

Albania 2014



Total: 57.19

Quick facts

Population:	2.77 million
Unemployment rate:	14 %
GDP:	13.26 billion \$
GDP growth rate:	2.1 %
GDP per capita:	4780 \$

Political Freedom

Free and Fair Elections : 7.5

The last elections in Albania in June 2013 took place in a competitive and - despite some isolated violent incidents - generally peaceful environment (unlike four years ago). But national and international NGOs drew attention to a host of issues: Misuse of state funds during the election campaign, corruption, vote-buying, family voting and employees of state and public institutions being pressured to take part in campaign rallies of the government coalition.

But the most serious problem was the incompetence of the Election Committee which resulted in illegal practices, members' resignations, delays and the general failure to meet deadlines.

Absence of Unconstitutional Veto Players : 5

There are no traditional unconstitutional veto players in Albania, however, influential interest groups wield soft powers in Albania. Rampant corruption and wide spread bribery allow for access to judiciary, political parties, legislative bodies and public sector.

Albanian organized crime groups are notorious, well organized and internationally connected. Crime rates have increased, law enforcement is flawed and border controls are inefficient. Recently, police attempted to raid drug producing plants in southern Albania around Lazarat in Gjirokaster District. Those production plants are considered among the biggest in Europe. The raid failed because the police forces were repelled by armed gangs. Albanian security forces have not yet regained full control over the region. Reports state that crime groups patrol the roads and

discourage people from entering the region.

Albania is a secular state, with 57% of Albanians identifying as Muslim. According to the United States Department of State, in recent years several Islamic NGOs have tried to increase their popularity in Albania. This has been met with very limited success.

The military is under civilian control. Albania is NATO member since 2009.

Freedom of Press : 5.1

Although Albania progressed in many ways, becoming an EU candidate country, it is still partly free when it comes to press freedom. Freedom house putting Albania in one group with Bosnia, Kosovo and Serbia concludes that some of these countries tried to implement "cosmetic reforms" in view of possible EU accession. But even EU's progress report on Albania states that "the independence of the media and of its regulatory authority gives rise to concern". In other words there is still no impartial press council and politics exerts strong influence on the media.

Rule of Law

Independence of the Judiciary : 3.25

As many as 81% of citizens (via Global Corruption Barometer 2013) found the judiciary corrupt, more than for any other state institution. According to the EU progress report for 2013, there were some positive developments. Along the implementation of the judicial reform strategy for the period 2011-13, several laws were adopted, including on the High Court and on the judicial administration. Some laws were amended, such as the criminal code and a few others. Some previously carried laws started being implemented. However, EU suggested that "constitutional amendments and legislation essential to ensuring the independence, transparency and efficiency of the judiciary have yet to be adopted or finalized". The Albanian judiciary continues to struggle to remain independent and display meaningful separation of power. Since there were several rows during the last few years between the parliament and the president over nominations for high ranking judicial positions, the EU has recommended that the appointment procedure to the High Court changed. The system of evaluation of the performance of judicial officers prior to their promotion has improved, i.e. made more "sound". There anyway seems to be less political interference when it comes to nominations for low or medium level court appointments, however these officials are also prone to political pressure or corruption.

Corruption : 3.1

Albania is the only Balkan country whose Corruption Perception Index fell (to 31 points) in 2013 as compared to 2012 (33 points). Global Corruption Barometer indicated that the worst corruption was in judiciary, political parties and legislative bodies, but also strongly present in education and healthcare. The European Commission progress report on Albania in 2013 was somewhat milder. It noticed that the number of corruption cases dealt with by the district courts had risen by 21%, while the final verdicts as determined by the appeals courts had almost doubled. Four high level

corruption cases, pending for so long, finally saw conviction of the defendants. The EU recommended further improvement of the rules regarding immunity of the elected politicians and judges and overall smoothing of the criminal procedures in corruption cases. It also noted political pressures and influence on the state institutions dealing with anti-corruption fight, thus found it important to ensure transparent and merit-based criteria for appointments and dismissals therein. The importance of an increased role of CSOs and social media was also emphasized. Other observers noted the debate on lifting the immunity of MPs accused of corruption, whereby impunity still had its strong advocates. The duopoly of the two biggest political parties has remained among key catalysts of political corruption. The two have been “ public sector jobs included “ the biggest employers in the country, who turned the entire domestic politics and election process into a zero-sum game over economic privilege.

Protection of Human Rights : 5.42

According to the EU progress report on Albania in 2013, some breakthroughs were made regarding anti-discrimination and freedom of electronic media, but there is more to be done. An urgent task for the government has been the implementation of the recently adopted anti-discrimination strategies and legislation. That goes for the LGBT population, whose position, according also to FNF findings, is the one of almost total exclusion, as well as for the Roma, whose position needs swift improvement. In the field of economic, social and property rights, the EU urged for better position of disabled and of children at risk, as well as for more efficient restitution of property and combating illegal construction (the latter being important part of the anti-corruption struggle). Respect for freedom of thought, conscience and religion, thence the level of inter-faith tolerance, is in post-communist Albania high indeed, the best in the region. Respect for some other rights such as decent treatment in custody or prison or lack of arbitrary arrest, is scarcer. The EU has thereby noticed improvements in the prison system which might improve the situation of juvenile inmates. As for children`s rights, actions were taken to diminish trafficking and sex abuse. Yet, there is a lot to be done against domestic violence. Nearly 80% of under-15-year-olds are beaten, while child labor is widespread. Curbing violence against women requires government support for NGO-run shelters and emergency telephone lines, which were established in addition to scarce national ones. Finally, according to a recent research, a disturbing factor in the case of Albania is a silent consensus by the two biggest political parties on defying some of the EU conditionality regarding human rights, e.g. in respect to rapid restitution of private property, or to minority rights of the Roma population.

Economic Freedom

Security of Property Rights : 4.07

Private property in Albania is not well protected. Major drivers of the rather poor performance of this indicator are the weak results in the Independence of the Judiciary, Impartial courts and Protection of property rights indicators. Although certain reforms took place recently, legal procedures are slow, property rights are not well defined in some areas, and there is widespread corruption in the judiciary system.

The acquisition of certain kinds of property is restricted. Agricultural land can be only leased but not purchased by foreigners. Commercial property may be purchased only with a guarantee of

threefold investment against the value of the land.

The protection of private property, on the other hand, is adequate but may be further improved through judiciary reforms and dealing with corrupt practices.

Size of Government: Expenditures, Taxes, and Enterprises : 8.42

Government in general is mostly absent from direct participation in the economy. This results in high score for this indicator, enabling Albania to remain at the forefront of the region and almost all other European countries. The main reason for such an excellent score are the low levels of government spending. Although the recent global recession had resulted in the steep rise of government spending (the public deficit rose to 5.12% of GDP in 2013), it was brought back from its pre-crisis relative levels, leaving consolidated government expenditures at only 30.1% of GDP in 2013. Therefore, it was possible for Albania's tax system to remain favorable to personal income and labor costs.

But there is room for further improvement. The public sector remains strongly involved in utilities, infrastructure and some public companies. During the recent years Albania did not suffer from negative growth rates, but still government transfers and subsidies were increased in order to neutralize the downturn effect.

Regulation of Credit, Labour, and Business : 6.59

Regulations are generally is favorable to private business in Albania but still much more can be done to support the workings of Albania's market economy. Starting a business is relatively easy regarding procedures and requirements for private investors. It takes only 4.5 days and 5 procedures to start a business. However, dealing with Albania's bureaucracy is costly and corruption remains a serious issues. Certain professions are tightly regulated, resulting in de-facto entry barriers. Regulation of credit is still at relatively high level compared to other transitional countries which is the result of previously modest international financial integration of the country.

The labor market is inflexible - a common trait with some other countries from the region. Firing regulations and mandates and powerful collective bargaining make hiring relatively expensive. The minimum wage is set at about 160 euros a month, which is in gross terms, at relatively high level of 50% of GDP per capita. Employment is burdened by complicated rules and regulations.

Freedom to Trade Internationally : 8.74

Trade freedom is at the high level in Albania. It is mostly in line with Central Europe Free Trade Agreement with non-EU regional countries and Stabilization and Accession Agreement with the EU, which define very low tariffs and barriers of entry. Still, there are regulations that impede international trade as well as bureaucracy that raises trade costs. Capital controls and labor restrictions are the most important issues in this regard, which are still present in the country. However, Albania's further opening to the world through international market integration alongside the EU accession process will foster international trade freedom in Albania.