano seems to be helped by his solid alliances with those who are, in this period, the most powerful groups in the country. By using these means, he has tried to gain international approval. Albania's foreign policy agenda includes, as its main goals, entry into NATO and the European Union. If the first seems attainable because of the hopeful results of the November 2002 Prague summit, the latter appears difficult. On 31 January 2003, the European Commission started preliminary negotiations with Albania on a Stabilisation and Association Agreement. This obligated President Moisiu, Prime Minister Nano and DP leader Sali Berisha to assure commitments to human rights and democracy, economic reforms to guarantee free trade and a sincere fight against crime and corruption. Presently, several reports conducted by research institutes and European agencies, confirm that corruption is rising more and more, in all sectors of Albanian life, damaging policy-making institutions.²¹ In order to start reforms, the Albanian government received a three-year assistance program worth €144 million from the EU, which should be used to promote democracy and stability in the reconstruction of the judiciary and public administration systems. Nonetheless, the conditions, considered basic to strengthening government at local and central levels and the fundamental pre-conditions set by Brussels, are unlikely to be achieved without total political commitment.

The task is very difficult: even though Albania had started its 'democratic process' ten years ago, most of its reforms were implemented using tactics from the 'old' system. Several officials with inadequate or irrelevant experience and bureaucratic skills currently hold positions in central

19 *Albania Daily News*, 15 January 2003.

20 *Albania: State of the Nation 2003*, ICG Balkans Report N°140, 11 March 2003.

21 Center for the Study of Democracy (2000), *Corruption and Trafficking: Monitoring and Prevention*, CSD Reports, Sofia; M. Hajdinjak (2002), *Smuggling In Southeast Europe: The Yugoslav Wars and the development of Regional Criminal Networks in the Balkans*, CSD Reports. Sofia: Center for the Study of Democracy in <http://www.csd.bg/publications/book10/content.htm>; D. Binder and F. J. Markey (2003), *Combating Organized Crime in the Balkans: Event Summary*, Woodrow Wilson International Center for Scholars; Council of the European Union (2003), *EU Action against Organized Crime in the Western Balkans*, No. 14810/03 CRIMORG 88, Brussels.

institutions and in higher administrative and police structures.²² This situation confirms that appointments in Albania are guided by politics rather than professional qualifications, and their commitment doesn't seem totally genuine and disinterested. Since the whole operation depends on the political leaders' will, success, with the present situation, is uncertain.

Our analysis of what the Nano government did to obtain EU trust directs our attention to the most recent political developments. New general elections took place in Albania on 3 July 2005. In his first victory since 1997, Sali Berisha won, gaining 55 seats for his Democratic Party and obtaining the seat of Prime Minister.

Table 1: Results of the 3 July 2005 general elections in Albania

Political Parties	% of votes collated	Number of seats won
Democratic Party (PD)	45	55
Socialist Party (PSSH)	30	42
Socialist Movement for Integration (MSI)	8	12

Source: Albanian Central Electoral Commission

Time will tell if the new government is able to implement significant changes in the internal situation, but it is certain that it has to face the present difficult situation of illegality and corruption—the main argument of this paper.

4. Crime and corruption

As we have already seen, political corruption is one of the most important problems in the country and influences its international position in a critical way. The competent organisations agree on this finding: in its Corruption Perceptions Index for 2004, Transparency International gives Albania a value of 2.5, on a scale from 0 (highly corrupt) to 10 (highly clean). The same organisation ranks Albania 108 out of 145.²³ Of course, finding a measure of corruption is especially difficult in a transition country such as Albania, where there is a lack of transparency and information. There are no official polls and data collection has been limited. It is very hard to make a survey on such issues because there are few people who have a correct understanding of what corruption is and are, consequently, able to answer accurately. In order to prepare this case-study of Albania, therefore, we analysed several reports, based on survey research and we focused on detailed work carried out by the Southeast European Legal Development Initiative.²⁴ This research seems to be very reliable and insightful.²⁵ Comparative in nature, the reports present the key findings of Regional Corruption Monitoring groups in seven countries of South Eastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Macedonia, Romania, the Federal Republic of Yugoslavia (Serbia and Montenegro), and Croatia. We focus on the values obtained for Albania concerning the degree to which corruption was perceived by people to be a problem and, if so, how much it was perceived to penetrate the various elements of civil society. The sample is composed of 1037 Albanian people over the age of 18. The

22 Prime Minister Nano had been accused of appointing unqualified heads of state institutions and state-owned enterprises. For this reason, the IMF has recently decided to stop further funds.

23 Transparency International (2004), *Corruption Perception Index 2004*, in <http://www.transparency.org/cpi/2004/cpi2004.en.html#cpi2004>.

24 'The Southeast European Legal Development Initiative (SELDI) is an effort of leading not-for-profit organizations, representatives of government institutions and experts from the countries of Southeast Europe aimed at public-private coalition building for legal development in those countries' See the SELDI official website, <http://www.seldi.net>

25 This survey research had been downloaded by http://www.seldi.net/seldi_e.htm

research was carried out over the period between 3 January 2002 and 8 February 2002, using face-to-face interviews.²⁶

First of all, it is necessary to identify which problems are considered as the most important and serious. Looking at Table 2, it is possible to say that even if economic and social issues such as unemployment and low incomes rank high in importance, those related to the political system are most worrying to public opinion. According to a great majority, corruption is a sort of plague, whose disruption, it appears, causes political instability.

Table 2: Domestic issues and percentage of respondents reporting them as problems

<i>Domestic Issues</i>	<i>Percentage</i>
Unemployment	44.8%
Low incomes	40.8%
Poverty	28.2%
Corruption	68.4%
Crime	24.6%
High prices	23.3%
Political instability	46.0%
Health Care	2.3%
Environment pollution	3.6%
Education	3.2%
Ethnic problems	2.4%

While corrupt practices are recognised by people, this doesn't mean that they are denounced. According to *the index on acceptability* regarding moral principles, which tends to measure how much 'unethical' issues are tolerated within the value system, Albania has the highest value (2.4). This seems to affirm that citizens are inclined to tolerate corrupt practices in their society, and might indicate a greater likelihood that they would be willing to compromise on their values under the pressure of practical circumstances. It ranks, in fact, 4.5 in the *index on susceptibility*. These last two values are not in contrast with Table 2. According to the report, in fact, moral denunciation of corruption as a negative phenomenon can co-exist with the efficiency of corrupt practices in everyday life. In cases of conflict between them, many citizens tend to compromise their moral principles in order to achieve their ends.

This happens, in particular, in the public sectors, where employees tend to exert pressure, directly or indirectly, on citizens in order to obtain money, gifts or favours. The value of pressure in the index

²⁶ At the beginning of the report, the authors clarify that: 'Corruption indexes numbers assume values from 0-10. The closer the value of the indexes is to 10, the more negative are the assessments of the respective aspect of corruption. Index numbers closer to 0 indicate approximation to the ideal of a 'corruption-free' society'.

of corruption pressure in Albania is high, 3.4. Employing mechanisms of private interest, practical necessity, and personal choice are becoming customary in the public sector. The International Crisis Group Report 'State of the Nation 2003' says that 'as in many other societies, Albanians often interact on the basis of personal relations and connections, characterised by loyalty and dependence, rather than professionalism and transparency. This practice seriously undermines efforts to democratise society. Serious problems remain within a judiciary plagued by political interference and widespread corruption.'²⁷

With the help of Table 3, it is possible to see which categories—among public sector employees—exert the strongest corruption pressures.²⁸

Table 3: Percentage of people asked for favours in exchange for services from listed public employees

<i>Categories</i>	<i>Percentage</i>
Police officer	54.13%
Doctor	51.78%
Customs officer	54.88%
University professor or official	27.85%
Administrative official in the judicial system	40.04%
Municipal official	50.67%
Businessman	12.77%
Judge	44.31%
Tax official	50.43%
Public prosecutor	27.40%
Official at a ministry	37.34%
Member of parliament	19.00%
Investigating officer	35.23%
Teacher	10.60%
Municipal councillor	33.24%
Banker	9.71%

Table 3 supports a report from International Crisis Group which states that 'One of the most common forms of corruption at these three levels of authorities is the theft of public funds, securing of

²⁷ *Albania: State of the Nation 2003*, I CG Balkan Report n. 140, March 11th, 2003.

²⁸ For this index, people had to ask to this question: 'If in the course of the past year if you have been asked for something in order to have a problem of yours solved, you were asked by...'

state positions and benefits by means of bribery, payment of favours in customs, telecommunications, building licences and medical services.²⁹

While it may not be surprising to find police, customs officials, municipal officers, judges and tax officers exerting corrupt influence over the public, it is painfully surprising to find that according to 51,78% of people, doctors, also, use corrupt practices. In the last ten years, in fact, due also to the privatisation process, bribery has become common in the provision/acquisition of medical services. Illegal payments are so expensive that many people have been obliged to go abroad for medical treatment, exhausting their savings in the process. Bribes are reportedly necessary to obtain a consultation and are extorted both by doctors and nurses, not only in private clinics and hospitals but also state facilities. Prescription-medicines are a ‘bad business’, too: very often, medicines have to be purchased from corrupt chemists, who are able to charge 10 percent more than the valid price of a drug.

Corrupt practices infuse all services a citizen ordinarily requires in his or her daily life: health, public administration, taxes, etc This is why such lucrative practices are becoming so extraordinarily common in Albania. The report states that, according to popular perceptions, the origin of corruption is associated with social and economic problems and to interactions with government, especially in a transition country. This is clearly shown in Table 4.

Table 4: Perceived reasons behind diffusion of corruption

<i>Factors</i>	<i>Percentage</i>
Those in power striving at making fast money	54.05%
Low salaries of the officials in the public sector	61.21%
Imperfect legislation	27.17%
Office duties interfering with the personal interests of the officials	36.39%
Missing strict administrative control	40.67%
Inefficiency of the judicial system	20.41%
Crisis of morals in the period of transition	20.01%
Communist past legacy	19.59%

The inefficacy and inefficiency, or complete lack of social control at the crucial legislative, judicial and administrative levels are important factors behind the profusion of corruption. Ultimately, the majority of respondents agree that low salaries create the strongest impetus for corruption. ‘...corruption is often justified—even by Government officials—by low salaries of public servants in state, local and central administration, as well as the judiciary. A minimum salary of budget-financed employees is USD 55, and that of the President of the Republic USD 1,050 a month.’³⁰

29 *Albania: State of the Nation 2003*, ICG Balkan Report n. 140, March 11th, 2003.

30 A. Peza, *Albania: Metastasi of corruption*, AIM Press, in: http://www.southeasteurope.org/documents/AIM%20%20DOSSIERS%20%20CORRUPTION%20IN%20THE%20COUNTRIES%20OF%20SOUTH-EASTERN%20EUROPE_ALBANIA.htm

Public servants, in many cases, attempt to supplement their low salaries with bribes—a diffuse practice that is often justified as a personal necessity. Table 5 demonstrates some illuminating values regarding those who are perceived as bribe-takers.

Table 5: Perception of willingness to take bribes, by occupation

<i>Groups</i>	<i>Percentage</i>
Customs officers	89.8%
Ministers	76.5%
Police officers	65.6%
Tax officials	80.1%
Lawyers	58.9%
Members of parliament	60.4%
Public prosecutors	64.3%
Judges	74.4%
Officials at ministries	66.2%
Investigating officers	51.4%
Political party and coalition leaders	44.3%
Doctors	61.2%
Business people	38.7%
Municipal officials	64.4%
Administration officials in the judicial system	60.6%
Local political leaders	42.6%
Bankers	17.8%
Municipal councillors	55.5%
University officials and professors	32.1%
Representatives of NGO's	16.4%
Journalists	14.8%
Teachers	10.4%

The above values indicate that customs officials, tax officials, and employees in municipal administrations and the judicial system appear at the heart of the spread of corruption in Albania.

Nonetheless, corruption is not always driven by 'financial necessity' and the index studying the spread of corruption among institutions is a good example. The Presidency, the Government, the Parliament, as well as the police and customs are the key institutions with the task of promoting democracy, rule of law and economic development. But, at the same time, they are considered as the leading networks of institutional corruption. In the whole country, from North to South, criminal clans work with the complicity of police and customs officials, while being aided by the protection of high-ranking politicians. Corruption seems to be an endemic problem and continues to greatly condition Albania's future international position. Recently, the EU repeated its warning that the country must do more to fight organised crime, corruption and trafficking if its leaders want to realise eventual membership. During a conference on organised crime, held in London in December 2002, the EU Commissioner for External Relations, Chris Patten, declared:

The situation concerning organised crime and corruption is grave in the Balkans – but especially in Albania. If you want to confirm how serious the problem of organised crime is in Albania, ask the FBI or any other police organisation in the world. We need serious co-operation with the Albanian authorities to cope with this phenomenon.³¹

In this sense, European Commission assistance is essential.

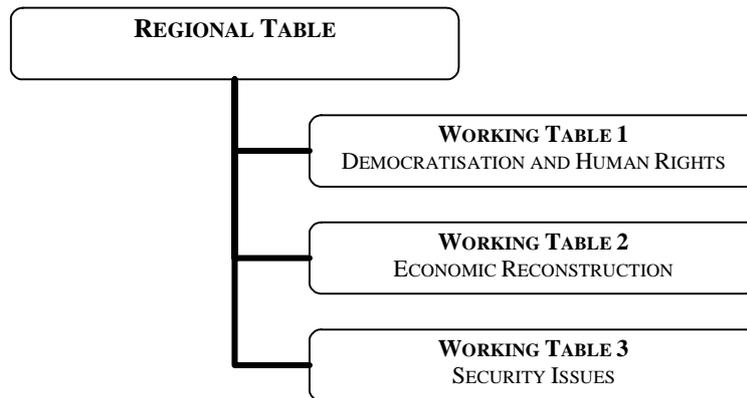
5. EU intervention

The fall of the Berlin wall gave former communist countries, above all in South Eastern Europe, the impetus to experiment with democracy and rule of law and embrace free trade and liberalisation. However, in the hands of several old-style governments, the new openness provided an opportunity to develop organised crime activities and to implement corrupt practices at every level. Yet, the only way to help those countries to change definitively and to facilitate their membership in the EU is to use an approach which begins with these basic conditions. In this paper, the programs carried out within the Stability Pact for South Eastern Europe are analysed as a response to the fight against corruption. The Pact was officially declared in Cologne (Germany) in June of 1999 and was confirmed in Sarajevo a month later. Needless to say, the Pact should offer broader assistance to the SEE region as it is parallel to the official EU integration process. The Pact is using, in fact, a regional approach: it begins from the assumption that any regional development, including regional integration, will need to be implemented through domestic institutions. So, as it is shown in the Figure 1, the Pact's working tables and programs aim to strengthen indigenous institutions and governance. These are required not only for integration within the European Union and to satisfy a country's economic, political and social framework conditions, but also to assure peaceful and stable living conditions to its residents (Irrera, 2002: 43-47). In this sense, even if it is linked to organised crime and security issues, corruption is a problem that affects every aspect of public life in a country (the Albanian example is clear) and its curtailment must be monitored by a number Working Tables. As stated in the Stability Pact programme:

The legal and institutional frameworks are being reformed according to European and other international standards. This is not only needed in order to outlaw the practice of bribing public officials, but also to promote a whole arsenal of legal instruments and to improve ethical standards in the public sector, to establish the rule of law, to curtail money laundering and to clean up public procurement practices. The private sector and the civil society are playing a crucial role in turning these new rules into reality.³²

31 *Koha Jone*, 23 December 2002.

32 See the official website of the Stability Pact Anti-Corruption Initiative, <http://stabilitypact.org/anticorruption/spai.html>

Figure 1: The Stability Pact for South Eastern Europe Structure

For this reason, on 16 February 2000, in Sarajevo, countries adhering to the Stability Pact—the EU member states, the countries of the SEE region and the international donor community— adopted the Anti-Corruption Initiative (SPAI) to better focus on the issue. The aim was to concentrate a large part of the incentives for implementing policy reforms and commitments in SEE countries on educating people and their politicians to live and administrate according to the rule of law and transparency. SPAI consists of five pillars:

1. Adhesion to and implementation of European and international anti-corruption instruments;
2. Promotion of good governance and reliable public administrations;
3. Strengthening of legislation and promotion of the rule of law;
4. Promotion of transparency and integrity in business operations and fight against bribery of public officials;
5. Promotion of an active civil society, including the media.

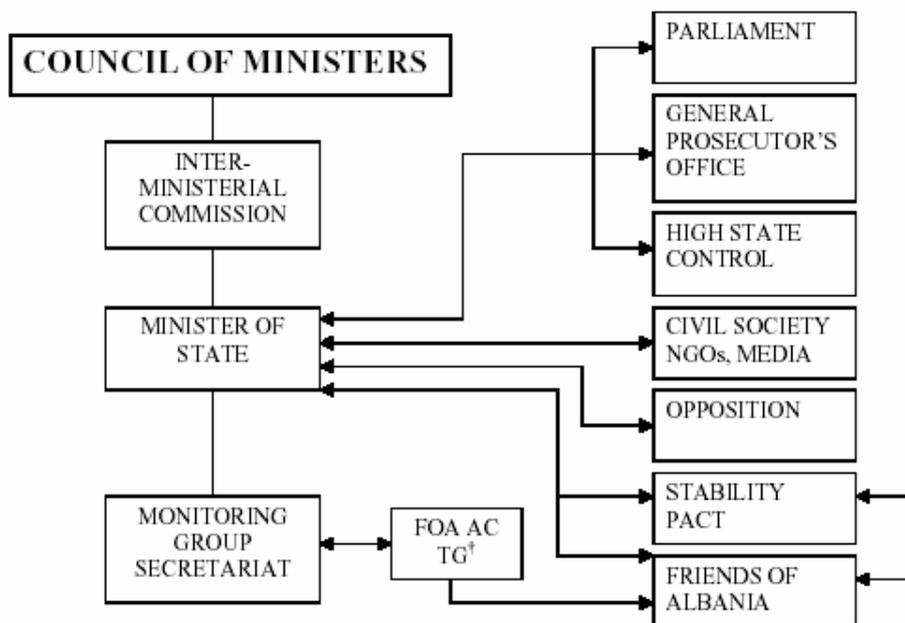
Since the beginning of its activities in February 2000, SPAI has attempted to promote the adoption of comprehensive anti-corruption plans, the creation of specialised institutions to investigate and prosecute corruption, and the application of relevant international instruments. Furthermore, it facilitated the entry of all South Eastern European countries into the new ‘Group of States Solidified against Corruption’ (GRECO), which aims to monitor relevant activities and report on its findings. In November 2002, some of these countries (including Albania) signed the London Statement, committing themselves to implement national anti-corruption plans and laws and to engage in judicial networking and other forms of regional co-operation.

From reports published by the European Commission in March 2003, by monitoring groups, and by NGOs, it appears that many countries have made the preparation and the implementation of national anti-corruption plans a priority. This is, of course, a positive sign, and the new SPAI Regional Office, established with the aim of improving regional engagement is based in Sarajevo. Nonetheless, SPAI as a regional initiative is working in a very big area and political and economic contexts can change considerably. It is true that all these countries declared public commitment and that the will of donors and international organisations to support specific anti-corruption projects has increased, but one needs to analyse how many of these projects have really been implemented in each country. In doing so, one can get a better estimate of how much countries are actually doing to combat corruption, and to what degree their operations are ready and efficacious.

Studying the composition and working methods of the Albanian Anti-Corruption Monitoring Group is a useful first step in that direction.³³ The group is a SPAI body, designed to support and coordinate Albania’s policy for fighting corruption. It is ruled by EU authorities but composed of domestic actors. Its existence and actions are guided by the criminal law convention on corruption,³⁴ domestic law, and the pillars identified by the SPAI. The aim of the group is to introduce Albanian government officials to new working methods for State institutions and to generate more awareness about corruption.

Figure 2 can help to better understand the group’s composition.³⁵ The monitoring group is placed under the responsibility of the Minister of State and composed of a limited number of permanent members. In order to assure efficiency, the members are detached from their Ministries and considered only as specialists in the disciplines covering the fight against corruption and in the SPAI’s five pillars of action.

Figure 2: Albanian anti-corruption monitoring group composition



In particular, the members are:

- Representatives from the Ministry of Justice
- Representatives from the Working group of Public Administration and High State Control
- Representatives from Law Enforcement sector and of General Prosecutor’s Office
- Representatives from the Ministry of Finance
- Public relations expert (media).

33 http://www.developmentgateway.org/node/154320/browser/?supertype_list=prog_proj&country_list=0

34 The criminal law convention on corruption, (art. 20), Resolution (97) 24 on the 20 guiding principles for the fight against corruption (items 3 and 7) in <http://www.nobribes.org/Documents/Albania/ACMonitoringGroup.pdf>

35 The Table is the original one and had been downloaded from the official SPAI website—Albanian section, in <http://www.nobribes.org/Documents/Albania/ACPStructure.pdf>

Periodically and at least four times a year, observers are allowed to intervene in the meetings of the group: for example, NGOs, international organisations, and other cooperating States (Friends of Albania). It is important to recognise that great attention is paid to the political context of the group: the Parliament is part of the structure and is, therefore, directly linked to the Minister of State and to the High State control (Supreme Audit Institute). Opposition parties thus play the role of observers. This representation mechanism also assures a balance during monitoring activities.

The group has several fundamental functions: *Monitoring and co-ordination* (aiming to control the implementation of the anti-corruption program; to gather all necessary information; to propose amendments to existing laws, regulations and guidelines; and to represent the country at the international level). *Proposal and advice* (it may propose important changes in the field of legislation, institution building and practice; it educates Government leaders about ways of specialisation, it suggests mechanisms to maintain independence and the provision of adequate resources for authorities fighting corruption; it manages contact points within the public administration; it facilitates the involvement of society and international organisations) and finally *Reporting* (to the Prime Minister, the State Minister and to the steering group of the Stability Pact on a regular basis about prevention activities, training and awareness-raising in the field of corruption and the co-ordination of these endeavours).

In theory, the structure supporting the Anti-Corruption Monitoring Group would seem to be a positive and effective response to the problem of corruption. As the SPAI initiative currently grants large amounts of US dollars and European euros directly to national politicians and authorities of SEE countries to deal with the problem, the monitoring body thus has strong and necessary over-sight powers. Not only should the appropriate allocation of funds for officially approved projects be monitored, but also that budget requests are reasonable and in line with actual spending. Of course, with oversight managed by local authorities—albeit under the supervision of the EU—there is no doubt that success will vary, with better results in countries like Croatia, but worse outcomes in countries like Albania, where corruption is deeply rooted even at the highest levels.

The programme risks unintentionally promoting the allocation of public money to organised criminal activities, through official goodwill projects, that are presented and managed by corrupted authorities. If we look at the Anti-Corruption Plan Matrix fostered by the Government of Albania over the past few years, we find many interesting and useful projects. They cover the most important issues: from the strengthening of legislation in judicial and police reform to customs. They tend to focus on the characteristics of problems, facing possible risks, considering timing and success indicators.³⁶

In the field of transparency, for example, several measures have been implemented to increase the accountability of public officials and to increase transparency in the work of Ministries and public services and in the field of licensing requirements. All these projects are managed by the appropriate Albanian Ministries, which have the power to invest foreign money and to estimate the risks and results of these investments.

Nevertheless, local actors are often not capable of managing the great amount of money coming in, or the important projects with which they are entrusted. This is not to say that the mechanism is completely misbegotten: SPAI, via European institutions, directly helps local authorities--the ONLY actors who are able to promote initiatives tailored to THEIR local problems, which they know very well. However, the EU assistance should be more complete and, above all, more pleasing to all. Furthermore, the mechanism should be partly reformed to avoid some unpleasant side-effects. To this point, Albania once more illustrates a good example.

36 See the Anti-Corruption Plan Matrix in www.nobribes.org/Documents/Albania/ACPlan.pdf

6. Albanian response

Albanian institutions have entered a new stage in the fight against corruption—the stage of intensified preparations for the implementation of adopted laws and by-laws in order to achieve concrete and tangible results.³⁷

The above statement comes from a recent report by the Albanian Board for Anti-Corruption Monitoring. Yet, the Albanian government seems to be working in two different directions: on the one hand, in an official and serious engagement in the fight against corruption in co-operation with EU monitored projects; and, on the other hand, in involvement in numerous underground criminal activities facilitated by institutional corruption.

For their part, some Ministries have taken certain measures in the first direction: formation of control structures; improvement of Anti-Corruption Action Plan by the Ministry of the Interior and the Public Prosecutor's Office; and investigations in the activities of several public officers. Thanks to these steps, in the first half of 2001, 14 judges have been relieved of office on charges of corruption and disciplinary measures have been passed against another 8 judges. Chiefs of 5 Executive Offices of First Instance Courts, as well as 12 of their subordinates were dismissed, while 13 were warned. 20 officials of the General Prison Administration have been dismissed, including 2 Directors General, whereas lighter punitive measures were passed against another 27 workers.

This report, by AIM Press, shows that, in recent years, Albanian authorities have taken some action: 140 Ministry of the Interior employees were dismissed, together with two Police Commissioners working in the most key districts—Korce and Gjirokaster. Then, in the period from 1997-2001, the Prosecutor General relieved 12 district prosecutors of their office, charging five of them for ‘the abuse of duty, bribe-taking, violation of investigation proceedings and abuse of office.’ Finally, 39 customs officers have been dismissed on charges of ‘having participated in the smuggling and violating customs procedures by failing to perform physical inspection of goods.’

Albania's reputation with the most powerful international financial institutions has improved by the country's realisation of a large part of its agenda, achieved also by the Albanian Customs Service, as we saw in the previous paragraph. In this sense, the report prepared by the Monitoring Group on the measures completed within the framework of the Revised ACP Matrix, under the supervision of the Council of Ministers and the Minister of State of the Republic of Albania offers some interesting remarks.³⁸ In the document, information about meetings, managed by the ACP Monitoring Group, in the presence of the FOA Anti-Corruption Group and representatives of civil society are provided. The most important issues are discussed and the parameters of several legal instruments are established.

Civil service reform is considered as a priority. Some draft decisions have been prepared for the implementation of the Law No. 8549, dated 11 November 1999 ‘On the Status of Civil Servant’.³⁹

Legal reform had been put into practice by the competent Ministry of Justice: the Draft Law on the Judicial Police and the Draft Law on the Organisation and Function of the Ministry of Justice are

37 See A. Peza, Albania: Metastasi of corruption, AIM Press, in http://www.southeasturope.org/documents/AIM%20DOSSIERS%20CORRUPTION%20IN%20THE%20COUNTRIES%20OF%20SOUTH-EASTERN%20EUROPE_ALBANIA.htm

38 See *Report of the Monitoring Group on the measures completed within the framework of the Revised ACP Matrix*, in <http://www.nobribes.org/Documents/Albania/ReportMonitGroup.pdf>

39 1. Draft Decision ‘On Hiring within the Civil Service’;

2. Draft Decision ‘On the Establishment and Function of the Public Administration Training Institute and Training of the Civil Servant’;

3. Draft Decision ‘On Discipline within the Civil Service’;

4. Draft Instruction ‘On the Structure of Jobs Classification within the Civil Service, the Appropriate Methodology and the Role of the General Secretary within this Service’.

the most important initiative. Furthermore, in collaboration with the Ministry for Foreign Affairs, it presented the draft laws for ratifying several European Conventions.⁴⁰

European and international legal instruments should be respected by the Ministry of Public Order in order to prepare the draft law to approve the Convention against Drugs Trafficking.⁴¹ Surely, the most problematical issue in effecting change is strengthening rule of law. This seems to be a very decisive point, in which completion of the legal framework should help to strengthen police efficiency and borders control.

Public finance management is at the top of Albanian government's attempts to rehabilitate its image in the international community. It has argued that 'corruption and smuggling did not deprive the Government of its budgetary income, whose targets have been fully met during the January to April 2000 period. Total tax income is estimated to be up 105%, or more than 7 billion lekë (\$50 million US).'

Furthermore it claimed that:

The tax administration has collected 11.6 billion lekë (\$83 million US) for the above mentioned period, having thus a turnout for the plan with 15%, value which is equal to 50% more than that of the same period last year. The level of tax collection by the customs administration has been stable and satisfactory as a result of the new Customs Code (Law No. 8449, dated 27.01.2000) as well as its implementing legislation. The customs administration staff has succeeded in collecting 26% more than the same period last year.

The Albanian government was expected also to strengthen the personnel management for the recruitment of customs staff. Many customs officers, in fact, had been recruited during the communist period and they continued to apply old codes and behaviours. The government has answered its critics by defining a new Customs Code and improving the customs service's investigative capabilities.

Transparency and integrity in business operations. According to a report of the Albanian Board for Anti-Corruption Monitoring, another important issue considered as a priority by EU authorities was addressed by the following steps:

- The draft of the amendment to Law No. 7971, dated 26 July 1995 'On Public Procurement', aiming at increasing controls on public procurement and at enhancing the structures to monitor procurement procedures;
- The draft decision for changes to Decision No. 12, dated 01 January 1996 'On the Rules of Public Procurement';

40 On Corruption; On the Search, Seizure and Confiscation of the Proceeds of Crime; On Suppressing Terrorism; and On Human Rights [Protocol 4].

41 The legal framework should be considered complete with the following provisions:

- Draft Law 'On the Prevention and Fight against Narcotic Substances'
- Draft Law 'On Ranks within the State Police'
- Draft Law 'On the Internal Control Service'
- Draft Law 'On the Republican Guard'
- Draft Law 'On Firefighting'
- Draft Law 'On the Supplementary State Service for Police Staff'
- Draft Decision of COM 'On the Wage System of the Police Force'
- Draft Decision of COM 'On Working and Holiday Time in the MOPO System'
- Draft Decision of COM 'On the Flag of the State Police'.

See Report of the Monitoring Group on the measures completed within the framework of the Revised ACP Matrix, in <http://www.nobribes.org/Documents/Albania/ReportMonitGroup.pdf>, p. 2

- Several measures to strengthen the transparency of the process in the case of the privatisation of Albanian Mobile Communications (AMC).

The report continues:

The High State Control (Supreme Audit Institute), in collaboration with the Parliamentary Commission of Economy, Finance and Privatisation, has prepared the draft amendments to the Organic Law of the HSC in order to adapt it to the Constitution and to contemporary standards of external auditing. This will help to strengthen the HSC's role in investigating financial crime and the fraudulent misuse of public funds and also improve the quality of its auditing.

The Committee for Consulting and Transparency, a special national body, tried to manage the privatisation process of several Albanian firms (Birra Malto SH. A. Tiranë, Chemical Products Tiranë, Ajka Milk Tiranë, and Gjergj Kastrioti Beverages) according to the rules, prepared by the EU Commission for potential foreign investors. The privatisation process had been managed in a rather deregulated way in the Balkan region. This is why the EU is being careful: a dangerous example, like Telekom Serbia, revealed that privatisation seem to be controlled mostly by organised crime. But, privatisation seems to be fundamental to the Albanian economy. In the 2001 Investment Profile prepared by the European Bank for Reconstruction and Development, Ermelinda Meksi (at the time, Minister of Economic Cooperation and Trade and EBRD Governor for Albania) stated that 'the economy is on a stable recovery path, as demonstrated by a stable currency, low inflation, a strong GDP growth rate, and other macroeconomic data.'⁴²

Ms. Meksi's remarks support the idea that private sector development crucially influences Albania's capacity to sustain economic growth in the medium term. For this reason, it is necessary to attract foreign direct investments (FDI), which 'together with trade are the main vehicles for globalisation.'

The means used by the government to regain and enhance international confidence and to attract strategic foreign investors is, again, privatisation. The key sectors of the economy—mining, banking, telecommunications, energy, transport and infrastructure, the 70 per cent of state-owned assets—are open to foreign money. According to Ms. Meksi, 'the list of fully state-owned companies due for privatisation includes the main telecoms operator, banks, an oil company, an electricity producer and distributor, a chrome mining company, a metals corporation and a seaport'.

In order to assure openness and transparency, as required by the EU and by rule of law, Albanian government has made attempts to provide—as we have already seen—an adequate legal and regulatory framework. It is clear that the Albanian government is making strong efforts to demonstrate that its engagement in the fight against corruption is fully active.

Nevertheless, some elements in the Monitoring structure and activity we are analysing show that State leaders are extremely active and engaged also towards the second direction, the unofficial and illegal one. It is difficult, in fact, to control and fight corruption when it takes the form of abuse of a governmental, judicial and state office, for services that are part of the same Government: 'They are run by a state Minister, who is expected to uncover the abuse of power of political officials, which mostly belong to nomenclatures which are higher ranking than him, such as the President, Prime Minister, Parliament or their appointed officials.'⁴³

The Government ranks and structures have often been criticised for corruption by international organisations; but, paradoxically, members of the same organisations—as Stability Pact donors—granted funds to these structures. The High State Control (Supreme Audit Institute) occasionally publishes reports denouncing the level of corruption in State institutions, but only to propose measures

42 See the document *Albania Investment Profile 2001*, in <http://www.mac.doc.gov/CEEBIC/Investmentprofile/albania.pdf>, p. 2.

43 See A. Peza, *Albania: Metastasi of corruption*, AIM Press, in http://www.southeurope.org/documents/AIM%20%20DOSSIERS%20%20CORRUPTION%20IN%20THE%20COUNTRIES%20OF%20SOUTH-EASTERN%20EUROPE_ALBANIA.htm

to the Government and judicial authorities, not for punitive purposes. In Albania, the competent authorities recommend disciplinary and administrative measures against public officers, and while criminal proceedings are usually initiated, there is no guarantee on their regular conclusion.

Under the Socialist leadership of Fatos Nano, the Albanian Public Prosecutor's Offices instituted criminal proceedings at the highest levels of Government against several high-ranking officials in the Ministry of the Defence on charges of corruption and abuse of tenders. Many cases, however, were shelved and criminal proceedings were either suspended or ended with a pronouncement of ridiculously mild sentences.

The high level dismissal also affected the privatisation process. In the name of an anti-corruption fight, Prime Minister Meta fired the Director of the Savings Bank, which holds the greatest number of deposits, and the General Manager of 'AlbTelecom', the strongest firm in Albania. At any rate, according to some interpretations, the political authorities were more interested in guarantying greater influence in privatisation of large enterprises, e.g. AlbTelecom and strategic sectors than in controlling corruption.

It is extremely difficult to say in which direction the Albanian government seems more engaged: it seems unwilling to renounce control of drug routes and their immense illegal outcomes; yet, at the same time, it needs to approach Europe and the EU and must respect its rules and requirements. With its present activities in this regard, problems remain unsolved and corruption continues to 'spill-over' from one sector to another.

7. Conclusion

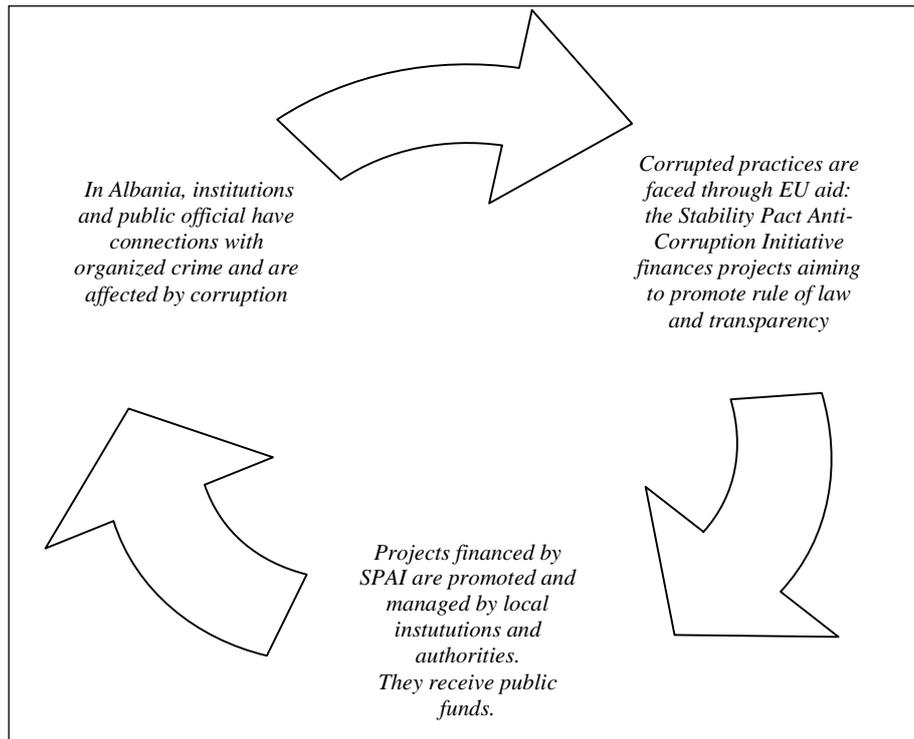
Like other former communist countries, Albania entered into a transition phase and was faced with using new measures to achieve political, economic and social progress. The political context is ruled by a thorny dialogue between the Fatos Nano and Sali Berisha regimes. Within this problematic *milieu* Berisha was re-elected and negotiations with the EU were begun. Much has been accomplished: the general performance of the economy of Albania has remained quite satisfactory; political and commercial links with all its neighbours have been strengthened and the country's image is under revision, providing a key factor in regional stability. A little more than a decade after the collapse of the communist one-party state system, it appears that much has been achieved, at least from what we hear in public declarations and party manifestos.

What has not changed is the attitude of Albania's political class. For several decades, Albania has suffered for the chronic breach between the two most important communities—the Gheg and the Tosk. This division is strictly political, and doesn't reflect a division among the Albanian people as a whole. The gap however, is manifest in the Socialist Party and the Democratic Party and their leaders, Nano and Berisha. Neither of the parties, nor their leaders, have been able to manage the new problems coming from the transition process and neither have stopped criminal clans from exploiting their strategic position on the Balkan Route. Since the rise of the pyramid schemes, the Albanian economy has become largely illegal and founded on corrupt practices. Corruption is everywhere. At the highest level, it affects institutions, judges, and public and customs officials. At the lowest level, it obliges citizens to renounce seeing a doctor, even when necessary, unless they are able to pay a bribe to obtain treatment.

In the most recent years, the government has had to work on its international image and has made promises to the EU to combat corruption. However, nothing was seriously done: the Stability Pact for South Eastern Europe programs requested projects and provided many funds to the same authorities who showed no will to reduce trafficking, to help victims or remove corrupt officials.

Albania is currently being consumed by a dangerous vicious cycle, which we demonstrate in Figure 3.

Figure 3: The Albanian Vicious Cycle



Every institution seems to be affected by organized crime, condemning democracy and economic development. Any attempt to change the situation passes through the European Union and its programs; external aids seem to be ineffective and only help the criminal structure by providing more public money for their activities, through corrupt channels.

In conclusion, the first results coming from the application of EU initiatives in these countries should help in testing their efficacy. Corruption is, in fact, a huge problem which affects several countries and any discussion about this issue should be part of a broader reflection about stability and security not only in Europe but also in the entire Mediterranean region.

Even if it is necessary to wait for the first results of the new government ruled—once again—by Sali Berisha, one suggestion that can be made at this time is for SPAI to adopt a case-by-case approach. In countries like Albania, unless one succeeds in completely transforming the current political class, efforts to change are futile. It could be useful, therefore, to involve, at first, the healthy part of the civil society, which simply suffers corruption, and to support NGOs, students associations, trade unions, etc., assuring them the necessary protection, and educating them to trust in intervention. In other words, it might prove beneficial to initiate change from the ‘grass-roots’ where a ‘bottom-up’ attitude could instigate cultural change by working from the lowest (disenfranchised) to the highest level of society.

Dr Daniela Irrera, PhD
Department of International and European Studies
Piazza XX Settembre 4
98100 Messina - ITALY
danielairrera@yahoo.it

References

- Allum F. and Siebert R. (eds.) 2003. *Organised Crime and the Challenge to Democracy*. London: Routledge
- Bigo D. 1998. 'Frontiers and Security in the European Union: The Illusion of Migration Control', in: M. Anderson and E. Borth, (eds.), *The Frontiers of Europe*. London: Pinter.
- Bhumi I. 1997. 'The Politics of Culture and Power: The Roots of Hoxha's Postwar State', *East European Quarterly*, 31 (3).
- Bumci A. 2003. 'Regional perspectives for an Independent Kosovo-Albania and Macedonia', in: F. Bieber and Z. Daskalovski (eds.), *Understanding the war in Kosovo*. London: Frank Cass, pp. 283-301.
- Bunce V. 1999. *Subversive Institutions*. Cambridge: Cambridge Univ. Press.
- Fiorentini G. and Zamagni S. 1999. *The economics of corruption and illegal markets*. Northampton: Edward Elgar.
- Gupta S., Davoody H. and Alonso-Terme R. (eds.). 'Does corruption affect income inequality and poverty?', IMF Working Paper, WP/1998/76.
- International Crisis Group, 2000. *Albania: State of the Nation..* 1 March, Balkans Report N°87.
- International Crisis Group, 2000. *Albania's Local Elections, A test of Stability and Democracy*. 25 August.
- International Crisis Group, 2001. *Albania: The State of the Nation 2001*. 25 May, Balkans Report N°111,
- International Crisis Group, 2001. *Albania's Parliamentary Elections 2001*. 23 August.
- Irrera D. 2002. 'Towards Stability and Legal Order: What is Serbia going to be?', in Kollias C. and Sirakoulis K. (eds.) *Defence, Security and Economic Development in the Balkans and Eastern Mediterranean*. Larissa: TEI.
- Jankovic B. 1988. *The Balkans in International Relations*. London: Macmillan.
- Kellas J. 1993. *Nazionalismi ed etnie*. Bologna: Il Mulino
- Lendval P. 1969. *Eagles in Cowebs: Nationalism and Communism in the Balkans*. London: MacDonald.
- Lewis R. 1999. 'Drugs, War and Crime in the Post-Soviet Balkans', in: Ruggiero, V., South N. and Taylor, I. (eds.) *The New European Criminology: Crime and Social Order in Europe*. London: Routledge.
- Migdal J. 1988. *Strong societies and weak states*. Princeton: Princeton Univ. Press.
- Miletitch N. 1998. *Traffics et crimes dans les Balkans*. Paris:PUF.
- Morozzo Della Rocca R. 1997. *Albania. Le radici della crisi*. , Milano: Guarini.
- Nadelmann E. 1993. *Cops Across Borders*. Pennsylvania: Pennsylvania State University Press.
- Pridham G. and Vanhanen T. 1994. *Democratization in Eastern Europe—domestic and international perspectives*. London: Routledge.
- Pollo S. and Arben P. 1981. *The History of Albania: From its origins to the Present Day*. London: Routledge.

- Saija M. and Irrera D. 2001. 'Per una nuova interpretazione della guerra in Kosovo: lo Stato criminale', in: Orteca P and Saija M (eds.). *La guerra del Kosovo e la Questione balcanica*. Soveria Mannelli: Rubbettino.
- Vickers M. 1999. *The Albanians: a Modern History*,. London: Tauris.
- Xhudo G. 1996. 'Men of purpose: the growth of Albanian criminal activity', *Transnational Organized Crime*, 2 (1).
- Zickel R. and. Iwaskiv W.R. (eds.) 1992. *Albania: a country study*. Washington: Federal Research Division Publication, Library of Congress.