



Albania

CONSULTATIONS ON GOVERNANCE AND ANTICORRUPTION STRATEGY



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STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK

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COUNTRY: ALBANIA

Location of consultation: Tirana (Albania)

Date: 5-8 December 2006

Participants (please attach list of participants and their affiliations):

A. Government Consultation Meeting:

(i) Mr. Ilir Rusmali, Deputy Prime Minister; (ii) Mr. Ridvan Bode, Minister of Finance; (iii) Mr. Aldo Bumçi, Minister of Justice; (iv) Mr. Genc Pollo, Minister of Education and Sciences; (v) Mr. Lulezim Basha, Minister of Public Works, Transport and Telecommunications; (vi) Mr. Eno Bozdo, Deputy Minister of Economy, Trade and Energy; (vii) Mr. Sherefedin Shehu, Deputy Minister of Finance; (viii) Mr. Petraq Milo, Economic Advisor of the Prime Minister; (ix) Mr. Fatbardh Kadilli, Anti-Corruption Advisor of the Prime Minister; (x) Ms. Zana Guxholli, Advisor of the Prime Minister; and (xi) Mr. Agron Loci, Coordinator at the Prime Minister Office.

B. Consultation with Political Parties in the Economic Commission of Parliament:

(i) Mr. Edmond Spaho, Head of the Commission; (ii) Mr. Ndue Shpani, Member of the Commission; (iii) Mr. Rakim Kaleci, Member of the Commission; (iv) Mr. Albert Faruku, Member of the Commission; (v) Mr. Blerim Çela, Member of the Commission; and (vi) Mrs. Angjelina Kola, Member of the Commission.

C. Media Representatives and Press Conference:

(i) Mr. Ened Janina, Journalist, "Vizion +"; (ii) Mr. Ardi Kola, Journalist, "Sot" Newspaper; (iii) Ms. Etleva Xhajanka, Journalist, "ATSH"; (iv) Mr. Matlind Kepi, Journalist, "Klan TV"; (v) Mr. Ilir Vreto, Journalist, "Vizion +"; (vi) Ms. Klodiana Ribaj, "News 24 TV"; (vii) Mr. Erald Kapri, Journalist, "Metropol" Newspaper; (viii) Ms. Dorina Azo, Journalist, "RD" Newspaper; and (ix) Mr. Ledio Papadhima, Journalist, "TV Koha".

D. Consultation Meeting with Donors:

(i) Ms. Gulden Tukoz-Cosslet, UN Resident Coordinator and Head of UNDP; (ii) Ms. Carrie Auer, UNICEF Representative; (iii) Mr. Ted Landau, Mission Director, USAID; (iv) Ms. Ann-Margret Westin, IMF Resident Representative; (v) Ms. Sheila Bramley, Deputy Head of Mission, British Embassy; (vi) Ms. Darcie Nielsen, Head of Governance, Economy, Environment section, OSCE; (vii) Mr. Rainer Sulzberger, Deputy Head of Mission, Austrian Embassy; (viii) Ms. Anne Kohler, Project Officer, IOM; (ix) Mr. Ole Bjormay, Charge D'Affaire, Embassy of Norway; (x) Ms. Alessia Montanari, Project Officer, Italian Development Cooperation; (xi) Mr. Olivier Schott, Program Manager; (xii) Ms. Elira Sakiqi, IFC representative; and (xiii) Mr. Vasil Miho, Liaison Officer, WHO.

E. Consultations with Representatives of Civil Society and Private Sector:



(i) Mr. Ndue Maluta, Inspection Department Manager of NBG; (ii) Mr. Mehmet Bakalli, Compliance of ABA; (iii) Dr. Halim Kosova, Director of Tirana Maternity Hospital; (iv) Mr. Gafur Luga, Director, AATDA; (v) Mr. Artur Lazebeu, Representative of People's Advocate; (vi) Mr. Arbjan Maniku, Policy Director, Mjaft; (vii) Mr. Zef Preçi, Director, ACER; (viii) Mr. Geri Selenica, CEO "The Point"; and (ix) Mr. Ilir Rrembeci, Director, RDA Tirana.

F. Electronic Feedback:

(i) Anonymous; (ii) Elio Kasa, IMK; (iii) Elvis Cirko, MCATA; (iv) Erisa Arizi, Atta Travel; and (v) Antoneta, EPCG.

How did the process fit into ongoing country dialogue?

Governance and anti-corruption issues dominate policy dialogue in Albania for three main reasons. First, the Governance Filter of the 2006 CAS places heavy emphasis on governance issues throughout the support program. Second, governance and anti-corruption are on the top of the priorities of the Government of Albania. Third, there is lively debate in the public media, in parliament and among Albania's development partners on governance and anti-corruption challenges.

The consultations on the World Bank enhanced GAC strategy were carried out within the overall policy dialogue with our counterparts in government and other non-government stakeholders on issues of governance, anti-corruption and public sector reforms. Several mechanisms for regular dialogue with the various stakeholders on various development issues are already in place. This time the focus of these regular consultative meetings focused on the GAC strategy.

The GAC consultations coincided with the preparation of the ICR for the Public Administrative Reform Project (PARP) which closed on 15 December and the preparation of informal policy notes to assess progress made in the civil service reforms and the autonomy and depoliticization of public institutions. The consultations also took place as part of the World Bank efforts to widely disseminate a number of recently completed AAA products that are relevant to the GAC agenda: (i) ROSC on Auditing and Accounting; (ii) Country Integrated Fiduciary Assessment, and (iii) Public Expenditure and Institutional Review (PEIR).

Finally, the consultations on GAC were undertaken within the preparations of the World Bank Country Team and the Government of Albania to organize a Joint Learning Event (with the participation of opposition, civil society and donors) on Governance. The Joint Event is currently scheduled to take place on 29 January with the participation of the HE the Prime Minister and senior government officials and senior management of the World Bank.

What were the key issues/themes raised by participants?

Overall, all stakeholders appreciate the preparation of the new GAC strategy and the genuine effort to have the views of various stakeholders around the globe. They also agree on the importance of good governance and anti-corruption measures for economic and social development, and particularly in the Albanian case.

While there was broad convergence of views on the questions raised in the consultations, opposing views have been expressed often on most of the questions within each group of stakeholders. The Matrix below will summarize the various views expressed on all the questions.

The most important messages from the consultations in Albania include the following:

- Importance of GAC in economic development and the engagement of the Bank in addressing these challenges;
- Importance of consistency in the treatment of countries;
- The need to focus more on country systems and the foundations of good governance while maintaining strong measures to prevent corruption at the Bank's own portfolio;



- The GAC strategy should be grounded in a results framework with more efforts on monitoring mechanisms. Concerns were raised about perceptions surveys. There is need for more regular (annual) facts-based governance surveys;
- There is need for customized approach regarding conditionality. However, stopping lending may increase poverty rather than reduce corruption in a country. The Bank should remain engaged in all countries and its support could be conditioned on progress made in the fight against corruption;
- All proposed entry points are crucial and should be customized in each country context;
- Strong relation between efficient social services delivery mechanisms and reduction of corruption.
- The success of the GAC strategy will require involvement of other non-government stakeholders and building capacities for oversight of Parliament, civil society, the media, private sector, etc.
- More efforts are needed to enhance reforms in the regulatory environments and building capacities for regulatory entities, public financial management, and judiciary structures.

The matrix below did not provide specific World Bank responses to the suggestions and responses made during these consultations. The consultations focused on listening to the various views and suggestions without providing detailed responses or evaluations to the suggestions. Responses were provided only when questions were raised or clarifications were sought.



Respondent Type	Consultation Reply	World Bank Response
1. Top governance challenges in country		
Government	<ul style="list-style-type: none"> • State capture and the need to reduce the role of government in economic activities; • Corruption and weak capacity of the judiciary systems and other independent public institutions; • Corruption within sectors and in the service delivery mechanisms; • Lack of effective systems for the protection of property rights (land registration and ID cards); • Politicization of media and civil society organizations. 	
Legislature/Political Parties	<ul style="list-style-type: none"> • Weak public institutions and country systems (audit, financial management and public procurement); • Corruption and weaknesses of the legal and judicial systems; • Lack of law enforcement; • Weak systems of property rights and land titles; • Civil society and media represent donors and business interest; • Low levels of salaries is a major cause of corruption in public administration; • Weak oversight capacity of Parliament and other control and oversight institutions. 	
Civil Society and private sector	<ul style="list-style-type: none"> • State capture and public and private monopolies; • Lack of effective competition; • Informality; • Poor quality of public services and weak mechanism for advocacy and citizens voice; • Weak law enforcement; • Corruption has become a system. 	
Donors	<ul style="list-style-type: none"> • Corruption in tax and custom administration, public procurement and business registration; • Corruption in social service delivery (health and education). 	
Media	<ul style="list-style-type: none"> • Weak political commitment; • Corruption in public procurement. 	

Respondent Type	Consultation Reply	World Bank Response
2. Promising areas of governance and anticorruption reform and potential obstacles		
Government	<ul style="list-style-type: none"> • Reform of the legal and judicial systems; • Public sector and civil service reforms; • Building global coalition to reduce the impact of transnational companies and foreign investors in paying bribes; • Encourage competition among sectors for reform and anti-corruption and reward best performing sectors accordingly. 	
Legislature/Political Parties	<ul style="list-style-type: none"> • Strengthen systems for the registration and protection of property rights; • Public sector and civil service reforms (low salaries is main obstacle); • Judicial and legal reforms; • Building country systems (auditing, accounting, financial management, procurement, etc). 	
Civil Society and private sector	<ul style="list-style-type: none"> • Improve public service delivery mechanisms particularly in social sectors; • Foster competition and mechanisms to protect it; • Strengthen and empower law enforcement systems; • Decentralization; • Enhance business environment ; • Strengthen mechanism for advocacy, voice of citizens and the role of the media. 	
Donors	<ul style="list-style-type: none"> • Raising wages for judges and senior government officials; • Building global coalition on GAC agenda; • E-government and e-procurement systems; • Building capacity in local governments and promoting decentralization; • Take into consideration voice of citizens and build on social capital in the fight against corruption. 	
Other stakeholders (E-Forum Respondents)	<ul style="list-style-type: none"> • Engage non-government stakeholders in implementation and monitoring of progress; • Focus on the support to local communities. 	

Respondent Type	Consultation Reply	World Bank Response
3. How the Bank should engage where governance is weak, and circumstances under which to disengage		
Government	<ul style="list-style-type: none"> • Enhanced GAC strategy is needed to ensure consistent treatment of countries based on objective criteria rather than perceptions; • The Bank should engage in all countries while its support programs should be customized to suit country conditions and systems as well as progress on GAC; • The Bank should not stop lending because this will hurt the poor more and will not reduce corruption; • Conditionality should be part of reforms, processes and standards supported by Bank financing; • SWAPs are very effective even in countries with weak governance structures. 	
Legislature/Political Parties	<ul style="list-style-type: none"> • The Bank should not stop lending to countries with weak governance. There is a case for more lending. In these cases, the World Bank should work more with non-government stakeholders (local governments, private sector, etc.) and in sectors directly impacting poor people (e.g. social sectors); • Support improvements in the institutional and legal frameworks; • Support Parliament oversight role; • Introduce WB investigation, monitoring and oversight teams 	
Civil Society and private sector	<ul style="list-style-type: none"> • Promote demand for good governance and focus on service delivery; • Establish service standards, mechanisms for complaints and assessment, etc.; • Bringing service closer to the end users (Decentralization and CDD approaches); • Use conditionality to influence change; • Introduce independent mechanisms to monitor/evaluate Bank financed projects. • Build preventive measures that may reduce corruption (e-government, one stop shops, etc). 	
Donors	<ul style="list-style-type: none"> • The Bank should engage in countries with weak governance but engagement levels have to be commensurate to progress in undertaking reforms; • Build country systems and institutions and work on the demand for good governance; • Foster partnerships and rely more on other donors and the UN system; • Analyze the root causes of corruption (e.g., low salaries) and poverty; • Scale up successful CDD experience and approaches and include more beneficiaries, civil society and media in implementation and monitoring in social projects. 	

Respondent Type	Consultation Reply	World Bank Response
4. How to ensure fair and consistent treatment across countries		
Government	<ul style="list-style-type: none"> • Adopt the GAC strategy with objective criteria and benchmarks and apply them consistently in all countries; • Perception surveys give some idea about corruption but they are subjective and can lead to wrong conclusions particularly in making cross-country comparisons. The Bank should rely more on facts-based indicators; • Link levels of support to countries to progress made in the fight against corruption and not the current status. 	
Legislature/Political Parties	<ul style="list-style-type: none"> • The Bank should not disengage in countries with weak governance structure and should focus more on its advocacy role in such countries. 	
Civil Society and private sector	<ul style="list-style-type: none"> • Tie support with conditionalities and concrete measurable results on the performance in the fight against corruption. 	
Media	<ul style="list-style-type: none"> • Develop more objective criteria to rank countries. Various perception-based surveys produce different assessments and rankings. 	
Other stakeholders (E-Forum)	<ul style="list-style-type: none"> • World Bank financial support to countries should be linked to meeting certain results, particularly those related to poverty reduction. 	
5. How to strengthen the Bank's work with champions of reform outside the executive branch of government – parliament, judiciary, civil society, media and the private sector		
Government	<ul style="list-style-type: none"> • The Bank should address weakness in the Legal and Judicial systems and other autonomous public institutions outside the control of the government. 	
Legislature/Political Parties	<ul style="list-style-type: none"> • Strengthen Parliamentary oversight capacity in all countries; • Increase Technical Assistance support to non-government institutions; • Private sector environment and support is the most important entry point because civil society and media are politically motivated and influenced by donors and business. 	
Civil Society and private sector	<ul style="list-style-type: none"> • Parliaments and civil society organization should be involved in strategic privatizations; • The Bank should assist in building domestic coalitions for GAC in each country with involvement of non-government stakeholders (e.g., Bulgaria); 	

Respondent Type	Consultation Reply	World Bank Response
	<ul style="list-style-type: none"> • Support the de-politicization of public institutions and market regulators; • Rely on civil society and private sector in analysis and monitoring • Support institutions such as the Ombudsman and the People Advocate; • Support privatization and liberalization programs to reduce the role of government; • The Bank should assist in devolution of power to local levels and beneficiaries; • The Bank should assist in the legal frameworks for non-government stakeholders, build capacity in these institutions and give them more support in the implementation of its projects. 	
Donors	<ul style="list-style-type: none"> • Decentralization and support to local governments and user associations; • Strengthen and promote further World Bank partnerships with civil society and the media. 	
Other stakeholders (E-Forum)	<ul style="list-style-type: none"> • Increase the support of the “Small Grants” program. 	
6. How to mitigate fiduciary risk in Bank operations?		
Government	<ul style="list-style-type: none"> • More frequent supervision; • Anticorruption experts in the Bank teams. 	
Legislature/Political Parties	<ul style="list-style-type: none"> • Monitoring from the beneficiaries. 	
Civil Society and private sector	<ul style="list-style-type: none"> • Establish independent monitoring, supervision and follow-up units in country office with the participation of non-government stakeholders. 	
Donors	<ul style="list-style-type: none"> • Rigid control mechanisms are not very effective and priority should be given to flexibility and efficiency. 	Safeguards ensure that resources go to intended purposes but they are not meant to cause delays in implementation
Other stakeholders (E-Forum)	<ul style="list-style-type: none"> • By enhancing the transparency of the procurement processes and the amount of information available to the public. 	

Respondent Type	Consultation Reply	World Bank Response
7. The Bank's role vis-à-vis other donors in supporting governance reform		
Government	<ul style="list-style-type: none"> The Bank should encourage other donors to adopt and join Sector Wide Approach projects (SWAPs) 	
Donors	<ul style="list-style-type: none"> Need to work together to improve country systems; Closer linkages with UN system; Each development partner has specific comparative advantages and entry points. They should, however, complement each other; The Bank cannot succeed alone. We will only make a difference through global partnership; Donors should speak in one voice and should not send mixed signals. 	
8. How to monitor progress in governance and anticorruption at the country level		
Government	<ul style="list-style-type: none"> Focus on service standards, unit costs, etc and rely less on perception surveys; Monitoring should be based on measurable and quantitative indicators; Frequent monitoring (at least annual indicators). 	
Civil Society and private sector	<ul style="list-style-type: none"> Focus on transparency mechanisms and strengthen them. Establish service standards, surveys for users, etc. 	
Donors	<ul style="list-style-type: none"> The Bank should monitor and assess public procurements in each country regularly; 	
Other stakeholders (E-Forum)	<ul style="list-style-type: none"> Through tracing public perceptions. 	
9. Areas for improvement in GAC strategy and country-level support		
Government	<ul style="list-style-type: none"> The Bank should not focus solely on governance indicators but also on actual and measurable results of its support programs and projects; The Bank should focus more on establishing service standards, norms and unit costs in most sectors. 	
Donors	<ul style="list-style-type: none"> The Bank should analyze why corruption takes place in specific sectors and look at issues of incentives, salaries, etc; Many members of Parliaments have business links and may not act in the interest of citizens (e.g., links 	

Respondent Type	Consultation Reply	World Bank Response
	to Tobacco companies).	
• 10. Other key issues		
Government	<ul style="list-style-type: none"> • “Ring fencing” will have limited development impact. The Bank can be more effective if good practices in its projects are spread widely to government programs. 	
Donors	<ul style="list-style-type: none"> • Keep in mind GAC agenda and issues are of long-term nature; • Special attention should be given to corruption in the health system particularly in transition and post-transition countries. 	