

FROM STABILIZATION TO CONSOLIDATION: ALBANIAN STATE CAPACITY AND ADAPTATION TO EUROPEAN UNION RULES

INTRODUCTION

Albania's path from isolation and peripherality toward the mainstream (EU-centred) structures of European economic and political life has been amongst the most challenging among the former communist states of Central, Eastern, and South-eastern Europe. Almost two decades into a process of transition from Communism, Albania continues to be plagued by problems of chronic poverty, under-development, and corruption. The fragility of Albania's political institutions combined with identifiable patterns of 'state capture' has meant that the state, for much of the period under review, has lacked the capacity to tackle the deep-seated problems encountered during transition. Notwithstanding those difficulties, however, Albania has gradually drawn closer to the European Union, and with more determined leadership begun to seriously tackle some of its most intransigent problems. This new stage in Albanian-EU relations was formally confirmed by the signing of a Stabilisation and Association Agreement (SAA) on 12 June 2006, which effectively moved Albania on to an 'accession track'; at the very least this gives the country a much clearer membership perspective than previously, and, in theory, should help to incentivise Albanian reformers as they engage in the transposition and implementation of the EU's *acquis communautaire* into domestic law.

If the signing of the SAA created a new context in which policy-makers could implement substantive and lasting reforms, it seems clear that Albania's path toward Brussels will still prove a long and difficult one. The problem for Albania and other applicant states in the Western Balkans region is twofold. First, attitudes to further enlargement have hardened. In short the environment in which enlargement is debated and framed has become much more brutal for all applicant states. EU conditionality penetrates deeper and deeper into domestic politics and make more and more

demands on local policy-makers to deliver reform *in advance* of membership. In many respects the EU constitutes a classic ‘regime-maker’ and candidate state and SAP states ‘regime-takers’ in a classical construct of asymmetrical power relations. The second problem is that all states in the Western Balkans region are contending with acute and fundamental difficulties in basic state building.

In this article we review Albania’s relationship with the EU, and assess the degree of progress made by Albania within the SAA framework. Our main argument is that Albania constitutes a *janus-faced applicant state* - on the one hand legislators have accepted EU recommendations and sought to transpose and implement policy measures on the ground. On the other hand policy implementation has been clearly deficient, mainly because of recurring problems of inherent state capacity, political polarisation, and a distinct lack of political will. Some of this is familiar from the patterns exhibited earlier in the eastern enlargement of the EU and, especially, in the meandering paths to membership taken by Bulgaria and Romania. Albania’s EU debate has, for most of the period under review, been a prisoner of the fractious political divide between the Democratic Party (DP) and the Socialist Party (SP). The janus-faced approach to European integration has been especially evident in the failure to deliver on commitments made on EU-related reform, which have frequently been sacrificed on the altar of vicious local political squabbles, hindering the development of a rational and functional approach to policy.

We argue that Albania will have to jettison this janus-faced approach if it wants to fully realise the benefits of the SAA and move forward toward an outright accession perspective. This will not be easy as so many of the leading actors in Albanian politics continue to be identified as close to, if not directly involved with, networks of corruption. Albania’s elevation to the SAA regime, however, demonstrated that the administration of Sali Berisha (mark 2) has clearly recognised the futility of pursuing this dualist approach to the EU, and set out the most sweeping reform agenda pursued in Albania to date. Central to it has been a new focus on rooting out corruption and a much more radical approach to economic development. Thus we use the article to examine the extent to which the SAA process (alongside more decisive local agency) has acted as a catalyst for substantive Albanian reform of economic and political institutions.

FROM INDEPENDENCE TO THE STABILISATION AND ASSOCIATION AGREEMENT

The starting point for Albania's relationship with the European Union was, of course, the collapse of the communist regime in 1991. We posit three distinct stages in Albania's transition from communist rule. First, the period from the end of communism through to the collapse of the Pyramid Schemes and the ouster of Sali Berisha's administration in 1997-8; second, the period from 1998 to 2005 which encompassed rule by the Socialist Party, and, finally, the triumphant return to power of Berisha and the DP after the July 2005 parliamentary elections. Table one outlines these phases and their distinctive characteristics.

Table 1: The Three Phases of Albania's Transition from Communism

PHASE	I	II	III
Period	1990-97	1998-2005	2005-present
Political Orientation	DP led centre-right	SP led centre-left	DP led centre-right
Domestic Politics	-Extreme partisanship and contestation -Armed uprising -External intervention (Operation Alba)	-Extreme contestation and frequent changes of government	-Economic and Political Consolidation
Relations with the EU	-Strong selective Bilateralism (Italy/Greece) -Weak ties with the EU	-Crisis Period followed by gradualist approach by EU	-Strong institutional ties developed through SAA and European Partnership

Enver Hoxha's paranoid introspective state had been virtually closed, not just to Europe, but to the outside world for much of the previous fifty years. Therefore unlike some other communist states, Albania did not, in the 1980s, attempt to establish a relationship with the then European Community. The establishment of relations followed only with the decisive overthrow of the regime. The Albania that emerged from this period quickly embraced constitutionalism and democracy but did so in a context where social upheaval and political rivalries would consistently punctuate and weaken the reform effort.¹ The policy of isolationism and 'functional autarky' of the Hoxha regime left Albania as the least developed and most economically backward state in Europe and this continues to impact on development and public policy.²

As a small nation emerging on to a radically altered geopolitical terrain in the early 1990s it was hardly surprising that Albania should radically re-orient its external relations and prioritise ties with the European Union. Integration into the EU quickly became an important part of the lexicon of Albanian politics. Ailish M. Johnson has described Albania's early relationship with the EU as one of a 'nested partnership' characterised by close bilateral ties with Greece and Italy, which were used to increase and better facilitate operational relations with the European Union and help accelerate Albania's economic integration.³ Over time the 'nested partnership' model would remain important for Albania but ultimately be displaced by the more conventional set of bilateral and regional relations common to the enlargement framework.

Whilst the elections of 1992 brought the newly formed Democratic Party of Albania (DP) to power the reform process gathering pace in other parts of Central and Eastern Europe largely passed Albania by. Not for Albania the so-called 'shock therapy' employed in Poland's economic transition nor the purgative trauma of lustration exercises mounted in the Czech Republic and elsewhere. Initial Albanian relations with the European Community began with a non-preferential Agreement on Trade

¹ See A. Felicke-Tiemann, 'Albania: Gradual Consolidation limited by Internal Political Struggles', *Southeast European and Black sea Studies*, 6, (1), 2006, pp.26-7.

² A.M. Johnson, 'Albania's Relations with the EU: On the Road to Europe?' *Journal of Southern Europe and the Balkans*, 3,(2), 2001, pp.172.

³ *Ibid.*, p.175.

and Economic Cooperation (TCA) which entered into force on 1 December 1992⁴, a familiar route on the way to the status of associated country.⁵ In 1995 Albania requested the opening of negotiations on an Association Agreement (or Europe Agreement as they were more formally known) but the European Commission's assessment, issued in June 1995, concluded that the usual type of Europe Agreement (already in place for the majority of post-communist states in Central and Eastern Europe) could not be enacted. The General Affairs Council of 29-30 January 1996 merely invited the Commission to submit further proposals for a new agreement with Albania.⁶

In this initial period of transition from Communism the fragility of the new democratic institutions regularly manifested itself in Albanian politics. The most obvious negative effects of this included demonstrably unfair parliamentary, presidential and local elections, a weak civil society and extreme party political contestation. As his tenure progressed President Sali Berisha acted in an increasingly authoritarian fashion, reducing the potential for bipartisan approaches to politics. Meanwhile Albania's reputation as a significant existential threat to European security (criminal gangs, money laundering, drug trafficking) continued to flourish. Daniela Irrea describes how Albanian gangs established illicit drug routes and cultivated mutually beneficial relationships with a wide variety of local actors – civil servants, judges, police officers, businessmen and politicians. For the latter, these relationships could be used not only for personal gain but to consolidate local and national political power bases. In a series of reports Interpol expressed alarm at both the entrenchment of corruption in Albania and the reach of Albanian criminal clan networks throughout Europe.⁷ By the mid 1990s politics had become in some senses merely a proxy for the larger determinative battles being waged by rival criminal factions in the country.

⁴ European Economic Community, 'Agreement between the European Economic Community and the Republic of Albania, on Trade and Commercial and Economic Cooperation, OJL 343, 25 November 1992.

⁵ See E.g. J. O' Brennan, *The Eastern Enlargement of the European Union*, (Part One), Routledge, Abingdon, 2006; D. Phinnemore, *Association: Stepping-stone or Alternative to EU Membership?* Sheffield Academic Press, Sheffield, 1999.

⁶ European Commission, 'Report from the Commission to the Council on the work of the EU/Albania High Level Steering Group, in preparation for the Negotiation of a Stabilisation and Association Agreement with Albania, COM (2001) 0300 final, Brussels

⁷ D. Irrea, 'The Balkanisation of Politics: Crime and Corruption in Albania', *EUI Working Papers*, RCAS No. 2006/18, Robert Schuman Centre for Advanced Studies, European University Institute, Florence, p.1.

The pyramid crisis of 1997 reinforced the international image of Albania as anarchic, lawless, tribal, and unreformable.⁸ Unsurprisingly the crisis led to the ouster of the DP and the election (in another dubious electoral contest) of the Communist Party's successor the Socialist Party (SP). This second period of transition, from 1997 to 2005, constituted a lost opportunity for Albania. As almost all other states in the region made demonstrable progress in economic and social development, Albania was rendered moribund by the power struggles among local elites which determined the nature of much of political life.⁹ And if external issues such as the Kosovo War and the 2001 uprising by Albanian groups in Macedonia presented added domestic difficulties for political actors, it seems clear that the habitual polarization of politics was the most important factor in Albania's being left behind.¹⁰ In 1999 the European Commission presented a Feasibility Study which concluded that Albania was categorically not in a position to take on far-reaching contractual obligations with the EU. The Commission was explicit in arguing that sharing common values with the Union was not enough – Albania had to deliver and demonstrate sufficient administrative capacity and political will to ensure it could meet its obligations.

Finally, the third phase of Albania's transition began on 3 July 2005, with the parliamentary elections which brought Sali Berisha's Democratic Party back to power. Promising an end to corruption and to draw Albania closer to Brussels, Berisha's election constituted a 'new departure' in Albanian politics and by implication in Albania's relations with the EU. Prior to this there were signs of a more mature approach to national political dialogue, following an EU-brokered agreement in June 2002 which was intended to end the feud between Prime Minister Fatos Nano and Sali Berisha and prevent political contestation rendering Albania's reform efforts moot. Despite the promise of a new departure in Tirana, Berisha struggled to meet the conditions set down by Brussels to move toward a SAA. Finally in June 2006 the SAA was signed and Albania moved on to a more concrete footing in its relationship with the EU. The sections to follow will explore more fully the consolidation of

⁸ On the Pyramid Crisis see J. Pettifer and M. Vickers, 'The Pyramid Banking Crisis and the Democratic Party Government' (chapter one), *The Albanian Question: Reshaping the Balkans*, I.B. Tauris, London, 2007, pp.1-50.

⁹ See J. Pettifer and M. Vickers, 'The Revival of Socialist Power and the Royalist Challenge' (chapter 6), *The Albanian Question*, pp.79-92.

¹⁰ A. Feilcke-Tiemann, *op.cit.*, pp.26-7.

economic and political institutions under the Berisha administration since then and the extent to which EU *acquis* norms have been embraced.

ECONOMIC FUNDAMENTALS AND THE EU ECONOMIC CRITERIA

The European Union intervened quite late in Albania compared to the other post-communist countries, and its interest was primarily to ensure security and stability. Subsequently Albania has been the beneficiary of the largest amount of EU funding amongst the Western Balkan countries, first through a ten year PHARE programme (1991-2001)¹¹, followed by a five year CARDS programme (2001-2006)¹² and, currently, through the IPA¹³. Despite this sustained external support, Albania remains the poorest country in Europe, with a per capita income in 2007 of no more than 19 per cent of the EU average. Nevertheless, there have been positive developments in Albania's economic life, not least because of the demands imposed by the European integration process - the statistical evidence demonstrates a marked improvement in macro-economic performance in recent years. Any objective analysis of Albania's adaptation to EU norms must reference the terribly destructive impact on the country's productive infrastructure of the violence and lawlessness which accompanied the transition to democracy in the early 1990s, and, even more spectacularly, the 1997 crisis. Simply put, Albania has faced problems of both nature and magnitude quite unlike anything experienced in neighbouring countries. It has had to re-build its economy on very shaky foundations and where the legacy of the past weighs heavily on many economic sectors.

Economic growth and macroeconomic fundamentals in Albania since 1991

Albania's transition to an economy dominated by market forces has been slow and contested. Nevertheless some familiar elements can be identified. Massive price liberalisation, large-scale cuts in subsidies for insolvent state owned enterprises, rapid privatisation and some efforts at land reform provided the necessary stimulus for an economic recovery in the aftermath of the collapse of communism. In the first years

¹¹ The French acronym for the programme 'Poland and Hungary: Assistance for Restructuring Economies'.

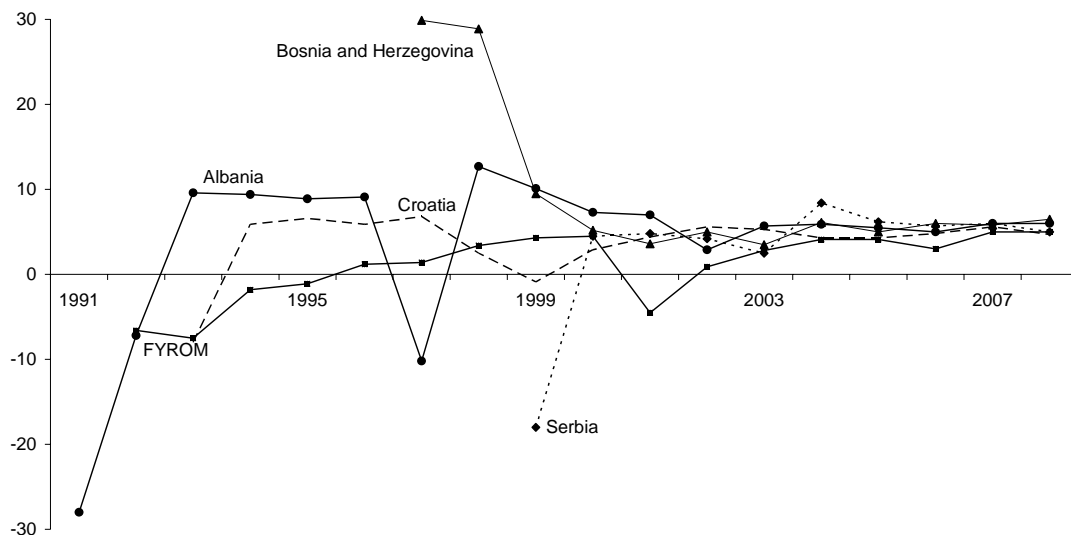
¹² Community Assistance for Reconstruction, Development and Stabilisation.

¹³ Instrument for Pre-Accession.

of transition, however, growth rates plummeted, with a negative growth rate of 25 per cent recorded in 1991, demonstrating the extent of the economic meltdown at that time (See Figure 1 below). Similarly the Pyramid Crisis of 1997 saw growth fall by more than ten percentage points in the following year. Since 1998, however, Albania has returned to a healthy growth trajectory, with GDP growing strongly in 2005 (5.6 per cent), 2006 (5 per cent) and 2007 (6 per cent)¹⁴. That places Albania amongst the strongest performing economies in the Western Balkans region and the only one that has recovered its pre-1989 level of economic growth¹⁵.

Figure1 GDP at constant prices, in percentage change

(Source: IMF)



Albania's economic consolidation is also reflected in figures for per capita output (Table 2). In fact the country has doubled its GDP per capita from €1,121 in 1999 to €2,259 in 2006. Comparative figures demonstrate that Albania's GDP per capita is now similar to that of other countries in the Western Balkans region. Economic growth projections are strong with the likelihood of another significant jump in income levels over the next decade. The fiscal position has also stabilized with the general government deficit falling from almost 12 per cent of GDP in 1998 to 3.3 per cent in 2006. Restrictive monetary policies, resulting from the structural adjustment programs recommended by all international financial institutions, has meant that

¹⁴ 'Albania 2008, forecasts and challenges', *South East European Times*, 18 February 2008, http://setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/articles/2008/02/18/reportage-01

¹⁵ D. Lane, D. 'Post-Communist States and the European Union', *Journal of Communist Studies and Transition Politics*, 23, (4), 2007, pp.461-77.

inflation has largely been contained, averaging only 2.5 per cent over the past 5 years.¹⁶ Thus we can say authoritatively that Albania's macro economy has decisively turned a corner and now appears ready to reap the benefits of an accelerated relationship with the EU.

Table 2 Income Per Head in Albania and neighbouring countries in the Western Balkans 1999-2006

	1999	2001	2003	2006
Albania	1,052	1,483	1,627	2,259
BiH	n/a	1,565	1,936	2,542
FYROM	1,713	1,890	2,028	2,431
Serbia	2,371	1,756	2,404	3,434

Source: Eurostat

Albania has also begun to converge with European norms in key areas of trade and development. Exports and imports have both been re-directed, overwhelmingly toward EU states, over the past decade. In 2006 the EU was the destination for 90 per cent of Albania's exports whilst providing 70 per cent of Albania's imports. The signature of the SAA and the operationalisation of bilateral free trade agreements with neighbouring countries provides new opportunities for trade creation. On the negative side free trade has also brought harsh competition from neighbouring countries. The Albanian agri-business sector in particular has suffered major losses.

Albania currently provides much of the low cost 'labour force' of Italy and Greece, its major trading partners, but the terms of trade are not favourable to Albania. Instead, its relative trade dependency and the lack of sufficient technology transfer keeps the country trapped in a cycle of low intensive production, without further development of the agricultural or industrial sector. Currently more than half of its GDP derives from trade (mainly textile exports) and the services sector (particularly construction).

¹⁶ European Commission, 'Albania 2007 Progress Report', COM(2007) 663 final, statistical appendage.

The imbalances in Albania's trade and investment regime are reflected in the continuing high current account deficit which, in 2006, reached 7.6 per cent of GDP. Financing of the deficit continues to depend in large part on remittances from Albanians abroad, estimated at around €500 million or 13 per cent of GDP in 2006 or approximately 55 per cent of the trade deficit.¹⁷ It is in this key aspect that the Albanian economy differs from other peripheral states in Europe, but Albanian policy-makers point to the progress made by Portugal and Spain, for example, in diversifying the commodity composition of their export base within the EU Single Market regime, not to mention the significant efforts at trade diversification by the Central and East European states as they moved closer to EU membership.

Analysis of earlier enlargement rounds also demonstrates the degree to which accession-related reforms encourage inward investment. Foreign Direct Investment (FDI) in Albania has increased slowly from a very low base (2.78 per cent of GDP in 1996 to 3.6 per cent in 2006), but, as Table 2 demonstrates, continues to lag behind other countries in the region, especially Serbia - the regional leader. In comparative terms Albanian FDI represented 13 per cent of the overall FDI in South East Europe in 1998 but only 9 per cent in 2003 and significantly less than that in 2006. The United Nations Conference on Trade and Development (UNCTAD) statistics for FDI show Albania making net overall progress over recent years: in 2007, for example, there was a quantum leap forward with net FDI inflows more than doubling to \$656 million, up from \$325 million in 2006.¹⁸ Notwithstanding the more difficult international economic conditions experienced in 2008 Albania will again significantly increase FDI flows. Not surprisingly it is Greek, German and Italian companies that have been most prominent in investing in Albania, primarily in the energy and transmission sectors but also crucially in the textile manufacturing and clothing sectors. Nevertheless, the FDI inflows are still insufficient, not only in regional terms but also at the national level. FDI remains limited mainly due to a relatively insecure investment environment, poor infrastructure, over-demanding

¹⁷ European Commission, *op.cit.*, 2007.

¹⁸ 'Albania: World Investment Report 2008', Geneva: UNCTAD, 24 September 2008, http://www.unctad.org/sections/dite_dir/docs/wir08_fs_al_en.pdf

administrative procedures, corruption in the public administration and the judiciary and relatively high taxes.

Table 3 Foreign Direct Investment inflows in South Eastern Europe 1993-2006 (in \$ million)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Albania	58	53	70	90	48	45	41	143	174	207	178	338	277	325
Bosnia and Herzegovina	n.a.	n.a.	n.a.	n.a.	n.a.	67	177	146	119	265	381	668	521	423
FYROM	n.a.	19	9	11	16	118	32	176	442	77	95	157	100	351
Serbia and Montenegro	n.a.	n.a.	n.a.	n.a.	740	113	112	50	165	475	1,260	1,029	2,090	5,128
SEE	58	72	79	101	804	343	362	515	900	1,024	1,914	2,192	2,988	6,227

Concerned about Albania's relatively poor investment performance, the Berisha administration opted for radical change and reduced corporation tax from 20 per cent to 10 per cent in January 2008. Thus, there are potentials for FDI growth in Albania due to important potential competitive advantages such as favourable natural conditions, proximity to key EU markets, a relatively low cost labour force, and progress in the privatization process. Indeed the government announced a large scale privatization programme in early 2008 which will spell the end of public ownership of the last major assets controlled by the state. These include the distribution branch of Albania's controversial power utility KESH, the state-owned insurer INSIG, and the only oil refinery in the country ARMO. This followed the sale of a majority stake in *Albetelekom* for €120 million in 2007.¹⁹ Similarly the 'Albania for 1 Euro' investment project represents a (belatedly) bold plan to make publicly-owned land available to investors.²⁰ Macro-economic stability also allowed Berisha's administration to

¹⁹ 'Albania in Big Privatization Drive', *Balkan Insight*, 7 January 2008,

<http://balkaninsight.com/en/main/news/7237/>

²⁰ 'Albania to Build a '1 Euro' Plant', 15 January 2008, <http://balkaninsight.com/en/main/news/7371/>

produce Albania's largest budget in 18 years in 2008 with more than €800 million, or 20 per cent of the budget allotted to infrastructure.²¹

It seems clear that notwithstanding the progress made in signing an SAA in 2006, Albania continues to grapple with an image problem, one of an unstable and corrupted administrative and legal environment which leaves the black economy still constituting about 30-60 per cent of Albanian economic activity. The heavy reliance on informal mechanisms such as remittances, bribery, and kinship networks has hindered the development of the banking sector in particular and promoted the cash economy, creating ongoing difficulties in collecting tax and generating revenue for the government.

Emigration also continues to be a problem with some scholars estimating that approximately one sixth of the total population has emigrated since 1991²². Amongst other consequences of emigration, the 'brain drain' phenomenon impacts on FDI particularly as the depletion in human capital discourages investors. Nevertheless Albanian policy-makers point out that they are grappling with problems which are best tackled through improved macro-economic performance, consistently strong growth, a more effective regulatory climate and robust attacks on corruption. In addition some or all of these problems were (and are) present in the CEE states and did not constitute a barrier to entry to the EU.²³ Indeed the pre-accession process and efforts to transpose and implement the *acquis communautaire* represent the most effective means of improving the economic system across the board. In late 2007 the administration demonstrated its commitment to radical economic reform by slashing the amount of time required to register a business from 47 days to just 24 hours, and by introducing, in early 2008, a flat 10 per cent income tax rate (one of the lowest in Europe) which Finance Minister Ridvan Bode argues will take tens of thousands of people out of the black economy.²⁴ If Albania was slow to embrace the culture of

²¹ 'Albania 2008, forecasts and challenges', *South East European Times*, op.cit.

²² L.S. Arrehag., O. Sjoberg, and M.; Sjoblom, 'Post-communist cross-border migration in South-Eastern Albania: Who leaves? Who stays behind?' *Journal of Ethnic and Migration Studies*, 32, (3), 2006, pp. 377-402.

²³ See R. King,(Ed.), 'New Perspectives on Albanian Migration and Development', *Journal of Southern Europe and the Balkans*, Special Issue, 7, (2), 2005.

²⁴ 'Albania joins Flat Tax Club', *Balkan Insight*, 3 January 2008, <http://www.balkaninsight.com/en/main/news/7207/>

reform and adaptation, elevation to SAA status reflected both an improved economic performance and a renewed commitment on the part of the Berisha government to market principles and EU norms.

Capacity building through Structural Aid Programmes

In Albania, as in other SAA and accession candidate states, EU activity has focused on a distinctive combination of capacity building (carrots) and conditionality (sticks). Capacity-building, designed to stoke competitiveness and encourage investment, has evolved through different instruments including EBRD loans and EIB investment. Financial aid has been transferred through three successive programmes : first through the PHARE programme (1991-2001), followed by the CARDS programme (2001-2006) which remained in place until after the signing of the Stabilisation and Association Agreement in June 2006. Total aid in this fifteen year period amounted to about €1.3 billion. Finally, like other Western Balkan countries, Albania is now receiving financial and structural aid through the new Instrument for Pre-Accession Assistance (IPA) programme, which, from January 2007, replaced the previous programmes. For the period 2007-2010 Albania will receive €306.1 million, roughly the same as Bosnia and Herzegovina (€332 million) and FYROM (€302.8 million)²⁵. This figure is significantly more than what the country received under the CARDS program (€315.5 million for the period 2000-2006) but this still amounts to only €26 per capita. It is worth acknowledging that despite increases in EU funding the western Balkans states come off considerably worse than the newest EU members, Bulgaria and Romania, in respect of EU subvention. Michael Emerson demonstrates that where Bulgaria and Romania are currently receiving €62 and €83 respectively per capita, the western Balkans states are only receiving an average of €43 per capita. Strikingly Albania's EU funding amounts to just over half the level of the western Balkans average and only one seventh of the level going to Romania.²⁶

²⁵ A very good source of synthesised information is the EU-World Bank joint vehicle, the Economic and Reconstruction of South-eastern Europe project; its website can be found at:

<http://www.seerecon.org/gen/ecrole.htm>

²⁶ M. Emerson, 'Recalibrating EU Policy toward the Western Balkans', CEPS Policy Brief No.175, October 2008, Centre for European Policy Studies, Brussels, http://shop.ceps.eu/BookDetail.php?item_id=1738

So what activities has this ongoing EU financial subvention supported in Albania? Not surprisingly the infrastructural sector stands out along as a core funding area, along with programmes designed to improve Albania's human resources. A recently modernised Tirana International airport had its inaugural ceremony in spring 2007, and the construction of the eighth pan-European transport corridor (Durres, Albania to Varna, Bulgaria) is underway and expected to deliver significant economic benefits at a regional level. At the academic level, Albania is now part of the *Erasmus Mundus* network and the first student exchanges were instituted in September 2007. In addition, the country will also expect spillover in the research arena, arising out of participation in the FP7 research program²⁷. So far, 89 Joint European Projects, 8 Structural and Complementary Measures and 1,214 Individual Mobility Grants with a total EU contribution of some €30.9 million have been funded.

As significant as the financial dimension to EU capacity-building efforts has been the nascent emphasis on supporting the SAA and applicant country efforts to transpose the *acquis*. Where in the early and mid 1990s the PHARE programme was mainly focused on building and renewing physical infrastructure, the CARDS programme produced a significant change of emphasis, focusing on judicial reform and building administrative capacity, in accordance with the SAP objectives. The IPA will focus on the following sectors: Transition Assistance and Institution Building, regional and cross-border cooperation, regional development, human resources development, and rural development. This regional assistance programme shows that the emphasis is now firmly on the quality of the management of the financial aid and on delivery of accession-related results rather than the level of the aid itself. The EU demonstrates an increased preoccupation with good governance, the rule of law and effective public administration as the cornerstones of Albania's European partnership; EU capacity-building efforts are all designed to support and enhance Albanian reform efforts.

THE POLITICAL SYSTEM AND EU POLITICAL CRITERIA

This section analyses the political criteria laid down by the EU for membership of the Union and the extent of progress made by Albania in recent years. At the outset of

²⁷ Information supplied by the Delegation of the European Commission in Tirana, <http://www.delalb.ec.europa.eu/>

the eastern enlargement round in the early 1990s the EU introduced a rather loose set of political conditions for prospective member states, including the achievement of stable institutions that guaranteed democracy, the rule of law, human rights, and respect for and protection of minority rights.²⁸ Although the criteria have taken on an almost iconic character over the years, reflecting as they do the supposed core norms and values of the EU, the lack of precision in defining what constitute the terms of membership is still an important element of the process which candidate states have to reckon with. The EU as the ‘regime-maker’ within the enlargement process still retains a significant capacity for creative interpretation of the meaning of the criteria. On the other hand, however, the eastern enlargement saw the European Commission put flesh on the bones of many of the criteria loosely grouped under the ‘democracy and rule of law’ rubric and this now constitutes an important informal rulebook so far as Albania and other would-be member states are concerned.²⁹

Two important considerations must be born in mind when assessing Albania’s progress in meeting the Copenhagen political criteria. First, the very nature of EU political conditionality has changed markedly with new patterns evident in the aims, approach and priorities as well as the methods employed the Commission to achieve compliance with EU norms.³⁰ A core element of this change lies in the development of a set of norms related to state capacity and to the functioning of candidate states’ systems of public administration and the judicial system, these have become important touchstones for Albania and other states in the queue for membership.³¹ Geoffrey Pridham argues that the EU absorbed any number of lessons from the eastern enlargement round and those lessons prompted the deployment of a more ‘muscular’ conditionality in the Western Balkans. Various new mechanisms have been introduced to improve implementation of accession-related legislation. Monitoring of commitments is much more invasive than ever before after the introduction and extension of so-called ‘safeguard clauses’ and the new procedure of

²⁸ European Council, Presidency Conclusions, Copenhagen European Council, *Bulletin of the European Communities*, EC 6-1993; See also John O’ Brennan, *The Eastern Enlargement of the European Union*, op.cit., Part One.

²⁹ See M. A. Vachudova, *Europe Undivided: Democracy, Leverage and Integration after Communism*, Oxford University Press, Oxford, 2005.

³⁰ G. Pridham, ‘Change and Continuity in the European Union’s Political Conditionality: Aims, Approach and Priorities’, *Democratization*, 14, (3), 2007, p. 454.

³¹ See John O’ Brennan, ‘The EU in the western Balkans: Statebuilding as Empire? A Rejoinder to Professor David Chandler’, *Global Society*, Volume 22, Number 4, October, pp.507-18.

‘bench-marking’ for provisionally opening and closing of specific negotiating chapters. Albania and other SAA and candidate states thus face a qualitatively different and more challenging enlargement environment than previous applicants.³²

The second important consideration is specific to Albania itself. In Albania transition has been marked by an ongoing and destructive struggle for power between opposed and uncompromising political forces which has militated against the patterns of democratisation evident in Central and Eastern Europe being replicated. State capacity remains extremely weak and the gulf between the formal and substantive institutions and practices of democracy is more obvious (and its effects more pernicious) in Albania than its relationship with the European Union (gradual progress from TCA to SAA and an accession perspective) would suggest. Our analysis demonstrates that the EU’s annual progress reports attempt a familiar balancing act between encouraging reform and insisting on compliance with EU norms. And whilst such a gap between performance and its interpretation was present throughout the eastern enlargement round, it is much more pronounced in Albania.

Democracy and the Rule of Law

The Albanian Constitution of 1998 guarantees democratic freedoms. The parliament is unicameral and consists of 140 members: 100 elected directly and 40 by proportional representation. During the first two phases of transition Felicke-Tiemaan argues that ‘the tendency to identify the state with the party in power’ constituted the most identifiable feature of the domestic politics of Albania. Arguments about jurisdiction frequently crippled the work of parliament, the civil service and judiciary.³³ Here the structural-historical deficit of the weakness of the state has been compounded by the tendency for political parties to converge not around ideologically defined party programmes but rather around networks based on ties to family, clan and kinship. Group solidarity manifests itself especially in the political divide in Albania between the Ghegs and the Tosks with group members identifying with

³² Ibid., p.454.

³³ A. Felicke-Tiemann, op.cit., p.28.

‘customary law’ that provides a rule-of-law tradition ‘defining moral, political and communal behaviour’.³⁴

Enver Hoxha’s Tosk-dominated state produced a post-communist surrogate in the shape of the Socialist Party which institutionalised Tosk (southern) dominance of the public services (especially the SIGURIMI – the Albanian intelligence agency). Subsequently, Sali Berisha’s DP, largely derived from the Gheg community of northern Albania, fostered a culture of deep patronage which simply replicated the exclusivist and partisan Tosk model. Berisha replaced the SIGURIMI with a new intelligence agency - the SHIK, firing all agents identified with the previous regime and replacing them with his own people. Subsequent changes of government inevitably produced changes in every layer of the public administration as the SP and DP rewarded supporters and punished public servants identified with the other side. As a consequence Albanian politics has continued to be rent by this strong political polarisation. The persistence of such vertically structured power relations, as Bideleux’s argument suggests³⁵, goes a long way toward explaining why Albania has faced far greater difficulty in consolidating the rule of law and rule-based democratic institutions and market mechanisms.

The three different phases of Albania’s transition have seen electoral contests for a range of state offices compromised by irregularities, inefficiencies and outright fraud. In the early years of transition these abuses were open, large-scale and the subject of explicit criticism by international bodies such as the OSCE and Council of Europe. Over time, as Albania has come under greater scrutiny from the EU, such abuses have undoubtedly reduced but still demonstrate significant deviation from European norms. Even with improvements to the system a constant feature has been opposition challenges to the impartiality of the bodies in charge of the preparation of the elections which are perceived to be partisan toward the government.³⁶

The 2005 parliamentary elections, conducted on the basis of a newly revised electoral code, ‘were lengthy and showed shortcomings, but were conducted in a

³⁴ E. Giatzdis, ‘The Challenge of Organized Crime in the Balkans and the Political and Economic Implications’, *Journal of Communist Studies and Transition Politics*, 23, (3), 2007, pp.331.

³⁵ R. Bideleux, *op.cit.*, p.124.

³⁶ *Ibid.*

fundamentally sound manner' even if outgoing Prime Minister Fatos Nano was anything but gracious in conceding defeat and delayed the handover of power asserting: 'the elections are politically unacceptable and the legitimacy of the winners is limited'.³⁷ Berisha's DP and its allies gained a total of 80 seats compared with a total of 60 seats for the SP and other parties which gave Berisha a comfortable working majority. As happened frequently in the past political disputes led to a delay in the spring 2007 local elections and led to many technical shortcomings which the OSCE commentary suggested were competitive but far from fully in line with international commitments and standards.³⁸ Analysis of the various reports suggests Miranda Vickers is correct in arguing that up to recently elections have constituted a real obstacle to normality in Albania.³⁹ They have been at once a reflection of the deep polarisation of the political parties and an obstacle to advancing Albania's claim to membership of international organisations and especially the European Union.

The electoral arena thus stands out as the most obvious terrain where Albania's janus-faced approach to European norms and structures manifests itself. The enduring nature of Albania's 'vertically-structured' political parties and its crippling impact on domestic politics is highlighted in successive EU documents and explicitly in the European Commission's 2007 Progress Report which asserts:

there was little progress towards constructive consensus between political parties on implementing reforms necessary for progress in the Stabilisation and Association Process. Parliamentary work was often dominated by a short-term political agenda which polarised debate. Parliamentary decisions were often delayed due to disputes focused on narrow party interests or rushed without proper preparation and discussion. This held back reform, particularly in the electoral and judicial fields.⁴⁰

³⁷ European Commission, 'Albania 2005 Progress Report', COM (2005) 561 final, Brussels, 9 November 2005. See also 'Berisha's War and Peace Cabinet' *Transitions*, 19 September 2005.

³⁸ European Commission, 'Albania 2007 Progress Report', Commission Staff Working Document COM 2007 (663) final, Brussels: 6 November 2007.

³⁹ M. Vickers, *The Albanians: A Modern History*, IB Tauris, London, 2003.

⁴⁰ European Commission, op.cit., 2007, pp.13.

Albania's model of executive-legislative relations can be also be singled out as a dysfunctional one in which the contestation for power has had pernicious effects. In this respect it constitutes another barrier to both the consolidation of democracy and achieving EU membership. Parliament has been a victim of both the bitter hostility between the opposed political forces within Albania and the demands of the European integration process. In the case of the former the hostility has at times rendered meaningless the idea of parliament as a body which exercises oversight and scrutiny over the executive. MPs from the DP and SP seem to hold to a partisan self-perception which binds them exclusively to their own political tribe. Scrutiny of executive action, which normally takes place within cross-party parliamentary committees, and through free votes within the plenary body, has been notable by its marginal contribution to post-Communist Albanian politics. The disempowerment of parliament thus constitutes another consequence of overt political polarisation.

The demands of the European integration process, however, have also impacted on executive-parliament relations and acted to empower the former at the expense of the latter. As more and more domestic legislation comes under the rubric of SAA business the Albanian parliament has found itself in the backseat as the pressures to transpose legislation increase. In 2005 the government appointed a fully fledged Ministry for European Integration and gave it a central role in Albania's journey toward EU norms and standards. The lead role of the Ministry and the concentration of power around the Prime Minister has meant that parliamentary deputies have had very little input into the process. Added to this the parliamentary committee on European integration meets only infrequently and thus far has conducted no serious review of Albania's SAA commitments.⁴¹ This pattern, familiar from the experience of previous candidate states, and especially so in states lacking administrative capacity such as Bulgaria and Romania, is likely to evolve in ways which can only benefit the executive in the years to come. Thus disempowerment of the Albanian

⁴¹ It should be emphasised that executive dominance of the European integration agenda in applicant and associated states has been a feature of all previous enlargement rounds and is certainly not unique to Albania or the Western Balkans region. Within the European Union national parliaments are also frequently depicted as 'victims' of the integration process, a view that is based on evidence that governments dominate EU policy-making at the expense of parliaments. See John O' Brennan and Tapio Raunio (eds), *National Parliaments within the Enlarged European Union: from 'Victims' of Integration to Competitive Actors?* Abingdon: Routledge, 2007.

parliament arises as at least a temporary consequence both of domestic political infighting and external pressures toward compliance with EU standards.

Functional capacity within the public administration

There is no *acquis* in the field of public administration; therefore there are no legally defined EU requirements for Albania and other potential candidate states to comply with. However, one of the most serious concerns which arose during the eastern enlargement round was the issue of administrative capacity or the practical ability of candidate states to transpose and implement EU legislation. So whilst it is formally true that Albania is free to organize its public administration as it wishes and to adopt implementing measures of its choice, in practice its room for manoeuvre is much more limited. And where during eastern enlargement the EU focus was on a gradual process of 'Europeanisation' of systems of public administration, in Albania it has been much more a case of basic stabilisation, so deep-rooted are the range of problems.

The legacy of the Hoxha years has weighed heavily on the civil service and, until recently, meant that serious reform of both the managerial culture and institutional practices was not attempted. Where other post-Communist states embraced systemic transformation and gradual adaptation to EU norms, Albania remained trapped in a self-reinforcing negative cycle of centralisation, politicisation and incompetent management. The EU has consistently identified Albania's public administration as the weakest link in the country's governance structure. Despite a flurry of reform initiatives in the late 1990s the extent of the malaise emerges from the 2004 Commission report which pointed to: 'long-standing issues such as corruption, political interference, chronic lack of adequate human resources, high turnover and insufficient implementation of the public administration legal framework', all of which continued 'to hamper the consolidation of a professional and independent civil service.'⁴²

Bogdani and Loughlin identify another significant problem when they point to the existence of a 'political bureaucracy' model of public administration rather than an

⁴² European Commission, 'Albania: Stabilisation and Association Report 2004', Commission Staff Working Paper, COM (2004) 203 final, Brussels.

ideal-typical rational Weberian model.⁴³ Their central argument is that ‘the criteria for hiring are nepotism, clientelism, bribery and political militantism, rather than meritocracy or career development. Moreover these criteria also apply to promotion as well as hiring and act as a structural cancer within the body of the civil service’.⁴⁴ Changes in government in Albania have produced ‘administrative tsunamis’ with wholesale changes in personnel leading not surprisingly to discontinuities in practice and institutional gridlock. The prospect of losing power and status only entrenched existing attitudes to and patterns of corruption: why should civil servants look beyond partisan interests if they faced eviction from their posts after the next parliamentary election? These observations are borne out by the Commission’s 2005 report:

The Albanian civil service remains hindered by a pervasive lack of understanding of the need for, or will to implement, a real separation between the political and administrative levels. Political appointments, down to Director level in most ministries are still the norm, notably, the appointment of Secretaries General remains political, so the potential role of Secretaries General – that of translating ideas into policy, and of effective personnel management to ensure effective policy execution and service delivery – is severely compromised. Ministries have often been too involved in the day-to-day running of their ministries, and unwilling to leave such duties to permanent civil servants.⁴⁵

The increased oversight of the public administration culture within SAA and candidate states by the EU can be attributed to the first factor identified by Geoffrey Pridham in his analysis of the post-2004 enlargement framework. Lessons drawn from the eastern enlargement round have been assimilated into the rubrics of transposition and implementation which potential member states have to adhere to. In particular important actors within the European Commission and European Parliament have expressed public reservations about the nature of reforms undertaken in Bulgaria and Romania prior to their accessions to the EU in 2007. This has encouraged the view

⁴³ M. Bogdani and J., *Albania and the European Union: The Tumultuous Journey Towards Integration and Accession*, I.B. Tauris, London, 2007, p.51.

⁴⁴ Ibid.

⁴⁵ European Commission, op.cit., 2005, p.12.

that the EU has to be much more proactive in insisting on real and substantive changes within public administration systems in the Western Balkans region as a pre-condition for progress in SAP relationships and accession negotiations. Compliance monitoring is thus much more apparent and invasive than ever before. And benchmarks are actively being employed to better define EU expectations and compliance and delivery mechanisms. So how has Albania responded to these challenges?

Our analysis suggests that the Albanian system of public administration, having largely atrophied for a full decade of transition, has, like other public institutions finally turned a corner. In recent years reforms carried out within the civil service have produced positive outcomes. For one thing a new emphasis on training and development can be adduced which means that ‘expertise and institutional memory are stabilising’.⁴⁶ Like other SAA states Albania has established a formal Training Institute of Public Administration (TIPA) in Tirana and it continues to increase its output of graduates. Training specifically focused on the European integration process has also been implemented. The progress in recruitment was noted in the 2007 Commission report: ‘Public sector salaries have been raised by between 5 per cent and 7 per cent depending on category. The government has changed the recruitment process to attract Albanian graduates of foreign universities to the civil service.’⁴⁷ An active programme of retrenchment of posts and re-organization of job categories means that discontinuities in civil service delivery are finally being addressed providing a more coherent interface with the public. The greater importance of policy evaluation has been acknowledged and is being gradually accorded more importance in day to day administrative practice. Earlier patterns of overt politicisation, particularly at senior levels of the civil service are also finally being tackled by the Berisha administration. The Commission’s overall assessment delivered in late 2007 represents at least a qualified endorsement of the limited reforms to have been attempted: ‘the public administration is stabilising and becoming somewhat more focused’.⁴⁸ Equally, however, with the momentum generated by finally singing the

⁴⁶ European Commission, *op.cit.*, 2007, p.8.

⁴⁷ *Ibid.*, p.13.

⁴⁸ European Commission, *op.cit.*, 2007, p.8.

SAA in 2006 Albania can now begin the serious work of professionalising its public administration and adapting its institutional structures to SAA-related demands.

Judicial capacity

Albania's judicial structure comprises a Constitutional Court, a Supreme Court, 6 civilian appeal courts and 29 district courts. Each level deals with civil, criminal, commercial, and administrative cases. It is in the area of law and the administration of justice, however, that Albania's difficult transition to substantive democracy and EU membership really appears manifest. Bogdani and Loughlin suggest that for most Albanians the rule of law is something negotiable and contingent rather than accepted and internalized as obligatory.⁴⁹ This structural problem at the social level is compounded by any number of serious and ongoing problems within the administration of justice by the state.

Corruption permeates the judiciary just as much as it does other organs of state administration and public life. The range of problems within the system underscores the yawning gap between existing Albanian structures and EU norms in the judicial arena. As with the renewed focus on public administration the experience of eastern enlargement underscored for EU officials the critical importance of judicial actors, institutions and processes as agents of fundamental reform and adaptation to EU norms. As the most important vehicles for encouraging the rule of law the judicial structures will influence everything from tax avoidance to the nature of the business environment, from policing behaviour to administrative graft. Albania's journey toward EU membership is therefore closely associated with if not dependent on the nature of changes to emerge within the judicial system.

Our analysis suggests two issues in particular stand out. First, the political polarisation which affects so many parts of the structure of the state also manifests itself within the judicial system. Adelheid Felicke-Tiemann argues that 'the separation of powers between the legislative, executive and judiciary is fragile and intermittently damaged by jurisdictional arguments and conflicts over constitutional interpretation. The

⁴⁹ M. Bogdani and J. Loughlin, *op.cit.*, p.54.

judiciary's independence has been repeatedly jeopardized by arbitrary interference from politicians of both the government and the opposition. The selection of the highest constitutional judges or prosecutors often resulted in extremely sharp controversies in parliament. Public trust in the judiciary has been undermined by lawyers' lack of professional experience and also by cases of blackmail of politicians.⁵⁰ Cutting the link between politicians and the judiciary would seem like the most rational measure to combat the politicisation of the judiciary. Yet, in the Albanian case it may end up with a perverse outcome. If corrupt judges are made more independent the likelihood is that they will continue to practice corruption and render changes to the judicial system ineffective and irrelevant. Indeed the European Commission's 2007 report asserts that the Berisha administration's onslaught on corruption in the judiciary has 'led to continued conflict between the executive and the judiciary'.⁵¹ This is hardly surprising in that scores of judges have been either dismissed or subject to disciplinary measures since 2001.

A second important issue within the Albanian judicial system has been that of non-implementation or enforcement of court judgments. Judicial processes remain amongst the slowest and most cumbersome in Europe. Back in 2000 the European Commission reported that 'out of a total of 18, 976 rulings, only 11, 099 were carried out.'⁵² By 2005 the Commission was reporting some progress on this front – the overall rate of enforcement of judgments in 2004 rose to 6 050 out of a total of 13 329 judgments. This compared to 4 865 enforcements in 2003 (only 33 per cent of the total number of cases).⁵³ The judicial infrastructure remains very weak as the 2007 report makes very clear: 'Courts continue to lack adequate space for courtrooms, archives and equipment. This hinders transparency with the public unable to attend trials held in judges' offices'.⁵⁴ All of this suggests that judicial reform in Albania has a long way to go before some of the most serious structural problems are overcome. The greater oversight by the EU within the SAA framework will help in this area as in others but Albania will have to move beyond mere promises of reform and legislative

⁵⁰ A. Feilicke-Tiemann, *op.cit.*, p.29.

⁵¹ European Commission, *op.cit.*, 2007.

⁵² European Commission, *op.cit.*, 2001

⁵³ European Commission, *op.cit.*, 2005, p.14.

⁵⁴ European Commission, *op.cit.*, 2007, p.9.

packages to sustained implementation of measures in order to achieve decisive change.

Corruption

At the forefront of the SAP framework for reform of public administration has been concern about the levels of corruption to be found in the western Balkans region. Some of the most persistent complaints from candidate and SAP states focus on EU invasiveness in respect of corruption allegations and the hypocrisy of the EU position. They point out that corruption is culture-neutral, takes many forms and is just as evident in some of the EU's oldest member states. Quite apart from some of the more obvious cases such as Greece and Italy, recent years have seen serious allegations of corruption made against former French President Jacques Chirac, former British Prime Minister Tony Blair⁵⁵ and Irish Prime Minister Bertie Ahern, who was forced to resign in 2008 whilst giving evidence to a formal Tribunal of Inquiry which was investigating the large sums of money he received from a number of businessmen over the previous decade. The important point is that existing EU members are shielded from close scrutiny of levels of corruption in their countries because the EU has virtually no competence to investigate or intervene in this area (the exception being structural funding and agriculture). The enlargement process, in contrast, has evolved in a way which has placed European Commission monitoring of corruption firmly within the remit of EU policy.

The key consideration when assessing Albania and other western Balkans states' efforts to tackle corruption is thus the strong emphasis placed on the issue within the SAP and enlargement frameworks. To assert EU hypocrisy on this issue may be to point to an important truth but it is wholly irrelevant in that dialogue and policy are conducted in an entirely asymmetrical context: the EU is the 'regime-maker' and candidate and SAP states 'regime-takers' where corruption and governance is concerned. The European Union has of course, to tread a delicate balance between the desire to pursue candidate states for non-compliance and the political impulse to maintain momentum within the enlargement process. Some member states

⁵⁵ The most important charges included the so-called 'cash for honours' allegations and his intervening to drop a case of bribery against BAE systems.

undoubtedly use the corruption issue to keep progress in the enlargement framework to a minimum. And the position of Albania and other western Balkans states has not been helped by scepticism among current member states of the EU about enlargement and especially the perception that Bulgaria and Romania failed to deliver on implementation commitments prior to their accessions in 2007 and were treated far too leniently by the European Union which placed the political ambition to have these two states inside the EU above the Union's collective interest in ensuring that they complied fully with the *acquis communautaire*. Thus the comparative context that counts when assessing Albania's performance in reducing corruption is one that is located entirely within the narrowly-defined enlargement framework.

Irrespective of the context most scholars agree that the problem of corruption runs deep in Albania. It is a problem that has given rise to the widespread image of a country 'captured' by criminal interests which have managed to suborn political, social, and judicial processes, hampering much-needed reforms, and depriving citizens of an impartial rule of law.⁵⁶ In the early 1990s organized crime groups succeeded in instrumentalising local and national political actors with the result that organized crime 'seeped into every aspect of public life, bearing significant influence over political stability, rule of law, legality, and social and economic development.'⁵⁷ Moreover, the economic impact of corruption in Albania is staggering. According to a 2005 World Bank report, the level of corruption in Albania increased 300 per cent between 1997 and 2005, costing the country some €1 billion in lost revenues.⁵⁸ Another report estimates that criminal activities – the drug trade, cigarette and motor vehicle smuggling, human trafficking and prostitution and money laundering - accounted for 50 per cent of Albania's GDP in 2005.⁵⁹ One important internationally respected monitoring body, *Transparency International*, has published reports on Albania and these constitute an important source of evidence of the level of corruption. TI's corruption Perceptions Index for 2004 ranked Albania 108 out of 145 countries surveyed with a value of 2.5, on a scale from 0 (highly corrupt) to 10 (low

⁵⁶ E. Giatzidis, Op.cit., p.328.

⁵⁷ Daniela Irrera, op.cit., p.2.

⁵⁸ See 'Berisha's War and Peace Cabinet' *Transitions*, 19 September 2005.g

⁵⁹ Daniela Irrera, op.cit., p.6.

levels of corruption).⁶⁰ By 2007 Albania had barely moved in the rankings, coming in at 105 out of 179 countries surveyed.⁶¹

Table 4 Comparative Indicators of Corruption in the Western Balkans

	2002	2003	2004	2005	2006	2007	2008
Albania	81 (2.5)	92 (2.5)	108 (2.5)	126 (2.4)	111 (2.6)	105 (2.9)	85 (3.4)
BiH	n/a	70 (3.3)	82 (3.1)	88 (2.9)	93 (2.9)	84 (3.3)	92 (3.2)
FYROM	n/a	106 (2.3)	97 (2.7)	103 (2.7)	105 (2.7)	84 (3.3)	72 (3.6)
Serbia	n/a	106 (2.3)	97 (2.7)	97 (2.8)	90 (3.0)	79 (3.4)	85 (3.4)
Bulgaria	45 (4.0)	54 (3.9)	54 (4.1)	55 (4.0)	57 (4.0)	64 (4.1)	72 (3.6)
Romania	77 (2.6)	83 (2.8)	87 (2.9)	85 (3.0)	84 (3.1)	69 (3.7)	70 (3.8)
Croatia	51 (3.8)	59 (3.7)	67 (3.5)	70 (3.4)	69 (3.4)	64 (4.1)	62 (4.4)

Source: Transparency International (2008)

What is important here is not so much where Albania ranks in the overall rankings but rather the trend in the composite score. Clearly there has been a marked improvement from 2005 to 2008, with the Albanian CPI score moving from 2.9 in 2007 to 3.4 in 2008. This led *Transparency International* to single out Albania for praise as the only state in the western Balkans region to make such progress in 2008.⁶² It should be noted that most of the improvement in Albania's performance has occurred since the return to power of Sali Berisha in 2005. His administration was the first to engage seriously with corruption even if he and his supporters appear just as implicated in the destructive patterns of rent seeking of the previous 15 years. Berisha's advisor on combating corruption, Fatbardh Kadilli, sums up the new approach: 'in power, the Democratic Party has promoted a new concept of governing, namely viewing it as a

⁶⁰ Transparency International, Corruption Perception Index 2004,

⁶¹ Transparency International, Corruption Perceptions Index 2007, http://www.transparency.org/policy_research/surveys_indices/cpi/2007

⁶² Transparency International, Corruption Perceptions Index 2008, http://www.transparency.org/policy_research/surveys_indices/cpi/2008/regional_highlights_factsheets

public function and not as a way to make money'.⁶³ The effort to enhance the procedural transparency of state institutions focused particularly on amending the law on conflict of interests which the previous Nano administration had introduced but never implemented. In particular Berisha sought to exclude business people from ministerial ranks and cut the link between business and politics. In addition measures to specifically tackle nepotism featured strongly.⁶⁴ Successive European Commission reports emphasise the improvement in performance (and also demonstrate a much greater familiarity with events on the ground in Albania). One positive trend cited is the number of prosecutions of public officials for corruption. For the period 1998-2001 only 70 officials were prosecuted for corruption; in 2002 it was 58; this increased to 76 in 2003 and 171 in 2004. In late 2007 the appointment of Ina Rama as Prosecutor-General also signalled the most serious intent on the part of the administration to tackle Albania's latent corruption problems. An economic taskforce created to fight corruption and economic crime has further increased the number of officials identified for abuses of power to 224 in 2007 with 53 prosecutions.⁶⁵

For all the evidence of a 'new broom' however, it is clear that there is still an operational dialectic at work in Albania's efforts to combat corruption. Criminal networks and gangs can only survive and flourish in a vacuum, where state capacity to regulate is weak, where the state can be captured through bribery, blackmail and intimidation of officials, and where the legal system lacks transparency and adequate enforcement mechanisms. In contrast EU enlargement conditionality requires of Albania, as of other SAA and candidate states, a substantive and rolling commitment to rule-based democratic governance, transparent decision-making and effective judicial enforcement. Therefore the further Albania advances toward EU membership the more is required of the state in defeating the power of entrenched criminal networks. The evidence suggests Berisha has belatedly begun the process of disentangling the state from criminality and corruption. But EU oversight of Albania's commitment to the reform process will assume more centrality as the SAA process evolves: the janus-faced approach to corruption will have to be jettisoned if progress to an accession negotiation is to be achieved.

⁶³ Quoted by Artan Puto, *Transitions*, 13 February 2006.

⁶⁴ *Ibid.*

⁶⁵ Transparency International, *Corruption Perceptions Index 2008*, op.cit.

CONCLUSIONS

For a greater part of its experience since the beginning of its transition Albania's progress in relations with the European Union followed bouts of localised crisis (The 1997 Pyramid events, the 1999 Kosovo War).⁶⁶ The EU pattern seemed to be one of continually reacting to events it perceived as threatening to regional stability, rather than embracing Albania in a practical way as a prospective future member state. In recent years, however, the relationship has become much more stable and predictable. This has been largely as a result of the consolidation of democracy which has taken place in Albania, as well as the greater stability in the Western Balkans more generally. Progress has also been a reward for Albania's responsible attitude to regional issues such as Kosovo's future status and the position of Albanian minorities in Serbia and Macedonia. Thus Albania's journey from outside to SAP participant and prospective candidate for membership, although untypical, is, after the signing of the SAA in June 2006 now settling down and exhibiting a familiar trajectory.

Progress has been slow and accession remains only a long-term proposition. For Albania, as for many countries within Southeastern Europe, the EU remains the primary focus of economic, diplomatic and political activity and the only game in town as regards future geopolitical orientation. The evidence thus far suggests that Albania has found it significantly easier to embrace EU economic norms than political norms. Some of the reasons for this are familiar from the eastern enlargement round. Administrative reform has proved tremendously difficult as the civil service has remained deeply compromised by politicisation. Public and private corruption permeate economic and social life and exhibit a semi-permanent nature which calls into question the ability and seriousness of Albanian elites to engage in genuine reform. The partisan nature of politics in Albania remains a substantive impediment to the enactment of accession-related reforms. In this respect Albania does indeed stand out as an outlier in the recent history of enlargement. For all this the SAP represents a decisive turning point for Albania. Certainly our analysis demonstrates that Albania has made much more progress in the period since the autumn of 2005 than in the

⁶⁶ A.M.Johnson, *op.cit.*, p.175.

fifteen years of previous to that. As Bideleux argues in the wider context, the drive toward EU membership along with decisive domestic decision-making is helping to 'consummate the restructuring or re-orientation of the candidate countries away from the dominant vertical power relations and power structures and clannishly clientelistic conceptions of the polity, towards more horizontally structured civil societies based upon limited government and the rule of law'⁶⁷

⁶⁷ R. Bideleux, R. Bideleux, 'Making Democracy Work' in the Eastern Half of Europe: Explaining and Conceptualising Divergent Trajectories of Post-Communist Democratisation', *Perspectives on European Politics and Society*, 8, (2), 2007, pp. p.118.