



Speech for the Head of Presence

FIRST PREPARATORY MEETING

Session 1: Good Governance and Corruption Prevention

“Good Governance and its impact on business integrity”

On the occasion of

25th OSCE Economic and Environmental Forum “Greening the economy and building business partnerships”

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OSCE Congress Centre, Hofburg, Heldenplatz, 1010 Vienna

Dear Chairman,
Distinguished Ambassadors,
Ladies and Gentlemen,

Introduction

Corruption in Albania, as elsewhere, is a complex and multifaceted problem. It cannot be solved by either governments or other entities acting alone - instead measures to fight corruption should be carried out in an integrated and co-ordinated manner. A corrupt environment raises the costs of doing business, increases informality, discourages foreign investors, distorts the markets and investment priorities and damages public trust in the administration. However, we must recognise that corruption is not merely a financial issue, but a key factor undermining human development, democracy and the rule of law.

General overview

During the last few years, the government of Albania has made significant efforts to address the issue of corruption in the country - the policy and legislative framework improvement is notable, but more needs to be done: corruption remains a serious problem for the country. The independence and effectiveness of institutions which are in charge to fight corruption continues to be limited by political pressure and weak administrative capacity. Often low wages, the social acceptance of bribery and narrow social networks make the fight against corruption a difficult task. Prosecution of serious and high-ranking corruption is a visible gap in the reform performance. Sustained progress on implementation of laws and good governance policy should be preserved, combined with the expected visible change in the judiciary which are inter alia geared at tackling high level corruption.

Albania is experiencing a radical and comprehensive reform of the justice system. Creation of special structures for combating corruption as a special prosecutor and the National Bureau of Investigation is a positive novelty. Constitutional changes and the adoption of the law for the evaluation of judges and prosecutors, so-called "Vetting" constitutes a mechanism unprecedented in

the history of independent Albanian institutions and a totally new reality in the fight against corruption in Albania.

In 2016, it was adopted for the first time in Albania, the “whistle-blower protection” law, which supports and guarantees protection for those who report any form of corruption or corrupt practices encountered in the workplace. The law foresees the establishment of internal and external reporting mechanisms designed to protect whistle-blowers in both the public and private sectors.

In addition, some progress was made in the fight against informality. IT-based instruments in the field of procurement or construction permits are an example. However, business related regulations are still burdensome and shortcomings in the rule of law continue to deter investments. The main obstacles to business and to entrepreneurship development in Albania, as collected from our research activities, are linked mainly to “policy instability, unsteady tax legislation, inadequate accounting standards, and non-transparent implementation of laws, corruption; practices of the informal sectors; inadequately educated workforce”, etc. The ongoing justice reform is expected to have a measurable impact also on the business environment.

Our approach and activities

The Presence has engaged long-term in fighting corruption and promoting good governance at all levels. We are continuously cooperating with the Albanian institutions and our approach is focused in policy monitoring and legal revisions, capacity-building through knowledge-transfer activities, providing tools that promote anti-bribery and good conduct among businesses, conducting awareness and education activities to youth, as well as encourage a higher engagement of civil society and business community in policy consultative processes.

In terms of activities, we focus on diminishing the causes of corruption by supporting prevention, education and awareness raising anti-corruption activities. We dedicate efforts to ensure public officials’ integrity, and to build a reliable, functional and transparent public administration, but from the other side we are working also with the business community to devise practical anti-corruption guidelines, and to enable effective measures that impact business integrity. This should facilitate investments and improve the business climate in the country, eventually contributing to more sustainable economic development.

The Presence supported the drafting of the first and second year¹ monitoring report on the implementation of the national anti-corruption action plan (2015 – 2017). According to the reports main challenges is the continuous turnover of the appointed anti-corruption contact points in the institutions, lack of financial resources for implementing the anti-corruption measures as planned, and for reporting the progress thereof. Securing additional financial and human resources to successfully continue implementation, monitoring and revision of the action plan remains a challenge for the competent authorities.

We are currently supporting the government’s fight against corruption through a project funded by the Italian Development Cooperation, EBRD and the Italian School of Public Administration (2015 – 2017). The project seeks to support the fight against corruption practices in the country by working in three pillars: establishing mechanisms to build capacities of central and local administration to

¹ First monitoring report was finalized in April 2016, while the second one is expected to be finalized within the first trimester.

reduce corruption practices; raising awareness of the public on the means to fight and report corruption; fostering the engagement of the business sector in tackling corruption.

Optional

I would like to mention few from these activities conducted so far in the framework of this project.

We supported the drafting of curricula on good governance and anti-corruption curricula, which were then endorsed by Albanian School of Public Administration. Based on these curricula, a team of 24 trainers on anti-corruption was set up from a selected pool of professionals coming from public administration, independent institutions and academia. During 2016, ASPA worked with these certified trainers throughout its programme by delivering training sessions to about 200 public officials.

In addition, our activities involved survey and research studies targeting the business community, which were then followed up with consultation forums with about 190 business representatives. Our latest research (2015) identifies that approximately 2 in 3 businesses who responded to an 2015 OSCE perception survey said that bribery and corruption were an inevitable cost of doing business in Albania. While the asymmetry between the awareness of corruption, ‘unacceptable behaviours’, and actual ‘corrupt practices’ persists, while ‘bribery often appears to be tolerated as a tool for getting things done or receiving better treatment’. Although there is a higher rate of reporting of corrupt practices both within the business community and/or towards public administration, their follow up is still stagnant, which indicates a certain level of distrust in the public authorities responsible for prosecuting and fighting against corruption. The Presence supported the drafting of anti-bribery Code of Conduct for businesses, as an instrument to set common standards for the behaviour of the business community in Albania. The code was fully supported widely by the business community. We will continue to work with the involved actors that effective endorsement mechanisms are in place. We will continue to monitor governance issues with an impact on the investment climate and conduct a research on the investment climate and anti-corruption with specific recommendations for the government.

Our key recommendations for the future are:

- Comprehensive implementation of the anti-corruption action plan of the GoA
- Substantial budgetary support and staffing of the established anti-corruption structures
- Quick action of the National Bureau of Investigations after its set up against exemplary high level corruption cases as a deterrent
- Intensive monitoring by Civil Society and through the anti-corruption structures of the GoA and independent institutions of the follow up of whistle-blowing results
- Consultation mechanism between government and business community in drafting and adopting business related legislation and development strategies should be strengthened
- Active participation of the business community in implementing and monitoring of the anti-corruption policies