

# ALBANIAN HUMAN DEVELOPMENT REPORT 2000

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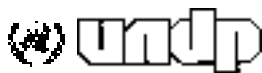
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**Note:**

- *The report refers to the developments in the country until the end of March 2000*
  - *This report is based mainly on official statistics, as well as data and figures provided by NGO-s and other collaborators.*
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## CHAPTER I: ECONOMIC INSECURITY

Continuous and successful efforts have been made in Albania to stabilize the macroeconomic indicators. After Gross Domestic Product fell abruptly in 1997 to the level of 1992, it has since increased by 8% every year. In 1999, inflation was almost nil and for the first time, there was no increase in the budgetary deficit. After a sharp depreciation in 1997, the currency has shown a tendency to appreciate and then stabilize. Foreign aid still provides the lion's share of finance for public investment and by the end of 1999 it totalled approximately USD 2.7 billion. In the last two years, foreign aid alone totalled USD 680 million. But the disbursement rate of funds is low and only 50% of the funds have been spent. The country continues to have a problem absorbing aid.

Despite the fact that economic growth has been real and visible it has not had a substantial impact on the life of Albanians. The Albanian family remains poor and has little income and inadequate living space. Only one in five families thinks that it has enough resources for a decent life and 20% of households receive just 5% of the country's total wages. Households estimate that they need a minimum income of Lek 31,000/month to lead a decent life, while the declared average income is Lek 17,000/month. The average living space is approximately 62 m<sup>2</sup> or 14.6m<sup>2</sup> per person. Opportunities to buy a house are limited.

Unemployment remains high. This is due to a lack of large scale investments, shortage of skilled labour, a large informal market, a lack of coordinated state policies on employment, inefficient labour market institutions and a low level of credit. During 1999, approximately 17% of families in Albania received assistance from the social protection programme. During the same year, 260,000 people received an old age pension with an average pension of Lek 4,000 - 5,000 per month.

Faced with this economic insecurity, many Albanians are migrating to more developed

areas, or going abroad.

## CHAPTER II: SOCIAL INSECURITY

Albania is still regarded as a country with poor levels of social, political and economic security and high levels of crime. According to widely accepted opinion, the inability of the state to perform some of its vital functions is one of the most serious impediments to Albania's development and social stability during the post communist transition.

There seems to be no social contract between the government and the citizens. This is linked to the manner in which the country has been governed in the last ten years, as well as the way in which the political and economic model for Albania was conceived. Capitalism has often been perceived as a game with no rules, where getting rich justified breaking the law and where participation in politics was sometimes seen as a fast way to prosper. While this kind of capitalism has created dynamism it has also encouraged mass idleness by promoting the mentality that one can get rich without really having to work, or by being corrupt.

Public health in Albania faces both inherited and new problems. The most serious have to do with the dilapidated health infrastructure, the lack of pharmaceuticals and medical supplies and the poor financial incentives for health professionals. There is a strong tendency for people to travel abroad for treatment.

The education system of the last ten years faces problems with curriculum and teaching methods as well as the management of human resources. Insufficient financial resources are also a serious problem. The education budget has been a constant of 9-10% of public expenditure annually or approximately 3-4% of the GDP, but while 75% of this money goes to salaries only 9% goes towards investment. Contributions from parents are small and are not included in the official statistics. Big difficulties have arisen from the mass movement of people towards cities and coastal areas.

Albania's geographical position, the war in Kosovo, lawlessness and the lack of means to combat crime have turned the country into a highway for trafficking from the East to Western Europe. Organized crime keeps growing, illicit human trafficking in complicity with criminal groups from neighbouring countries is on the rise along with drug trafficking and an increasing number of drug users.

### **CHAPTER III: EMIGRATION**

Emigration is a phenomenon that has occurred throughout Albania's history. Early emigration came as a result of economic backwardness, but also as a result of political insecurity and clashes. During 1923-1944, the number of emigrants reached approximately 150 thousand people, representing about 13% of the overall population. Many of the emigrants who emigrated after the end of World War II were political opponents of the communist regime.

After the collapse of communism massive emigration resumed by legal and illegal means: by obtaining visas, illegal crossing of the state borders, illegal passage on fast boats, and more recently by claiming Kosovar identity. Illegal means often lead to tragedy, such as the case of the Otranto channel, which has turned into the Channel of Tears, and where the number of people drowned or lost during 1999 totalled more than 340.

The main factor behind emigration is the backward economy. Preferences related to the choice of the country for emigration are governed by geographical proximity, culture and other facilitating factors. The USA and Canada are now the preferred countries for emigration, while during 1992 this status applied to Italy and Germany where most emigrants have now settled. The ratio of clandestine emigrants to legal emigrants is beginning to even out.

Male Albanian emigrants in Greece and Italy are mainly engaged in construction or agriculture, whereas women are employed in domestic services. Employment in these sectors is regarded as a way of survival rather than a means for integration and emancipation. Integration becomes more difficult for the following reasons: a difficult labour market, political and re-

ligious intolerance, negative stereotyping by the press and mass media which influences the attitudes of the local population towards Albanian emigrants, and the poor social and community life of the Albanian emigrants in these countries.

During 1990-1999, approximately 40% of the overall number of professors and research scientists of the universities and science institutions in the country have emigrated. Many highly educated people who have gone abroad do not work in their area of specialisation. They will eventually forget their previous knowledge and training. In Albania, there is a growing debate on the Canada phenomenon, which is based on the selective nature of this emigration.

Emigration has had an important impact on the reduction of unemployment in the country, in particular, in southern Albania, where the proportion of emigrants is higher. Emigrants' remittances represent approximately one fifth of the GDP, almost twice as much as foreign exchange revenues from exports and almost four times more than the value of direct investments. Emigration has had a negative impact on children's education because many children do not go to school in host countries.

### **CHAPTER IV: MIGRATION**

Internal migration has been one of the most dramatic features of the Albanian transition. Most migration occurs between the village and the city.

The main goal is to escape the misery of life in the villages. Many of the newcomers are young or middle aged. For rural youth the lure of the cities is obvious - they have a clear choice between unemployment in the village and unemployment in the cities. Middle aged parents come to the cities so that their children can get better schooling.

The massive migration of recent years has been spontaneous, uncontrolled and unplanned and has caused many serious economic and social problems. The huge rural population that arrived in the cities in a short space of time, brought with it customs, traditions, mentalities and lifestyles from many different areas of Al-

bania. The social diversity which resulted from this movement has caused conflict and tension in city areas which were hitherto relatively homogenous communities.

Indigenous citizens are often scornful and dismissive of the new arrivals while some even fear the villagers who have moved into their neighbourhoods. Rural depopulation is also a serious problem. There is an obvious need for strategies to control and guide this urbanization process.

Tirana has experienced a spectacular influx of people. In 1999, 618,000 inhabitants lived in Tirana district compared to approximately 374,000 in 1990. Half of the city's population lives in four of the most peripheral administrative units. Among these units, Lapraka has experienced the most rapid growth. It has 50,000 inhabitants and its problems are typical of uncontrolled urbanization.

While many say their lifestyles have improved, they admit that they would never have left their villages if economic conditions there had been better. Many have been disappointed by city life and are nostalgic for the old ways.

## **CHAPTER V: ALBANIA WITH REFUGEES AND EMIGRANTS**

The Kosovo crisis was accompanied by a huge influx of Kosovars across the northern border of Albania. Within a few weeks, the number of refugees reached 450,000, which represented 15% of Albania's population. The solidarity of the local population was instrumental in avoiding a human catastrophe. The international community for the first time had the opportunity to view Albania as a partner rather than a problem.

The Kosovo conflict created the historical moment when the Albanians of Albania encountered the Albanians of Kosovo. As Ismail Kadare puts it: "Death brought us together". While the Kosovar refugees were well impressed by the generosity and hospitality of their "blood brothers", they were shocked by the state of infrastructure in the country.

The arrival and departure of massive numbers

of Kosovar refugees took place very quickly. Within a few days approximately 320,000 displaced had taken shelter in the houses of Albanian families, 75,000 in the camps and about 85,000 in public buildings which were turned into large scale collective shelters. After the end of conflict, 95% of the Kosovar refugees returned home within less than four weeks. The humanitarian emergency was managed by the Government of Albania and UNHCR, along with other UN organisations, NATO/AFOR and OSCE. The Emergency Management Group was set up to co-ordinate the humanitarian aid process.

Local NGOs alongside foreign ones made a very important contribution to the management of the crisis. Paradoxically, Albanian civil society seems more dynamic in times of crisis than in peacetime.

For the first time in Albania's post-communist history, the Albanian media sent a unified message to the Albanian public, conveying support for NATO and for the refugees. Notwithstanding its financial constraints, the media reported truthfully and professionally the events in Kosovo and Albania.

The Kosovo crisis marks an important moment in Albania's partnership with other countries and its integration into international institutions. Never in its modern history has Albania been so close to the West. Its international relations have become more significant.

Albania's economy during the Kosovo conflict was not a war economy. But it suffered and still continues to suffer in the wake of the conflicts and insecurity that have prevailed in the region over the last decade. This insecurity has exacerbated the problems of economic reform.

Albania, of all the Balkan countries, was perhaps the most enthusiastic about the Stability Pact. There has been full Albanian political consensus on the Pact from the first day of its launch. The Stability Pact was perceived as the region's big opportunity to rid itself of conflicts and get closer to the rest of Europe.

For Albania to get the best results from the Stability Pact, it is necessary to create some kind of Albanian Stability Pact, i.e. an internal agree-

ment that would channel energies towards consensus and reconstruction rather than political conflict. In addition, the Stability Pact needs to

be perceived as an opportunity for the political class to shape the country's future, not as an international patronage that will solve everything.



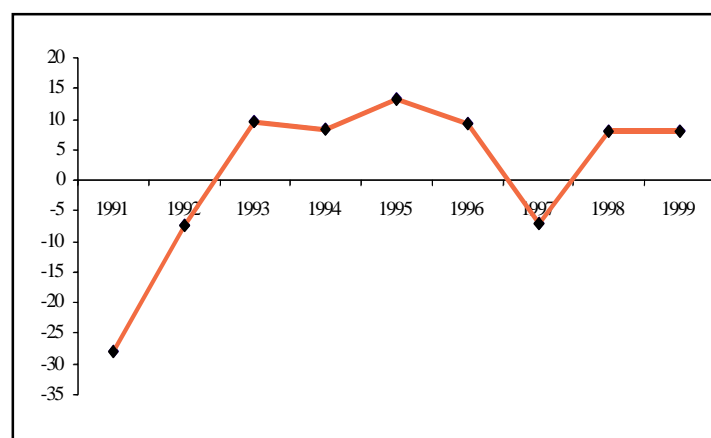
# ECONOMIC INSECURITY

## 1.1 Post-crisis recovery?

### Unstable production growth

Gross Domestic Product (GDP) growth has been unstable during the last ten years of transition, as in the case of the majority of countries in the region. During the political and economic upheaval of 1997 there was an abrupt fall in GDP, reducing it to the level of 1992. But GDP has improved considerably in 1998 and 1999 growing by an annual 8 %, the same rate of growth as in 1994. This can be attributed to the rapid recovery of the construction and transport sectors, which suffered badly during the troubles of 1997.

**Fig.1 Annual growth of GDP (in %)**



**Despite continuous and ongoing efforts to implement a tight and successful macroeconomic policy, the country remains very crisis prone. High unemployment and poverty imply that a cautious macroeconomic policy combined with social policies and regional development is imperative. Concentrating on improving macroeconomic indicators at the expense of poverty reduction programmes could leave the country exposed to more instability in the future.**

### Low Inflation

Despite the fluctuations of 1996-1997, anti-inflationary efforts have yielded visible positive results. The period 1992-1995 was especially successful. Inflation was reduced from approximately 237% to 6%. In 1999, as a result of a stable currency and a policy of cautious control over money supply and the budgetary deficit, inflation fell to 0.7%, the lowest it has been since 1990. Monetary and fiscal policy has been tight during the transition period in order to create the right economic environment for sus-

**Tab. 1 Annual growth in other countries of the region**

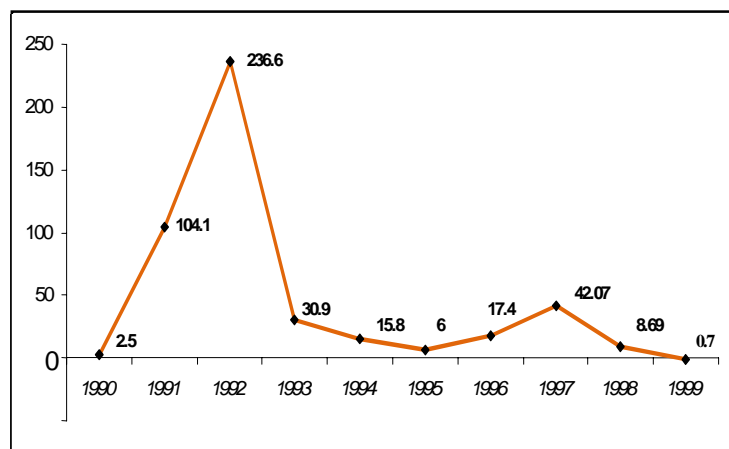
in %

	1995	1996	1997	1998	1999
<b>Albania</b>	13.3	9.1	- 7	8.0	8.0
<b>Bosnia Herzegovina</b>	20.8	69.2	29.5	15.1	10.0
<b>Bulgaria</b>	2.9	- 10.1	- 7.0	3.5	1.5
<b>Croatia</b>	6.8	5.9	6.8	2.5	- 1.5
<b>Federal Republic of Yugoslavia</b>	6.1	3.5	7.4	2.6	-35
<b>FYROM</b>	- 1.1	1.2	1.4	2.9	2.5
<b>Romania</b>	7.1	3.9	- 6.6	- 7.5	- 4.5

Source: World Bank, March 2000

tainable growth, for the restructuring of the economy, for the privatisation of big enterprises and strategic sectors and to promote the development of the financial system.

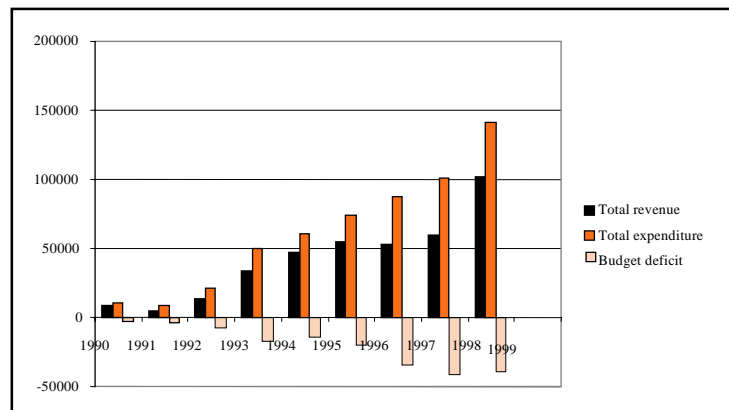
**Fig. 2 Annual inflation (in %)**



Source: INSTAT, December 1999

The government's fiscal policy is one of exercising strict control over budgetary expenditure, while trying to raise average income levels. But despite these efforts, especially during 1998-1999, the budget deficit remains high.

**Fig. 3 Budget revenues and expenditures**



Source: Ministry of Finance, February 2000

**Tab. 2 Comparison of various financial indicators**

	Albania	Bosnia Herzegovina	Bulgaria	Croatia	FYR of Macedonia	Romania
Number of banks	11	70	28	60	24	35
Banks total assets (in % of GDP)	45	132	35	74	46	35
Credits for the private sector (in % of GDP)	3	-	16	40	21	13
Number of Insurance companies	3	-	30	23	-	47

Source: World Bank, 1999

## Lack of credit

The number of commercial banks has increased each year, from one licensed bank in 1992, to 11 in 1999. But there are still few banks compared to other countries in the region and the level of investments is very low. In the last three years, private investments totalled approximately USD 47 million per year, compared to USD 90 million in 1995 and USD 97 million in 1996.

Although the business community is in great need of credit, very little has been extended. It is estimated that in the last three years the overall credit given to the private sector is just 3% of GDP, compared to 13-40% of GDP for other countries of the region. Banks operating in Albania, including foreign private and joint-stock banks, have a very conservative lending policy, due to the following problems:

- A high risk of credit non-repayment,
- A lack of business stability
- A lack of appropriate and transparent accounting
- Businesses do not meet the bank's criteria for collateral.

On their part, businesses accuse the banks of complicated and lengthy bureaucracy, high credit cost and high requirements for collateral.

As a result, there is a growing tendency to implement microcredit programmes, where the risk is minimised since the amounts are smaller and the responsibility for credit repayment is not limited to the borrower only.

The positive steps taken by the Bank of Albania to facilitate business credit have not been followed by a real increase of credits to the private sector. Lack of banks in the majority of cities, as well as the failure by banks and business to agree on mutual lending/borrowing re-

quirements has led to low rates of domestic investment and unbalanced regional development. As a result the financial possibilities of starting a new business or expanding an existing one are few and employment opportunities remain limited.

## A stable currency?

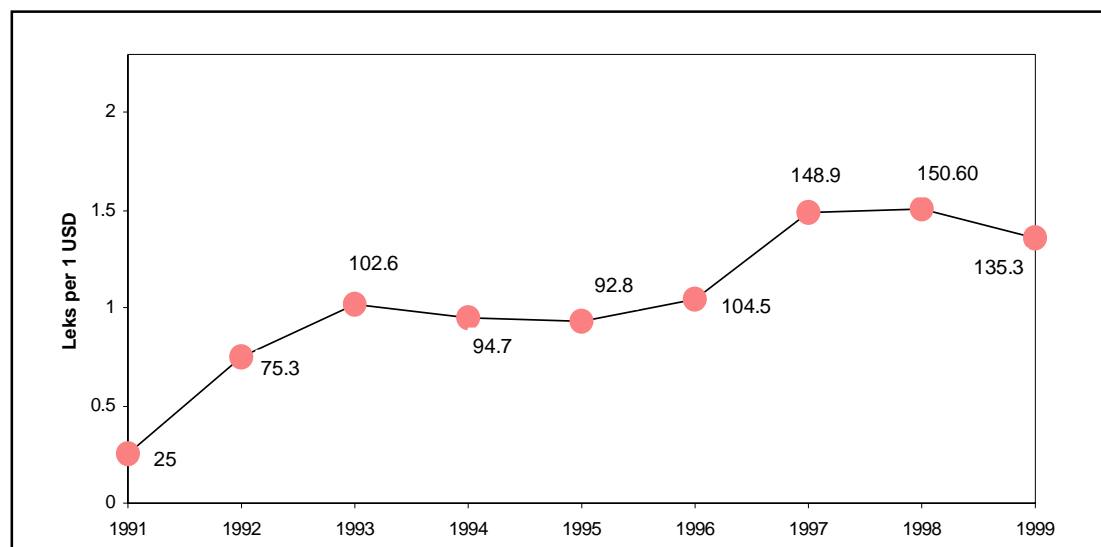
During the last ten years of transition, the value of the Lek has depreciated continuously. In 1999 1 USD exchanged for approximately 135.3 Lek, compared to about 25 Lek in 1991. While the Lek was relatively stable during 1993-1996 when inflation dropped and GDP rose, the currency depreciated sharply in 1997 and has never recovered its former value. However, during the last few years the public has shown more confidence in the Lek and in 1999 the exchange rate strengthened considerably.

*expectations, it has not had a substantial impact on the lives of the majority of Albanians. The low starting point and the rapid restructuring of the economy inevitably made growth seem significant and impressive - but there should have been no place for euphoria - because these changes created economic imbalances and social tension.*

*Albania is a small, geographically well placed country with considerable natural resources and a relatively well educated youthful population with a natural feel for business. Yet there are entrenched social, political and economic problems which make the Albanian transition difficult, and the macroeconomic results unsustainable.*

*Economic restructuring, a chaotic labour market, a closed economy based on imports and remittances, a lack of market institutions and finance centres, a widespread informal economy, corruption, delayed privatisation, weak management and administration of assets, absence of an active civil society, poor law and*

**Fig. 4 Exchange rate US\$/Lek in years**



**Source: Bank of Albania, March 2000**

### *The euphoria of figures*

*Until early 1996, the Albanian transition was hailed as a success by international institutions - at least in terms of macroeconomic indicators. But the economic and political collapse of 1997 and the analysis of the factors that brought about the crisis made analysts more cautious in their interpretation of reported figures on economic performance. Although since 1993, economic growth has been visible and has met realistic*

*order and public security, political instability and conflict in the Balkans have all contributed to a lack of sustainability.*

### **Slow pace of business development**

Small and medium size businesses account for more than 99 % of private enterprises and 79% of these businesses have on average one employee. Fifty two per cent of these enterprises belong to the trade sector due to the low entry barriers. Only 10% of the companies operate

in industry and half of these are based in central Albania, along the Tirana-Durres-Elbasan corridor.

Prior to 1997, the size of new businesses had grown rapidly. In 1991, there were less than 2,000 small and medium registered enterprises. Numbers grew to 9,000 in 1993, and 16,400 in 1994. But the crisis of 1997 had a profound effect on the business community and only about 3,000 managed to survive. Since then, 4,800 new businesses have registered, reflecting the improvement in the economy. The ups and downs in the development of the private sector coincide with the change in the GDP during the same period.

In 1999, 70% of employed persons worked in agriculture (although agricultural companies account for just 2% of Albanian business); 3% of the work force were employed in the wholesale and retail trade sector, 8% in electricity production and the rest in other sectors like construction, services, etc. This employment structure reflects the static situation of the country - an agricultural economy with short-lived enterprises mainly in the trade sector, with little impact on employment or production. The legal and regulatory framework for the private sector is subject to frequent changes, which makes the environment for the development of small and medium enterprises unpredictable and hostile.

The business community generally operates, without any serious market strategy or market research. This ad-hoc haphazard approach combined with the lack of national business development strategies, government incentives for enterprise zones and excessive bureaucracy has led to import-dependency. Traditional manufacturing capacity has suffered as well as the quality of new services and products. Local production is less competitive as a result and this has led to a chaotic free-for-all market dominated by monopolies. As a result of this weak and ad-hoc development, the enterprise economy is incapable of absorbing the labour force.

Migration is widespread from areas where the population sees no opportunity for regional development. People may not find employment in the so-called "better off" areas, but at least they can live with an increased sense of optimism that their situation might improve.

The government is finalising a medium term private sector development strategy to create a more favourable market oriented climate for small and medium enterprise development. The strategy is based on an assessment of the current situation and aims to address the main constraints hampering the growth of business.

### *Results conducted from a national survey of private enterprises, in 1999, by GTZ.*

*Because of the lack of credit, investments depend mainly on an individual's personal finances and resources. Eighty two per cent of private enterprises surveyed, stated that they required credit. Of these, 35% needed a maximum of USD 50,000, and another 35% required a maximum of USD 120,000. More than half of the companies said they needed the credit for investment purposes as opposed to working capital.*

- *Four per cent of companies had investments worth USD 1 million, 38% less than USD 125,000 and 40% less than USD 50,000.*
- *Many companies use old or second hand technology and there are serious needs for financial help to upgrade equipment and provide training. The need is particularly acute in the manufacturing and construction industries in order to comply with quality control requirements.*
- *Most products and services are for the domestic market.*
- *Sales are very low. 38% of businesses achieved an annual turnover of between USD 50,000 and USD 125,000 while 48% of companies had an annual turnover of less than USD 50,000.*
- *The interviewees described the laws and regulations as complicated and ever changing. Eighty four per cent said there had been too many changes, while 78% said the law was too complicated.*
- *Women run only 8% of companies.*

*Results from a selective survey of private and state institutions, business associations, banks, business consultancy firms and the donor community conducted by the Human Development Promotion Centre in 1999:*

- *The legal framework for business needs*

*fine-tuning, especially the laws governing competition, customs duties, taxes and the law on employment and protection of interests of employees.*

- *Only about 30% of interviewees believed that the opinions of the private sector had been taken into account during the process of law reform.*
- *The professional ability of civil servants who handle business issues is perceived as low and there is duplication of efforts and an overlapping of responsibilities between the ministries.*
- *Ten of the 13 donors, who collaborate with the Albanian Government to provide credit to small and medium size businesses, consider their programmes to be successful.*

*They blame a weak banking system, the lack of political stability and public order for the general reluctance to provide credit.*

- *60% of the interviewees want a more liberal policy towards granting credit.*
- *50% of banks said they had no strategy for giving loans to businesses.*
- *80% of banks blamed business for not being credit worthy- they list poor business plans, weak business management, poor accounting and insufficient collateral among the problems.*
- *75% of the interviewees stressed the need for small and medium enterprises to receive financial and legal support as well as marketing and management assistance so as to be able to prepare better business plans.*

### Foreign Aid and Public Investments

Foreign aid provides the bulk of public investment in Albania. By the end of 1999 foreign aid had totalled over USD 2.7 billion, of which about USD 680 million was provided over the last two years. The European Union and the World Bank are the main multilateral donors, while Italy, Germany, USA, Greece and Japan are the main bilateral donors.

In comparison to 1996-1997, money for projects for the health sector, rural and urban infrastructure and enterprise promotion has tripled and finance for projects developing institutional capacity and restructuring water and waste management systems has doubled. In total, 50% of the aid was spent on road and water supply infrastructure. The level of financial aid is very modest, but the need for investment in the education sector is very high.

**Tab. 3 External financing of the public investment programme**

**In million USD**

Financing agency	Before 1996	1996	1997	1998	1999	Total
<b>Multilateral:</b>						
European Union	550.5	57.5	62.3	62.0	130.7	863.0
European Investment Bank	37.1	13.2		24.3	*	74.6
European Bank for Reconstruction and Development	34.5	0.3		0.2	50.0	85.0
The World Bank	239.1	62.9	29.6	57.0	116.4	505.0
Others	55.4	20.3	1.3	3.0	*	80.0
<b>Total</b>	<b>916.6</b>	<b>154.2</b>	<b>93.2</b>	<b>146.5</b>	<b>297.1</b>	<b>1607.6</b>
<b>Bilateral:</b>						
Germany	122.3	53.0	4.6	26.7	9.9	216.5
Greece	16.6		42.1	46.4	1.3	106.4
Italy	227.2	27.9	28.5	69.6	48.1	401.3
Japan	45.7	29.1	1.2	2.5	4.0	82.5
USA	197.7			4.9	*	202.6
Others	108.0	14.0	2.1	6.2	17.4	147.7
<b>Total</b>	<b>717.5</b>	<b>124.0</b>	<b>78.5</b>	<b>156.3</b>	<b>80.7</b>	<b>1157.0</b>
<b>Overall</b>	<b>1634.1</b>	<b>278.2</b>	<b>171.7</b>	<b>302.8</b>	<b>377.8</b>	<b>2764.6</b>

\* not available in the data base dept. The data in this table include all aid categories: Balance of payments, technical assistance, investments, humanitarian aid, food and commodity aid

Source: Ministry of Economic Co-operation and Trade, March 2000

The disbursement rate of funds is still low. Only 50% of the USD 2.4 billion granted between 1991-1998 have been spent. The disbursement rate is lower for infrastructure projects.

Implementation of large projects according to international standards is a difficult challenge for Albania. Efficient absorption of donors investment funds is hampered by inadequate services and manufacturing capacities. There is also insufficient institutional capacity and a lack of knowledge and experience in the management of large funds to enable all the aid to be absorbed. Often the legal framework is either not known or misunderstood and the process is further hindered by bureaucratic delays, corruption and a lack of transparency in procurement procedures. Sometimes, the quality of foreign contractors is poor and there are cases where contract funds have been abused, clearly demonstrating that corruption in this area is not just an Albanian problem. The commitment of Albanian governments to fight corruption and ensure transparency in the handling of aid has been considerable, but never enough.

***Has there been enough public investment?***

*There is a widespread belief in Albania that the very poor state of infrastructure is due to a lack of finance. But a cursory look at the European Union's financing of the transport sector demonstrates that this is clearly not the case.*

**Tab. 4 European Union finance to the transport sector 1994-1999 in million EURO**

PROGRAMME	COMMITTED	CONTRACTED	DISBURSED	
			in million EURO	%
<i>Phare Transport</i>	<i>56</i>	<i>40</i>	<i>7</i>	<i>12.5</i>
<i>Cross-border co-operation (Albania-Greece)</i>	<i>62</i>	<i>45</i>	<i>17</i>	<i>27.4</i>
<i>Cross-border co-operation (Albania-Italy)</i>	<i>42</i>	<i>26</i>	<i>6</i>	<i>14.3</i>
<b>Total</b>	<b>160</b>	<b>111</b>	<b>30</b>	<b>18.8</b>

Source: Ministry of Economic Co-operation and Trade, March 2000

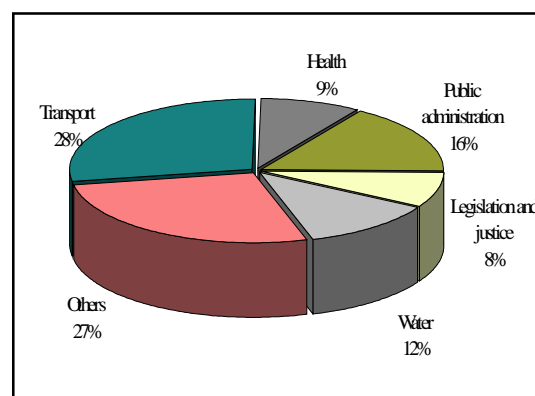
*There is a lot more effort put into signing contracts than into supervising their implementation. Reasons for this include:*

- *The limited capability and insufficient motivation of the institutions responsible for infrastructure project implementation.*
- *Delayed solutions to issues concerning property expropriation or tax exemptions and charges.*
- *Lack of co-ordination between donors and Albanian institutions.*
- *Lack of personnel at national and local level with the required skills to prepare and implement infrastructure projects*

*The present Government has expressed its wish to change this situation.*

Foreign aid will continue to provide the lion's share of public investment financing in Albania during the period 2000-2003. In addition to the non-disbursed funds, negotiations will take place for supplementary financing of around USD 400 million. The greatest demand will continue to be for financing infrastructure development.

**Fig. 5 Requirements for new financing according to sector**



Source: Ministry of Economic Co-operation and Trade, March 2000

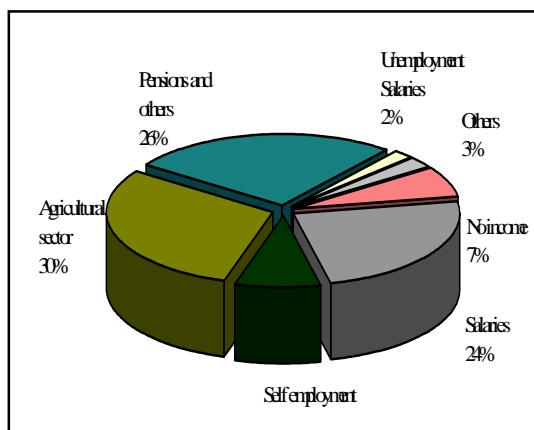
**1.2 Family living standards**

**The average Albanian family is poor and has inadequate living space. It is claimed that the average income is half of the minimum income considered necessary to live. Only one family in five thinks that it has enough resources for a decent life whereas two thirds of households say their economic situation is very difficult. The average living space is 62 sqm per household and the possibilities of buying a house are limited due to extremely high prices.**

## Household income

Living standards are assessed by taking into account a wide-range of inter-dependent social, economic, monetary and material factors. Income is a key indicator and in the case of almost all Albanian families, the heads of the household usually provide the main income.

**Tab. 6 Income of the head of the household**



Source: INSTAT

According to a national survey conducted by INSTAT in October 1998, the main source of income of more than half of the heads of household (54%) is from salaried work in the state or private sector (including agriculture). One fourth are eligible for old age or invalidity pension and 7% have no income at all.

The average income per household is Lek 16,620/month. In areas where there are less than 10,000 inhabitants, the average income falls to Lek 14,250/month, while in areas of more than 10,000 inhabitants, incomes are higher at Lek 21,240 per month. This disparity partly explains

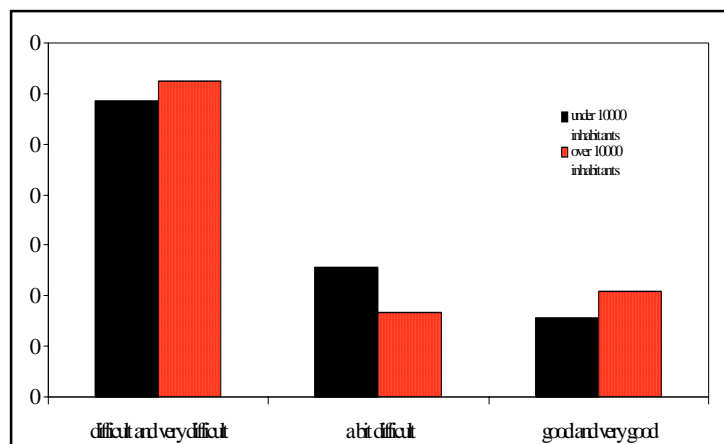
the pattern of migration from rural to urban areas.

Twenty per cent of households receive just 5% of the country's total wages, whereas 30% of total income goes to 10% of families - Albania's wealthy class.

According to a survey in which households evaluated their own financial situation, 60% said their economic situation was very difficult, 23% said that it was difficult and 17% good or very good. The income of the latter category is three times higher than that of households in the first category.

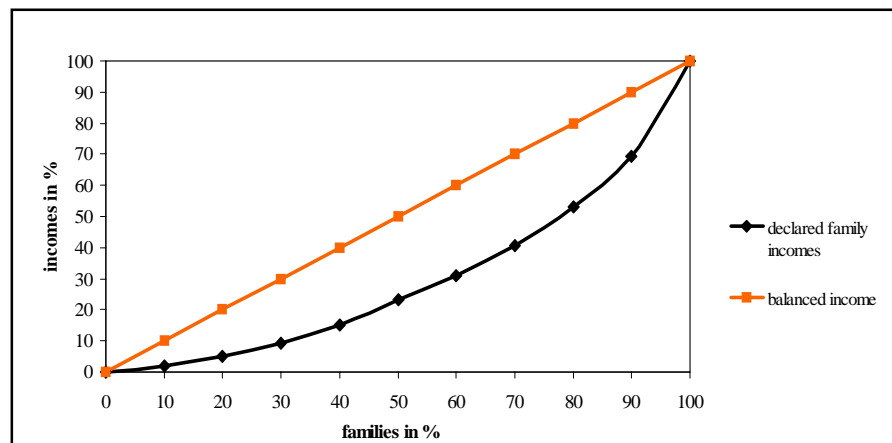
In general, households estimate that they need a minimum income of Lek 31,000/month to lead a decent life. In less populated areas (under 10,000 inhabitants) the average is Lek 28,000/month, in more populated areas (over 10,000 inhabitants) the average is Lek 38,000/month.

**Fig. 8 Family financial situation (in %)**



Source: INSTAT

**Fig. 7 Average family income distribution**



Source: INSTAT

Meagre incomes mean that the majority of households lead simple and thrifty lives. Only 15% of households earn enough to eat meat at least once in two days, while only 18% buy new clothes at least once a year. Only 12% of households have enough money for a vacation of a week or more in Albania or abroad. Despite low incomes, 56% of households entertain family and friends at home. But this is more indicative of the Albanian tradition of hospitality rather than a sign of wealth.

**Tab. 5 Income use** in %

Use \ Population	Under 10,000 inhabitants	Over 10,000 inhabitants	Total
One week vacation per year	8.1	18.3	11.6
Meat consumption once in two days	10.8	23.6	15.1
Purchasing new clothes every year	18.2	18.7	18.4
Receiving relatives and friends	61.5	44.6	55.7

Source: INSTAT

### Housing

Sixty three per cent of Albanians live in their own house - the majority of which were occupied by the same families prior to 1992. About 25% of families live in apartments which were privatised under preferential terms in 1992 and 95% of all housing has now been privatised. Eighty per cent of people living in their own house belong to areas of fewer than 10,000 inhabitants and almost two thirds of private houses have gardens.

The average family has two rooms to live in with an average living space of 62m<sup>2</sup> or 14.6m<sup>2</sup> per person with two people sharing a room. Three quarters of households have a separate kitchen.

Houses offer very limited comfort. Less than half of Albanian households have an indoor

toilet or running water and in areas with fewer than 10,000 inhabitants, 75% of households live without these facilities. One fifth of houses are damp and a quarter have broken windowpanes.

About 36% of the houses have plastered walls, 4% are constructed with prefabricated bricks and 29% with stones. In 51% of the cases, the alleys from the house into the main streets are not paved. In areas of over 10,000 inhabitants, nearly half the overall number of households said that the environment around their houses is polluted, whereas in less populated areas this is true for 18%.

*In Albania, 57,376 families are either homeless, have insufficient housing space or have had to return their house to ex-owners. They comprise the following categories:*

- Families that live in houses that by law have been returned to the ex-owners 10,200
- Families of the ex-persecuted and political prisoners 6,000
- Families that live in cramped and dire conditions 35,176
- Families that lost their houses to the pyramid schemes 6,000

*During 1944-1990, the state built about 220,000 apartments. Private investors, local and foreign, have made considerable investments in the housing sector over the last ten years. Newly built houses in cities now sell at around 300-600 USD/sqm.*

The need for better hygiene and sanitation, as well as post-privatisation pride in ownership, have encouraged Albanian families to improve their home interiors. The trend is more pronounced in areas of over 10,000 inhabitants, where during 1998, about 32% of households carried out home improvements. The most frequent works include a new WC, re-tiling and replacement of windowpanes.

**Tab. 6 Housing situation** in %

Situation \ Population	Under 10,000 inhabitants	Over 10,000 inhabitants
WC and running water inside the house	26,0	81,9
Leaking roof	22.5	15.4
Damp walls	21.4	17.3
Broken windows	23.9	26.3

Source: INSTAT

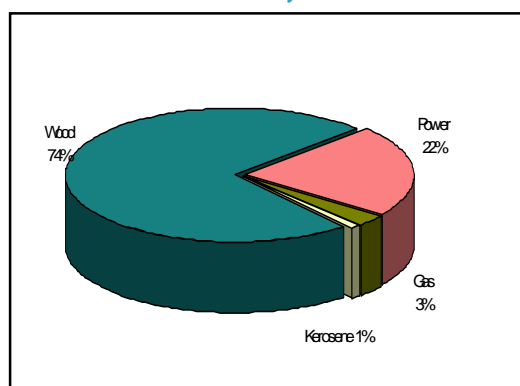


## Material conditions

Almost all Albanian families, about 93% of households, have a TV set. Despite the expense, only 7% of the households do not possess one, but declare that they would buy one if they had the money. About 12% of households have a VCR and 77% regard it as an important appliance, which they would buy if they could.

There is a clear difference between areas with regard to ownership of washing machines. In

**Fig. 10 Mode of heating in the areas of less than 10,000 inhabitants**



Source: INSTAT

**Tab. 7 Household equipment**

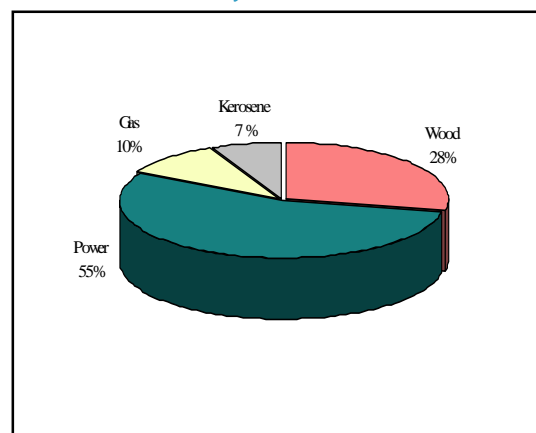
in %

	Under 10,000 inhabitants	Over 10,000 inhabitants	Total
Black & white TV	39.9	12.8	30.3
Colour TV	54.9	86.7	65.6
VCR	7.9	19.9	12.0
Satellite dish	19.4	23.1	20.7
Refrigerator	59.2	89.8	69.5
Washing machine	12.6	68.2	31.4
Vacuum cleaner	4.4	27.4	12.2
Cooking stove (gas/power)	29.8	70.3	43.5
Hi-fi	6.8	14.2	9.3
Bicycle	16.4	25.0	19.3
Car	3.9	11.3	6.4
Telephone	3.1	31.1	19.6

Source: INSTAT

more densely populated areas (over 10,000) families are five times more likely to own one. This has to do with higher income level as well as access to running water.

**Fig. 9 Mode of heating in the areas of over 10,000 inhabitants**



Source: INSTAT

Families use wood, electric power and gas (LPG) for heating and cooking purposes. In areas of over 10,000 inhabitants, the number of households using electric power or LPG is double that of less populated zones where 74% of households use wood stoves for heating and cooking. LPG is still seen by many as a novelty.

Ownership of a telephone line is a very distinguishing factor - where there are over 10,000 inhabitants, ten times more households have telephones. In the same category of households, 11% have private cars and over half say they would like to own a computer, but cannot afford one, whereas in zones of less than 10,000 inhabitants, a computer is regarded as an unnecessary luxury.

## 1.3 Employment insecurity

### The labour market

**The labour market in Albania is characterised by high unemployment and a lack of investment to create the potential for a major increase in employment. State policies on employment lack co-ordination and fiscal policies do not properly support an accelerated development of the private sector. The situation is exacerbated by informal labour, lack of efficient labour market institutions and a shortage of skilled labour.**

After a continuous decline until 1996, the level of unemployment has increased year by year and now remains at a high level. In 1999, according to the Ministry of Labour and Social Affairs, unemployment stood at 18.2%, with a total of 239,794 registered unemployed, compared to 17.7% in 1998. In addition, it is estimated that a further 7% of the unemployed are unregistered. Continuing high unemployment poses obvious risks to maintaining macroeconomic and social equilibrium and constitutes an increasing financial burden on the state.

The first few years of transition were characterised by an immediate increase in the number of unemployed due to the collapse of many enterprises. But during 1993-1996, registered unemployment fell continuously as the economy recovered and the number of small and medium enterprises grew. During the 1997 crisis, many of the state and private enterprises were destroyed and this had an immediate impact on the labour market. The increase in unemployment figures was also related to the fact that many jobless had not registered previously, because they had been receiving monthly payments from pyramid scheme investments.

It is difficult to make a full assessment of the Albanian labour market using just the official data of the last ten years, for the following reasons:

- A large part of the population is rural and mobile, which makes it difficult to identify the unemployed. The search for a common denominator to define unemployment has been the subject of intense and often controversial debate.
- The existence of a large informal economy.

**Tab. 8 Labour force and employment 1994-1999** in thousands

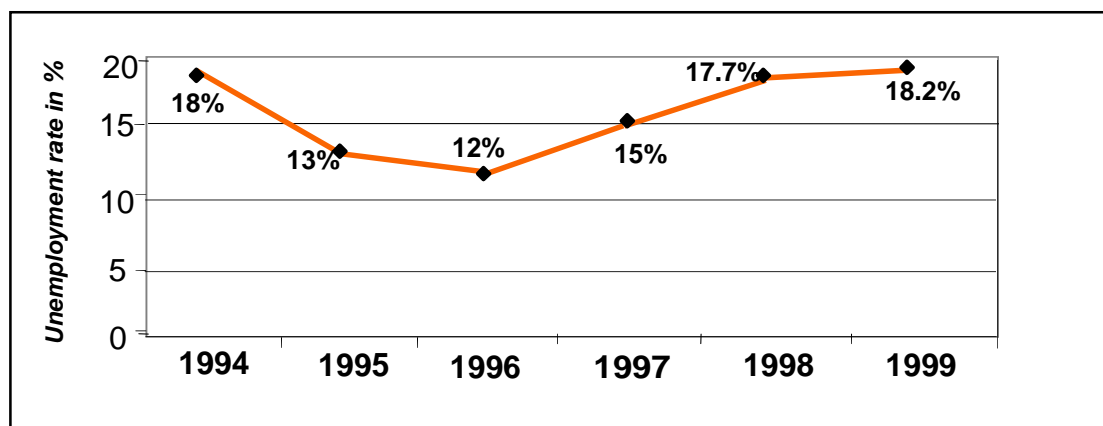
	1994	1995	1996	1997	1998	1999
<b>Population</b>	3202	3249	3283	3324	3378	
<b>Working age population</b>	1786	1820	1850	1861	1888	
<b>Labour force</b>	1423	1309	1274	1301	1320	1322
<b>Total of employed persons</b>	1161	1138	1116	1107	1085	1082
<b>Registered unemployed</b>	262	171	158	194	235	240
<b>Rates of unemployment</b>	18	13	12	15	17.7	18.2

Source: Ministry of Labour and Social Affairs, March 2000

Various external and internal factors have prevented private business (except in areas such as trade, services and construction) from growing and playing an important part in the economy and labour market. The main cause of unemployment in the cities, along with the low level of skills, is the massive migration of the population from rural to urban areas.

The low wages that characterise the Albanian market have not yet stimulated the attraction

**Fig. 11 Yearly unemployment**



Source: Ministry of Labour and Social Affairs, March 2000

of foreign financing. They have led to a decline in the professional level of the labour force, as well as encouraging emigration of skilled labour and, above all, well-educated people. This massive loss of human resources means that the economic situation is unlikely to change rapidly.

The volume of informal labour is huge, although no official figures exist. While for a time the phenomenon may have served as a means of reducing labour costs and alleviating social problems by generating employment, the scale of unregistered labour is now so large, that it is expected to cause problems in the future. The large contingent of uninsured today will create a great burden for social assistance and welfare programmes. Albanian society will have to pay a high cost to reduce poverty in future years.

Albanian labour market offers limited possibilities given the poor qualifications of the unemployed. While 48% have finished middle school and 49% have finished high school they need vocational/re-training programmes to do qualified work. But training opportunities in terms of quantity and quality are very poor. The only progress is the establishment of several private centres, mainly for foreign languages and computer courses. But these centers charge high fees and have little impact on employment. There are also few options for women in the labour market. Currently the female unemployment rate is 21 % compared to 15% for males.

In the last few years, the Government has undertaken several steps to improve the situation by financing various employment initiatives, including the programme of public works and employment promotion through co-operation with private business. These projects have created new employment, especially the public works projects in rural areas, which were undertaken in 1998/1999.

Employment promotion projects have also helped create private enterprises and employment within this sector. These projects were implemented in the second half of 1999 and are ongoing. However, many of these jobs are seasonal.

There is an evident need for institutions to become responsible for further analysis of the situation, and for the development and implementation of policies and strategies in this area.

## Social protection

Unemployment benefit, regarded as social insurance, is paid to individuals for a maximum of one year. During 1999, approximately 24,000 people benefited from this scheme compared to 25,000 in 1998.

Social protection includes the social assistance that is given to the most vulnerable families, who have no income or too little to live on. During 1999, about 145,000 families or 17% of families in Albania received social assistance. Of these families, 49% lived in urban areas and 51% in rural areas.

### **Social Policies**

***The high level of unemployment has highlighted the need to develop active employment policies, in particular for young people, women and workers from industries that have closed down.***

***Although, the country has had various social protection programmes for many years, a large part of the population remains without coverage or excluded from the schemes. Fifty four per cent of the unemployed currently receive social assistance and 9% receive unemployment benefit - but that leaves 37% of the jobless receiving nothing at all.***

***Countrywide, 145,000 families are eligible for social assistance, 1000 persons (the elderly and abandoned children) receive care in social state residences/centres and about 3,800 people receive special care. These citizens are passive recipients. While large amounts of money are spent on helping the needy, there is nothing done to help these citizens get back to work or participate more in community/public life.***

***During 1998-1999, the National Employment Service implemented the Public Works Programme, to help alleviate poverty and reduce unemployment levels in different parts of the country. According to official data, the state spent Lek 1,513 million on the implementation of 729 projects providing jobs for 46,500 unemployed. 1999 marked the beginning of the Employment Promotion Programme by which the Government provided subsidies to employers to generate new employment and provide vocational training to employees. According to government figures between 1999 and March 2000, Lek 465 million has been spent generating 10,000 new jobs. Each new job costs the government approx. Lek 4,550 month/person. For the year 2000, the state budget has allocated Lek 500 million to this programme.***

During 1999, 260,000 people received an old age pension: 48% received on average Lek 4,100, 28% on average Lek 4,600, 10 % on average Lek 5,000 and 14% an average of Lek 5,200. The number of invalidity pensions for 1999 was approximately 26,000 with an average pension of Lek 4,000.

There is also a social protection scheme for the disabled. It covers the mentally disabled since birth and those unable to work. During 1999, about 31,000 individuals benefited from this scheme and received a pension of Lek 4,000. These pensions are not enough to live on.

## Wages

During the last decade, wage levels have changed continuously. Until the end of 1989, wages were the only source of income for all the working population and they were determined by the state according to a fee system based on the quantity and quality of work undertaken.

1991 marked the start of efforts to transform the centralised economy into a market economy. The implementation of a complex programme of overall economic reform and restructuring began step by step and wages which were such an important part of monetary and social policy had to be revised in accordance with the new economic environment. Given the country's specific situation, this had to take place gradually beginning with an increase in exceptionally low wage levels and then the formation of a more appropriate wage system.

1991 saw the start of wage increases in the most important economic sectors. A new wage was introduced for state employees comprising 22 categories based on a job evaluation, which looked at the nature of the work, responsibilities and difficulties. This new system marked the beginning of the process of differentiation between wages for qualified and unqualified work. By the end of 1993, the payment ratio between the lowest and highest wage was 1:4 compared to 1:2 at the end of 1989.

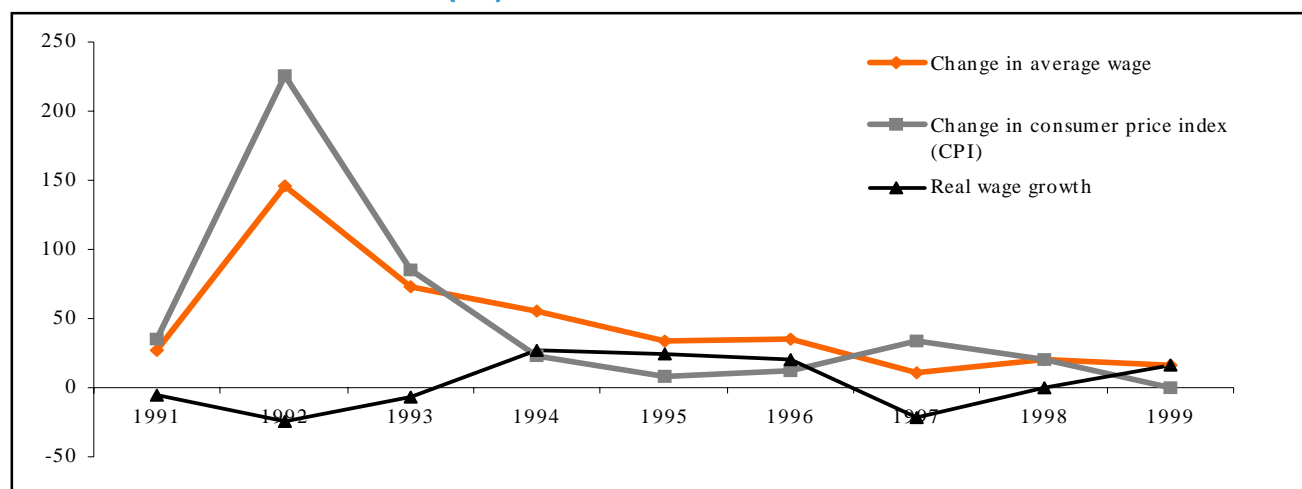
For the first time, during 1992 - 1994, state sector wages were revised twice a year to reflect changes in the retail price index. Furthermore, payment for food allowance and electricity and fuel allowance was added to state wages to compensate for the liberalisation of prices of these commodities.

The working week was reduced from six days to five, which helped increase the wage per hour for civil servants.

The average monthly salary of a civil servant by the end of 1994 was eight times higher than in 1990 while the minimum official wage was three and a half times higher. The average wage of a director was twice as high as that of a worker. But in the meantime, the retail price index had increased by a factor of ten. Consequently, by the end of 1994, real wages of employees fell by more than 16 per cent.

In 1994, the average monthly output for one employee was worth Lek 12,800, while the average monthly wage was Lek 4,778, just 37 % of the average monthly output.

**Fig. 12 Average wage and Consumer Price Index (CPI)**



Source: INSTAT, May 2000

During 1995 -1997, there were no changes in salary levels. This was due to the bad economic situation and the closure or destruction of many enterprises. By the end of 1997, the average wage was 17 times higher than in 1990, but prices were almost 19 times higher. This represented a 17% fall in the value of the real wage. This reduction had a serious effect on living standards.

In 1998, state wages were raised by an average of 20%. The minimum wage was approximately Lek 5,800, eight times higher than in 1990. The average monthly wage for a state employee was about Lek 11,000, but employees working in banking and public administration earned approximately double. By the end of 1998, wages and prices were twenty times higher than in 1990.

**Tab. 9 Average monthly wage according to sector (October 1998)**

**in Leks**

<b>Sector</b>	<b>Average wage</b>
<b>1. Employee in :</b>	
- state sector	<b>10,735</b>
- agriculture private sector	<b>4,755</b>
- non-agriculture private sector	<b>13,286</b>
<b>2. Self-employed in:</b>	
- agriculture private sector	<b>5,146</b>
- non-agriculture private sector	<b>18,575</b>

# SOCIAL INSECURITY

## 2.1 The citizen and the state

### **A weak state which cannot provide security for its citizens**

Despite visible improvements in security over the last two years, Albania is still regarded as a country with high crime and low levels of social, political, and economic security. Many attribute the insecurity and instability to the dramatic and violent events of 1997 that followed the collapse of the pyramid schemes, where a large part of the population had placed its savings. 1997 was a catastrophic year - the state completely collapsed plunging the country into anarchy and chaos with dire consequences: many killed and wounded, extensive material damage and massive armament of the population.

The military depots were looted during the anarchy of the spring of 1997 and thousands of weapons of all kinds fell into the hands of the civilian population. Despite a series of measures undertaken by the Government of Albania, including the implementation of a very successful UNDP pilot project in the district of Gramsh (lately extended to Elbasan and Dibër), disarmament on a countrywide scale and an effective solution to the problem requires much further time and effort. The armed population is an important contributing factor to the lack of security and stability in Albania.

Although the dramatic and violent events of 1997 marked the climax of the breakdown of Albanian institutions, the crisis began long before those events. Even in 1991 and 1992, the country had its first taste of anarchy when violent outburst greeted the collapse of communism, which everyone identified with the state.

The reasons behind the Albanian crisis are many and complex. They are related to the country's historical heritage as well as the terrible consequences of half a century of Stalinist rule and

its legacy of social problems and low economic development. Yet, it is widely accepted that one of the most serious impediments to Albania's development and stability in the post-communist period is the weak state.

In the case of Albania, the weakness of the state is substantial and deep rooted. A weak state is one that cannot implement or enforce the law, is unable to formulate and implement development policies, cannot collect taxes and is unable to provide its citizens with the most essential public services or the means to participate in public life. A weak state is a state which cannot exercise its primary function of social control and therefore fails in its duty to protect and care for its citizens.

State weakness characterises the entire period of Albanian transition. During the events of 1997, it took on alarming proportions and it continues to be the key underlying factor of collective and personal insecurity.

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### *State and politics*

*Without going into a detailed analysis of the factors and reasons that brought about the weakening of the state in post-communist Albania, one of the key factors that should be reviewed is the role of politics in the overall state of insecurity that characterises this period.*

*Continuous and radical change in Albania during the 90s has undoubtedly led to psychological insecurity for a large part of the population. This is a typical characteristic of transition experienced by all ex-communist countries. But insecurity has been exacerbated by*

*the adversarial nature of Albanian politics, which has caused constant tension over the last ten years.*

*After 1990, the Albanian citizen acquired a number of fundamental political rights and the country took a series of important steps towards establishing democratic institutions. But, the polarisation of political life and attitudes, adversarial policies, the lack of dialogue and the promotion of a culture of intolerance have impeded stability in the country and promoted insecurity among its citizens. Many see emigration as the only way out of this situation.*

*The growth and consolidation of Albanian democratic institutions has been hampered by an inability to make a clear distinction between the state and the government of the day and confusion over their respective powers, by efforts to control the justice system and, by the populism that often characterises Albanian politics.*

*Despite efforts, there is still no modern or well-functioning public administration, which is essential for the country's effective transition from one political and economic system to another. In a large part, this is due to a mentality, which politicises everything and places party interests before the state.*

## The state and governance

There are many reasons why there is no social contract between the government and citizens in Albania. While historical heritage and the catastrophic consequences of communism are partly to blame, the manner in which the country has been governed in the last ten years as well as the way in which the political and economic model for Albania was conceived, are also very significant factors.

Capitalism was often perceived as a game with no rules, where getting rich justified breaking the law and where participation in politics was sometimes seen as a fast way to prosper. While this kind of capitalism created dynamism, it also encouraged mass idleness by promoting the mentality that one could get rich quickly through illegal means without really having to work. The pyramid schemes were part of this logic.

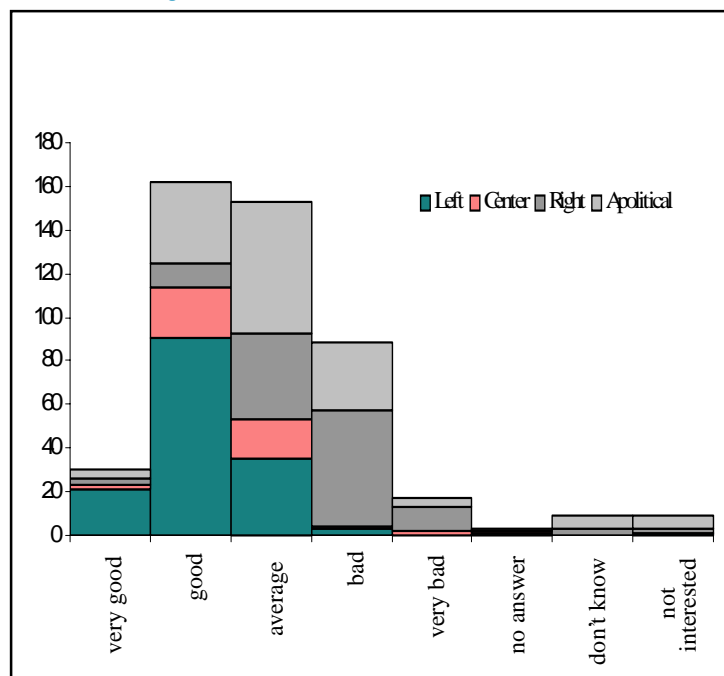
On the other hand, the adoption of a new lib-

eral model, which would allow the state to rapidly relinquish many of its functions, created an administrative void. Although there were many achievements during this period, the administrative vacuum created by the collapse of the communist system has not been filled. Given the number of cases of mismanagement, corruption and the improper functioning of the police and especially the judicial system, it is not surprising that the sense of mistrust towards the state and institutions has been growing and that people take the law into their own hands. As a result, in particular, there has been a revival of revenge killings and vendettas.

Society relies on a judicial system that works - and the need to sort out the Albanian judicial system should therefore be a top priority. Despite being discussed for years, there has been no change and the failure of the judicial system to function exacerbates the overall sense of insecurity in Albanian society.

The approval of the new Constitution of Albania in 1998 (a number of international institutions helped with the drafting) and the signing of the European Charter of Human Rights were important steps forward in the consolidation of Albanian state institutions. But there remains a serious discrepancy between the law as it is written and its enforcement. The judicial

**Fig. 13** How do you consider the work of the Government during the last 2-3 months?



Source: National Early Warning for Albania, UNDP, December 1999

system and the need for reform are one of the biggest challenges facing Albania today. There are serious problems with the political independence of the system, the professionalism of the judges and prosecutors and above all, the corruption which eats away at the heart of Albanian justice.

The contribution of international institutions is crucial to the efforts being made to strengthen state and government. But this assistance and the special attention given to Albania have not helped to create a long-term vision of development. There is a tendency to think of governance as a partnership with foreigners rather than management of the needs and concerns of the public and the country.

### Isolated corruption in Europe or part of European corruption?

Corruption is one of the most visible evils of the Albanian transition. According to a survey in 1999, based on an indicator that ranks countries from 0 (very corrupt) to 10 (very honest), Albania was the most corrupt country in the region. Of 99 countries rated worldwide, Albania was the 16th most corrupt.

**Tab. 10 Recent survey on corruption**

Countries	Corruption indicator (from 0 to 10)	Country rank (among 99 countries rated)
Hungary	5.2	31
Bulgaria	3.3	63
FYROM	3.3	63
Romania	3.3	63
Croatia	2.7	74
Albania	2.3	84

*Source: Transparency International, October 1999*

Results of a 1998 World Bank survey indicate that:

- More than half of the firms surveyed admit that they pay bribes to public officials. Corruption costs these firms approximately 7% of their turnover.
- Most bribes to public officials are paid by trade and construction companies. 75% of these companies admit to paying bribes.
- almost 50% of private citizens admit to paying bribes since 1991.
- Public officials confirm that corruption is pervasive: more than two-thirds of public

officials surveyed said that bribery is extremely prevalent in Albania.

- According to public officials, more than 50% of customs inspectors "purchase" their positions.
- 25% of private citizens who have a sick family member admit to paying bribes to health officials.

### *Stability Pact and the anti-corruption initiative*

*An anti-corruption initiative was announced as part of the Stability Pact at the Istanbul Summit in November 1999. It defined three groups of objectives (economic, public integrity and civil society) and it outlined the commitments that governments in the region should undertake to combat corruption:*

- *The adoption and implementation of European and other international protocols and standards, in particular those of the Council of Europe, European Union, Organisation for Economic Co-operation and Development, the United Nations and the Financial Action Task Force on Money Laundering.*
- *Promotion of good governance and efficient public administration through implementation of reforms that would ensure transparency and control of public administration, through development of institutional capacities and high standards of public service ethics for public officials.*
- *The strengthening of legislation and promotion of rule of law by ensuring a true separation of the executive, legislative and judicial powers establishing independent and best practice investigative capacities.*

But the nature of corruption is, at the same time, the subject of great political speculation in the country and abroad. This is because Albania is not unique - there are many other countries with the same problem and the phenomenon is not limited to any one particular government. The lack of a permanent monitoring system makes the scientific evaluation of the evidence very disputable. That is why the very strict approach towards this phenomenon sometimes appears to be based on a concern for political positioning rather than a true and genuine willingness to fight corruption.



## 2.2 Health Protection

**Public health in Albania faces both inherited and new problems. The most serious problems have to do with the dilapidated infrastructure, the lack of pharmaceuticals and medical supplies and the poor financial incentives for health professionals. Much effort has been made to solve these major problems, but a lack of financial resources continues to prevent real change. There is also a tendency for people to travel abroad for diagnosis and treatment, including for ailments that could be treated here given the professional level of Albanian doctors.**

General health indicators in Albania require careful analysis. Some indicators compare Albania favourably to its European counterparts. Life expectancy is 72.2 years, which is slightly below the average for Western Europe but above that of other countries in transition. This is probably due to people's diet and lifestyle and the climate. But this indicator needs reassessment given the recent increase in deaths by car accident and gunfire, especially among young people.

Immunisation levels of the population are also good. In 1998, approximately 97% of children were vaccinated against polio, 96% against diphtheria, tetanus and whooping cough (trivaccine), 89% against measles and approximately 87% of children against tuberculosis.

While official statistics on infant mortality, although incomplete, show that the rate is declining (20.5 per thousand during 1998), it is still among the highest in Europe. The maternal mortality rate (25.7 per 100,000 births) is also on the decline, but, still higher than in other European countries. According to 1998 data, the birth to abortion ratio was 3.1/1.

Despite the positive indicators, health authorities have identified the following public health concerns: a growing incidence of diseases, a deterioration in living conditions, dilapidation of health structures, low quality of service delivery and a lack of health specialists many of whom have emigrated. But, the most fundamental

problem for the health sector is the lack of financial resources. Despite recent increases in the health budget (2.5% of GDP in 1999), this is still way below the level of health budgets in European Union countries (7.3% of GDP in 1999).

**About 80% of deaths in Albania are caused by 4 or 5 main groups of diseases - mainly cardio-vascular and respiratory diseases. The latter are the cause of 45% of deaths in 1998, against 13% in 1994. The incidence of death by unnatural causes has increased. In 1998, 1084 persons died of unnatural causes - three times more than in 1994. Between 1996 and 1997, this figure increased by 100%. Murder and car accidents have been the main causes of approximately 95% of such deaths.**

Primary health care comprises 637 health centres and 2,327 dispensaries nation-wide, all of which employ 1,557 general practitioners who are contracted by the Albanian Health Care Insurance Institute. The Institute also contracts 761 pharmacies/pharmaceutical agencies that are in charge of the population's pharmaceutical insurance. According to a study conducted by the Ministry of Health, it is estimated that the number of health centres will soon decrease to around 510 centres nation-wide.

During the last ten years, primary health care has suffered serious problems due to poor financial incentives for staff, very bad infrastructure, and a lack of medical supplies and equipment. These problems are even more acute in villages and remote parts of the country.

There are 10,237 hospital beds spread among 51 hospitals nation-wide. In general, hospitals and services are in poor conditions due to lack of drugs and laboratory supplies, dilapidated facilities, outdated medical equipment and a shortage of water, electricity and heating.

In Albania, there are 1.3 physicians per 1000 inhabitants - a low figure compared to 3 physicians per 1000 inhabitants in the European Union and 2.5 physicians per 1000 in Eastern European countries. There are approximately 16,000 nurses and midwives in Albania. The main problem affecting staff is the migration of key health personnel from the remote mountainous areas to urban areas.

***The health service has to tackle new problems for which it has little experience: drug abuse and sexually transmitted diseases. Not only has there been a re-emergence of eradicated diseases such as syphilis and gonorrhoea, but there have also been 53 reported cases of HIV in Albania since 1993. Eleven cases have developed into AIDS and ten of these patients have died. The fact that the incidence of HIV positive patients is low does not mean that AIDS will not be a problem in Albania. All the right conditions are present for the spread of the disease (emigration, low level of education, prostitution, etc) including the fact that Albania has inadequate blood screening and public awareness programmes, in particular in rural areas. The fight against AIDS is hampered by organisational gaps regarding diagnosis, voluntary testing and the legal framework.***

The annual fund of the Health Care Insurance Institute, which was established in 1995, is made up of a state contribution of 49% and a citizen's contribution of 51%. The institute insures 68% of the population, including 88% of state employees, 56% of private sector employees and 3% of farmers. But one of the Institute's main problems is that the collection of contributions, in particular from farmers, is very low. Improvements in the collection are expected to have an impact on the expansion of primary health care insurance schemes, as well as hospital insurance.

## 2.3 Education

### Fundamental changes

Efforts to introduce changes to the Albanian education system began in the late 1980s. But because of the political climate and the administrative system of the time, they were limited mainly to the development of contemporary school curricula and teaching methods in the sciences, such as maths, physics and chemistry. There was also discussion on the principle of introducing 10th grade compulsory education. Over the last decade, the most fundamental changes to the education system include:

- Changes to the curricula, in particular, in social sciences. Within a few years, new texts devoid of political propaganda were published and contemporary subjects and teaching methods were introduced.

- A new teacher training programme was established between 1994 and 1996. This involved central trainers instructing district trainers who in turn instructed teachers. The programme now operates on a nation-wide scale through the district education directorates and is continuously expanding. The former High Institutes for teacher training, were transformed into universities, which are now making efforts to re-organise so that they can better serve their purpose.
- Changes to the administrative structure of the education system - although confused and lacking long-term vision. During 1992, responsibility for education at local level was centralised, passing from the district Executive Committees to the Education directorates of the Ministry of Education. At the school level, recent efforts have been made to increase community and parent participation in the school decision making process. But so far the idea exists more on paper than in practice.
- Universities have become autonomous institutions. Although the legal process began in 1994, free university elections were held for the first time in 1999, precisely when the new law on autonomy became effective. The current legal framework should allow for increasing self-governance and an improvement in university efficiency.

Private education is now a reality in Albania. Two thirds of private schools were established in 1995 with foreign money and in the last two years investment in this sector has grown. Today, there are 31 kindergartens, 8 elementary schools, 2 middle schools, 18 schools including elementary and middle cycle and 15 high schools. These schools are wholly funded with foreign money. At present there is no legal means to introduce co-financing with public funds. Private schooling is expected to grow and become a significant part of the education system in Albania.

### The challenges

During the last few years, the Albanian education system has faced numerous difficulties as a result of transition. The principal problems include:

- Teachers' perception of school as well as the management of human resources.
- Changes in curricula which create an added workload for teachers and need to be better distributed throughout the school year.
- Education is too reliant on textbooks and there are few other alternative resources.
- The current manner of administration and decision making does not guarantee efficiency and generates big discrepancies between the financing of education in urban areas and rural areas. For example, it costs USD 29

**State financing of the public education system has been a constant 9-10% of public expenditure annually for the last ten years, approximately 3-4 % of the GDP. Seventy five per cent of this financing goes to salaries and just 9 % towards investment. Local government has committed only a small part of its resources to education. There has been an increase in funding from the private sector, mainly from parents and communities, but the amounts remain small and are not included in the official statistics. Lack of investment funds has been partially compensated by foreign aid. This has mainly been spent on school rehabilitation, development of curricula and teacher training.**

**Tab. 11 School attendance**

(in thousands)

	1989-1990	1991-1992	1994-1995	1996-1997	1998-1999	1999 compared to 1989 in%
<b>Kindergarten</b>	<b>125</b>	<b>109</b>	<b>80</b>	<b>84</b>	<b>82</b>	<b>65.6</b>
<b>Middle school</b>	<b>551</b>	<b>540</b>	<b>551</b>	<b>561</b>	<b>553</b>	<b>100.3</b>
<b>High school</b>	<b>203</b>	<b>147</b>	<b>94</b>	<b>93</b>	<b>102</b>	<b>50.2</b>
<b>University</b>	<b>26</b>	<b>28</b>	<b>28</b>	<b>34</b>	<b>39</b>	<b>150</b>
<b>Total</b>	<b>905</b>	<b>824</b>	<b>753</b>	<b>772</b>	<b>776</b>	<b>85.7</b>

**Source: INSTAT**

per year to educate a student in Tirana, USD 59 to educate a student in the municipality of Burrel and USD 107 for a student in a commune of Mat district.

- There are also issues regarding the efficiency and other aspects of resource management concerning preparation of textbooks, investments and maintenance of buildings, including allegations of corruption.

All these shortcomings have affected the quantitative indicators. In 1999, 14% fewer pupils attended school compared to 1989-1990. The biggest drop was recorded in high schools where there has been a 50% decline in attendance and in kindergartens, which have seen a 34% decline. The number of children attending middle schools remains the same, while there has been a sharp increase in the number of university students.

Very high demands are being placed on the Albanian educational system, yet there is a serious lack of material, financial and human resources. The result is a sharp decline in the recruitment of teachers, mainly due to very low wages. Many graduates in education seek employment elsewhere and there is now - in rural areas particularly - a serious shortage of teachers with basic qualifications. There is also a shortage of schools, especially in big urban areas, where there is an average of 45-50 students per class. Combined with the lack of financial resources for rehabilitation, this situation suggests a poorly consolidated education system.

More than half of the children in the 3-5 year age group do not go to kindergarten. This is largely due to an absence of kindergartens in rural areas and the fact that many mothers in urban areas are unemployed and stay at home. The fact that only 39% of youth in the 14-17 age group attend high school can be attributed to a declining interest in school, in particular in rural areas, as well as to emigration.

It has been almost impossible for the underfunded education system to respond to the large-scale migration of the population towards the coastal areas and big cities and the inflexible

**Tab. 12 Education according to age groups**

in %

	1990	1994	1997	Male average	Female average
Children (3-5 years) at kindergarten	57	37	36	35	37
Children (6-13 years) at middle school	100	97	96	97	94
High school students (14-17 years)	79	40	39	42	36
University students (18-25 years)	10	13	15	14	17

Source: INSTAT

administrative system has been unable to reallocate quickly and efficiently human and financial resources. As a result, schools in big urban areas are over-crowded, the drop-out rate is high and illiteracy especially in younger age groups is growing.

try, in Albania they face all sorts of prejudices and challenges.

In general, young people in Albania live in a society "contaminated" by deep and long-term economic, political, psychological and cultural

**Tab. 13 Differences in education in urban and rural areas**

Urban areas	Rural areas
<p><b>Staff</b></p> <ul style="list-style-type: none"> <li>• large number of students per teacher (student overcrowding)</li> <li>• better qualified teachers who can teach the subjects they know</li> <li>• not enough jobs for teachers</li> <li>• training opportunities</li> </ul>	<p><b>Staff</b></p> <ul style="list-style-type: none"> <li>• small number of students per teacher (too few students)</li> <li>• less qualified teachers who have to give lessons in subjects they do not know</li> <li>• lack of teachers</li> <li>• very limited training opportunities</li> </ul>
<p><b>Materials</b></p> <ul style="list-style-type: none"> <li>• better quality of buildings, but insufficient space</li> <li>• better quality of teaching materials, but insufficient quantity</li> </ul>	<p><b>Materials</b></p> <ul style="list-style-type: none"> <li>• buildings in a poor state</li> <li>• poor quality of teaching materials and limited quantity per student</li> </ul>
<p><b>Financial expenses</b></p> <ul style="list-style-type: none"> <li>• low average cost per student</li> <li>• bigger possibilities for financing from parents or other private sponsors</li> </ul>	<p><b>Financial expenses</b></p> <ul style="list-style-type: none"> <li>• high average cost per student</li> <li>• very limited possibilities for financing from parents or other private sponsors</li> </ul>
<p><b>Performance</b></p> <ul style="list-style-type: none"> <li>• higher standard of teaching and student performance</li> <li>• increasing access to information and private tutorials</li> <li>• high interest of parents in education</li> <li>• polarisation of pupils' performance into high and low achievers</li> <li>• certain degree of monitoring of pupil and school performance</li> </ul>	<p><b>Performance</b></p> <ul style="list-style-type: none"> <li>• low standards of teaching and student performance.</li> <li>• lack of access to information and private tutorials</li> <li>• declining interest of parents in education</li> <li>• uniformity of performance - mainly average or low achievement</li> <li>• insufficient or non-existent monitoring</li> </ul>

## 2.4 Youth in search of more space

During the last ten years, the proportion of young people in the population has declined significantly. According to official data, from 1989 until 1998, the proportion of 15-29 year olds fell from 28.9% of the population to 23.6%. While young people are the future of the coun-

crises. Currently, the majority of Albanian youth live in worse economic conditions than their counterparts in developed countries in Europe and elsewhere. Most of them, even university graduates, earn inadequate money to survive. They cannot afford to buy or rent basic accommodation. In these circumstances, many have opted to leave Albania. This category of emigration is

prompted by economic considerations rather than a crisis of confidence.

Different surveys have shown that compared to their counterparts in other Eastern European countries, Albanian youth are more optimistic and confident in their future. In general, Albanian youth are motivated by a strong ambition to assert themselves economically, culturally and socially.

Many youth look to education to better themselves. This is reflected in the rapid increase of the number of youth continuing university, even though Albania offers little by way of employment. In the 1991-1992 school year, 10 % of 18-22 year olds enrolled in University. This percentage has grown to 15% in 1998-99. It would be even higher if the youth who study in universities abroad, were included. Most students work to pay for their studies. Sixty per cent of the students who attend university part time are women. The number of female professors teaching in universities has increased from 26.9% in the 1994-1995 school year, to 35.8% in the 1998-1999 school year.

Youth assert their personality in different ways:

- Many youngsters are involved in private business in Albania and for the most part they engage in trading. They do not pay enough attention to their progress in school, especially in subjects like natural sciences, engineering and agricultural sciences, as they do not see their future as having anything to do with these disciplines. Instead they put their faith in business.
- Other young people emigrate, not only to ensure their survival, but also to "become somebody". In general, they emigrate illegally, often putting their lives in danger by taking difficult land routes into Greece or by crossing the Adriatic in speedboats. Many young Albanians take such risks for reasons of self-esteem. In surveys conducted among high school and university students over the last five years, personal dignity is rated higher than ten other key values including wealth, altruism, tolerance, patriotism, competitive spirit and pragmatism.
- There are many youth in Italy, Greece, Ger-

many and other countries, whose parents earn considerable income from private activities in Albania. This category of youth aims to assert itself by achieving more, or at least doing something different from their parents. Many of them attend universities or undertake post-graduate studies in engineering, medicine, economics, law, etc., which are considered high income and prestige professions in Albania and abroad.

- Several surveys conducted in Albania by the Faculty of Social Sciences during the last 5-6 years have demonstrated that Albanians, and in particular, youth, have a highly developed competitive spirit. In one survey, 94% of high school and university students admit that the tougher the competition the more they want to win. Perhaps as a result, young Albanians, despite the problems associated with emigration, compete successfully in foreign schools. Yet, in the struggle to succeed, young Albanians tend to treat their rivals with respect. In many cases, they assist friends, relatives, compatriots and foreigners who are in difficulty. 72% of high school and university students consider it important to be altruist and help others.

Experience demonstrates that a practical and rational spirit plays an important role in the development of a market economy. Comparative analysis conducted in Italy shows that young Italians and Albanians present the same traits in this regard.

## 2.5 Criminality- a difficult challenge

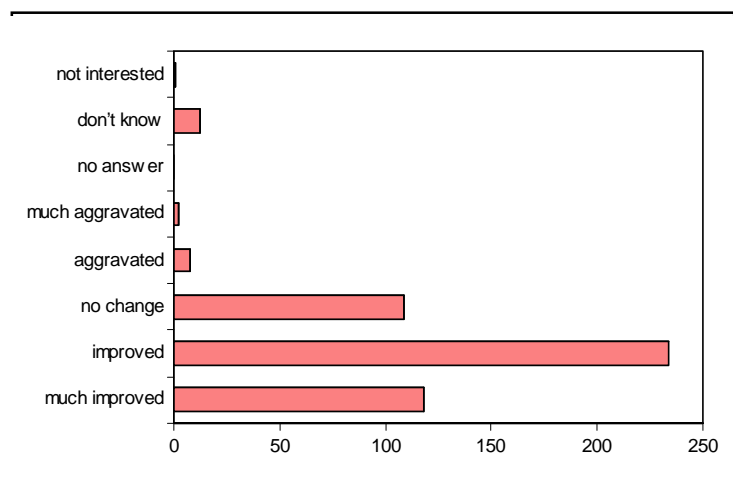
**Albania's geographical situation, the war in Kosovo, lawlessness and the lack of means to combat crime has turned the country into a highway for trafficking from the East to Western Europe.**

Crime has grown substantially during the transition period and has been aided by the events of 1997 and the Kosovo crisis. During the Kosovo crisis, a large number of policemen were used to escort humanitarian aid and refugees from Kosovo, allowing the activities of criminals to go unchecked.

However, intensive police action during the second half of 1999, in particular in the so-called

"hot areas" of Shkodra, Vlora and Tropoja, has radically changed the crime situation and helped restore, to a large degree, public order. According to the Ministry of Public Order, criminality in Albania during 1999 was 7.3% lower than in 1998 and a reduction of 310 penal cases was recorded.

**Fig. 14 What is your opinion on the work of the police during the last 2-3 months?**



Source: National Early Warning for Albania, UNDP, December 1999

According to Police sources, murder was the most common crime in 1999. There were 460 committed, 203 of them in cities. Sixty five per cent of the guilty parties were apprehended by police. There were 340 attempted murders, 186 of them in the cities. Many of the criminals and victims are young people between the age of 14 and 18. Blood feuds, vendettas and property issues are cited as motives for crimes. Other crime statistics for 1999 include 2 bank robberies, 132 car thefts, 61 instances of prostitute trafficking and 60 instances of kidnapping. This fight against crime, in the course of which about 40 criminals were killed, has helped the police gain credibility in the eyes of the citizens. However, one hundred and sixty policemen have lost their lives during the last three years.

### Car theft

*Car theft became an alarming phenomenon during 1999. The most "attractive" cars were of the Mercedes Benz brand. Cars stolen in neighbouring countries were collected in Bulgaria and transported to Albania, where they were supplied with false documents. At the*

*moment, it is impossible to know the accurate number of people charged with car theft since the Criminal Code does not specifically provide for car theft. There is only one article about theft in general terms. Police sources say that out of 132 car theft cases, 61 occurred in big cities. The Police caught 61% of the criminals. Four car thefts during 1999 resulted in the deaths of their owners.*

### Organised crime - increasingly sophisticated

Organised crime is now prevalent in the north of Albania as well as the south where it became established during the anarchy of 1997. Albania's problems, in general, and the Kosovo conflict have helped organised crime to grow. Official data does not throw much light on the phenomenon because there have been few studies of the criminal elements. The lack of statistics is partly due to poor data gathering, but also due to the difficulty of identifying organised crime. While data from the prosecutor's office shows no incidence of organised crime, there's no doubt that the latter is responsible for most of the trafficking, prostitution and fraud.

Criminal groups have a hierarchy and in most cases the bosses keep out of the limelight. Most members of the gangs are either friends or blood relations. In the case of illegal business activities such as tobacco, coffee, oil or drugs, the bosses are important persons. They often act in collaboration with customs officers and policemen. Very often, the bosses are Greek, Italian, Turkish, Bulgarian or Macedonian nationals, and sometimes they come from as far afield as Latin America or China. The groups are often based in their cities of origin, except for when they are involved in drug or human trafficking. For example, in the case of illegal emigration to Italy, group members include both Italians and Albanians.

### Armed robbery and kidnapping

*The incidence of armed robbery has grown considerably, in particular during the Kosovo crisis. Victims included property owners as well as humanitarian aid escorts. In some cases, armed robbery resulted in murder. During 1999, police eliminated approximately 40 persons involved in armed robbery and de-*

*tained 812 persons for illegal possession of arms, 468 in the cities. But only 28 of these were charged.*

*Kidnapping of children of wealthy businessmen and parents is on the increase. In 1999, 60 people were kidnapped (33 in the cities), of which 25 were foreigners. Police solved 56 of these cases.*

Evidence from 1998-1999 demonstrates that many criminals from Turkey, Macedonia, Montenegro, Kosovo and Italy were involved in illegal activities in Albania. Relations between criminal groups in the region are getting more and more sophisticated.

It is very difficult to estimate the number of criminal groups or their members. But recently, criminal gangs have been fighting each other and the police are engaged in an intensive campaign to control these elements.

## **Human traffic**

Since 1991, there has been a massive illegal migration of the Albanian population into Western Europe. This influx is closely related to poverty and unemployment. There has also been a lack of police manpower, expertise and finance to control it.

During 1999, according to unofficial data, most of the clandestine emigrants leaving Albania were non-Albanians. More than 50% of those reaching Italy were Kosovo Albanians and Roma fleeing from the war, as well as Kurds and Chinese. The Kosovo conflict gave the networks who control the human traffic a good opportunity to expand and some Albanians passed themselves off as Kosovo refugees in order to be allowed into the West. Statistics show that approximately 10,000 Kosovars left Vlora illegally for Italy, making this a very lucrative business for the owners of the speedboats. The increased human traffic also created opportunities for the traffic of goods.

Sources from the Ministry of Public Order say that human trafficking is one of the most serious problems of the police. More and more clandestines are coming overland from China

and Kurdistan wanting to reach Italy by sea. Usually they enter Albania via Montenegro, Macedonia or Greece and up to now, it is estimated that 35,000 people have followed this route. There is also traffic from Asia via Rinas airport.

During 1999, approximately 200 clandestine immigrants were detained. Currently, because of the lack of infrastructure, the biggest issue is the control of the Greek border. To this end, a new border police structure has been established with foreign assistance, and a couple of bilateral agreements have been signed with neighbouring countries.

## **Women and children - victims of organised crime**

During the last few years, the phenomenon of women trafficked for prostitution from Moldova, Lithuania, Russia, Bulgaria, and Romania to Western European has become increasingly visible. Given the size of the problem, the Ministry of Public Order has established special police units to track down those responsible. During 1999, police handled 51 cases of women trafficked for prostitution and sexual exploitation. The trafficking networks use many different routes but most of the women and children are brought into Albania from either Montenegro or Greece and almost all end up in Italy. Over 37% of the prostitutes are thought to be minors.

Albanian networks purchase "the Eastern girls" from groups that control the traffic in Montenegro, Macedonia and Greece to resell them in Italy. In Kuçova, in central Albania, the head of the police crime department was arrested for being involved in the traffic and allegations of involvement have also been made against other policemen.

The success of the traffic depends on the scale of collaboration between criminal groups in different countries. Thus Russian and Moldovan women come over the borders from Montenegro and Serbia. Statistics show that since July 1999, 126 women (including 19 from Moldova, 19 from Romania, 5 from Bulgaria, 4 from Russia and 1 from Ukraine) who came to Albania for prostitution purposes were repatriated. But while the daily press is full of stories about the

activities of traffickers and the Albanian public is well aware of what is going on, there are very few arrests. The trafficking of women is as lucrative and competitive as the smuggling of drugs.

Although prostitution is relatively new to Albania, the country is among the main suppliers of prostitutes to neighbouring countries. The number of Albanian prostitutes is estimated to be approximately 15,000 in Italy, 5,000 in Greece, and about 100 in France. To fight this form of illegal activity, which often goes hand in hand with other forms of criminality, great efforts are being made to increase the professionalism of law enforcement authorities, as well as to raise public awareness.

Albania takes part in a number of regional projects in the fight against organised crime in Central and Eastern Europe and is a member of the Bucharest Centre in Romania.

The Centre comprises 11 countries, which in

co-operation with the "Southeast European Co-operation Initiative" (SECI) and the American FBI, exchange information in the fight against cross-border crime.

The security table of the Stability Pact for the Balkans, in which Albania takes part, has a number of priority projects to fight organised crime in the region. The Ministry of Finance is working to fight economic and financial crimes, fiscal evasion and corruption with the assistance of the European Union Customs Assistance Mission (CAM), the Italian "Guardia di Finanza" and the Multinational Advisory Police Element (MAPE).

## 2.6 Drugs

In recent years, the use, production and traffic of drugs have been spreading rapidly in Albania. The increase is explained by various social, political and economic factors. These factors include: lack of preparedness of society to tackle drugs, free movement across the borders, poverty, the desire to get rich quick and the state's inability to enforce the law. The problem has been exacerbated by the fact that 65% of the population is under 30 years old.

Statistics show that teenagers and people in their twenties are the most likely to take drugs. But, unemployed people are also at risk. Young drug abusers are more likely to be unemployed than non-users.

The anti-drug police structure is not equipped to face this situation. They lack experience, professional qualifications, logistical bases and funds to control the clandestine traffic through customs, ports and airports. The use of drugs and the victimisation of the young generation are related to the current social situation. They are also related to the lack of social and cultural interests of young people and the failure of society to meet their needs.

### Drug users

According to periodic surveys, the number of young drug users for every 1,000 youth has

***During 1999, Albanian police eliminated 37-armed gangs that operated countrywide. These gangs first emerged during the turmoil of 1997. Some of the gang leaders are currently under investigation or on trial, while others have been wiped out by their rivals or have left the country.***

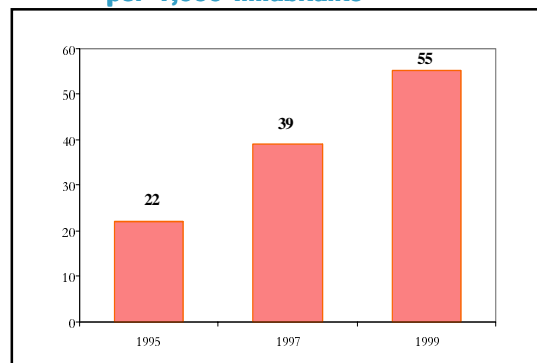
***Due to the lack of strict controls, Albania has become a shelter for many foreign criminals. The General Prosecutor's Office has strong suspicions that during 1999 in Albania there were approximately 300 "wanted" persons from other countries pursued by Interpol for grave crimes, terrorism or association with the Mafia. Two foreign citizens, one from Syria and another from Iran, were alleged to have committed terrorist acts and were declared persona non grata by Albania along with 16 members of their families. Another foreign citizen, born in Pakistan and resident of Jordan had to leave Albania because he was suspected of having contacts with the notorious Islamic terrorist Osama Bin Laden. The General Prosecutor's Office issued a warrant for a wanted person from Austria accused of fraud.***

***Special Albanian police arrested in Tirana a person wanted by Interpol, who was living in Durrës together with five family members. He was extradited for allegedly being the head of the "Muola" clan of the Puglia Mafia, "Sacra Corona Unita".***



doubled every two years. The most common drugs are marijuana and other cannabis sativa products, as well as cocaine and heroine.

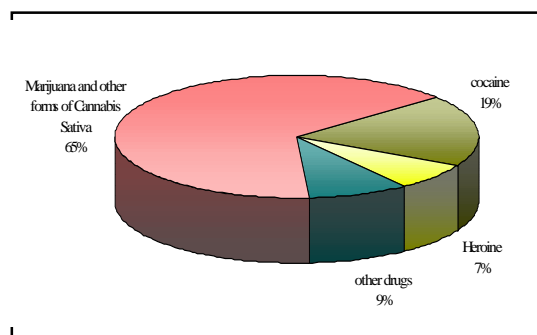
**Fig. 15** Number of drug users per 1,000 inhabitants



Source: Institute of Social and Political Studies

In the majority of cases, Albanian drug users take drugs that are impure. Analysis of cocaine and heroine seized in Albania shows that as many as nine additional elements might be added ranging from aspirin to ground sand. While drug users are generally young, pharmaceutical drug abusers tend to be older.

**Fig. 16** Use of drugs



Source: Institute of Social and Political Studies

There is also an abusive use of psychotropic drugs, which are either sold under the counter or stolen. There are incidences of these drugs being used by people to commit suicide.

Approximately 70% of drug users come from "normal families". The remaining have one parent or none at all, divorced parents or parents with social or behavioural problems.

Analyses of the educational level of drug users' parents show that almost one-third of them are university graduates, approximately 52% have completed high school whereas 13% haven't completed middle school. Sixty seven per cent

of drug users come from families of average economic level, 25% from rich families and 8% from poor families. It appears that youth from wealthier families are three or four times more likely to take drugs than those from poorer families.

**Tab. 14** What drives the need for drugs?

Cause	Cases (%)
A family misfortune or family conflict	9.2
Personal drama, lack of money and no hope for the future, physical abuse, solitude, depression, need for love, stress etc.	26.8
Curiosity or the need to imitate	46.2
Other reasons	17.8

**Tab. 15** First contact with drugs

Factor	Cases (%)
Individual contacts with drug users	52.7
Going to discos	32.8
Celebration of birthdays, excursions, group walks	8.1
Others	6.4

Source: Institute of Social and Political Studies

In most cases people first experimented with drugs in a group. Over half of those interviewed said that it was this contact with other users that got them started.

Surveys show that the ratio of male drug users to female is at least 4:1. The reason behind the greater drug abuse by men lies in their social behaviour. They spend more time in-groups, clubs and discos, are subject to less family control and may be more impressionable. However, female drug users are more influential in introducing new users to drugs.

According to a 1999 survey on drug use in Albania, curiosity and the desire to imitate are the main reasons for drug use.

### Drug production and trafficking

Current data shows that cultivation of cannabis sativa is mainly concentrated in the south of Albania, but over the last two years cultivation has started in northern areas of the country as well. Drug processing facilities also exist in Albania - three laboratories were discovered in the districts of Fier and Vlora, which pressed and packaged drugs using sophisticated equipment.

Albanians are involved in several types of drug trafficking. First and foremost, is the cultivation and production of cannabis sativa, which goes to Italy.

Albanians are also involved in the trafficking to Italy of cocaine from the United States and heroine from Turkey, the Southern Republics of the former Soviet Union, Afghanistan, South East Asia and other countries. Another line, which has been flourishing over the last few years, is the traffic of drugs from the USA, and Peru, via Albania for onward transit to other countries. Often, this kind of traffic is associated with the distribution of drugs by Albanian residents in Western countries, as well as with the distribution for domestic consumption of local drugs (cannabis sativa). Narcotic plants cultivated by Albanian villagers have become a major source of revenue for the export market, in particular to Italy and Greece. The market is well controlled by Albanian trafficking gangs who have the necessary structures.

Drug use is not simply related to the nature of the individual who uses it, but also to society in general. The less integrated the society, the higher the incidence of drug use. Today, in Al-

bania, social life is characterised by an extreme individualism compared to the collectivism that existed under communist times. If individualism is a danger in this regard, then the antidote is to improve social solidarity and community involvement. To this end, a number of initiatives and projects have been established aiming to assist schools to become community centres and to help promote cultural and sporting activities for young people.

There is a need to establish a National Drug Centre in Albania, aiming to co-ordinate information and research. This would help correct the tide of misinformation and inaccurate data that is misleading the public. It could also become the focus of a national anti-drugs strategy for government, NGO-s and the media.

Although the number of drug addicts has increased significantly, Albania is one of the very few countries without a therapy centre for the rehabilitation of addicts. There is also a need to develop and finance drugs awareness programmes in schools and universities. Students must learn more about drugs. Within the curriculum, anti-drugs groups involving the participation of students, teachers and parents, should be established.

***Albania - being at a geographical crossroad for drug trafficking - soon attracted the attention of foreign criminal organisations. According to official data, in Switzerland there are approximately 1000 Albanians in prison for drug trafficking. In Italy and Greece, there are 300 juveniles from Vlora City alone in prison for the same offence.***

***The World Customs Organisation considers Albania to be a very dangerous country as regards the supply of hashish and heroine to the trafficking networks in Western Europe.***

***According to the World Customs Organisation, Albania and Morocco are the two main suppliers of cannabis sativa to Western Europe. Of 60 tons of hashish seized in 1999 in Western Europe, 6.5 tons came from Albania and were transported via Italy.***

***During 1999, 104 kg of heroine from Albania was seized in Western Europe, compared to 48 kg in 1998. The police recently discovered some cases of cocaine on a New York - Albania flight. There are strong suspicions that four or five Albanian families have developed close relations with Colombian drug dealers in order to transport large amounts of cocaine from New York to Albania. The cocaine would be sent to Europe via speedboats over the Otranto channel and trucks through the Balkans.***

***The "geography" of drug production and distribution requires a more concerted effort from the anti-drug police on a nation-wide scale. But above all the police need to look within their own ranks to weed out those officers who are actively involved in the narcotics trade.***

# EMIGRATION

## 3.1 Massive emigration

### Historical overview

Emigration is a phenomenon that has occurred throughout Albania's history. One needs only to recall the massive emigration of Albanians to Italy, in particular from the towns, during the 15-18th centuries as a result of the Ottoman occupation of the country.

Towards the end of the 19th century, Albanians were emigrating much further afield to North Africa, USA, South America and Australia. These routes became increasingly important in the first half of the 20th century.

According to "Kombi" (The Nation) newspaper, in 1907 there were 500 Albanians living in Biddeford (USA) and another 100 Albanians expected to arrive soon. In the same year, there were about 10,000 Albanians living in Bucharest, half of them running restaurants and in Istanbul there were 20,000 Albanians. Emigration was already reaching alarming levels and an official report in 1929 stated that the "emigration of Albanian workers is becoming a serious threat to the national economy and endangering the interests of our people." A 1935 government report stated that "the majority of Albanians who live abroad belong to the working class."

In total, from 1923 to 1944, approximately 150,000 people, or 13% of the entire population in 1945, emigrated. During the first half of the 20th century, emigration affected mainly the south of the country, particularly the coastal region and some of the main cities such as Gjirokastra, Korça, Kolonja, Skrapari, Vlora, Durrës, Përmet and Pogradec. Mountainous areas were particularly affected.

The economic and social backwardness of the country was the main cause of emigration. A 1926 report on agriculture from the Durrës

### *Emigration periods*

*Although it is difficult to define exact periods of emigration in the first half of the 20th century, historical and political factors suggest the following four:*

***First period (1912-1923)*** *Albania became a battleground during the First World War. The destruction of the agricultural economy, lack of industry and the lack of exploitation of natural resources, led to the emigration of entire families. Between 1921-1923, about 21,000 people left the country.*

***Second period (1923-1939)*** *During the period 1923-1930, approximately 33,000 people left the country due to political insecurity and economic backwardness. While, during the years 1930-1939, seventy eight thousand people, including many families left mainly for economic reasons.*

***Third period (1940-1945)*** *World War II. During this period the number of emigrants reached about 19,000. Many of these emigrants were political opponents of the communist regime.*

***Fourth period (1945-1990)*** *A period when the State pursued a policy of social and economic isolation. Emigration was forbidden and the families of those who emigrated illegally suffered dire consequences.*

Prefecture states that "Until today there is no sign of progress. Work continues with the old and outdated means". However, at key moments in the country's history, such as during the June 1924 armed uprising, the 1935 Fier uprising, World War II and the arrival of the communist dictatorship, political insecurity became the driving force behind emigration.

### **Emigration after the collapse of communism**

*Albanian emigration in the first half of the 20th century is a phenomenon that had an impact on almost all walks of Albanian*

*life. Emigration played a very important role in reducing unemployment and helping to alleviate the country's difficult economic situation. Emigrants sent back remittances and material goods, which increased the well-being of families remaining in Albania, and contributed to the improvement of communal facilities such as roads, religious buildings and water provision.*

*Emigration also helped to increase levels of education and vocational training. According to the data on the general registration of the population in September 1945, 39% of the inhabitants of the ex-prefectures of Gjirokastra and Korça (two of the regions most affected by emigration) knew how to read and write. This was a high percentage at the time. In regions little affected by emigration, such as Dibër, only 10 % of the population knew how to read and write.*

*Emigration had a substantial impact on social and family life. It affected everything from dress, home decoration and eating habits, to gender attitudes and personal health care. New attitudes towards doctors developed and health infrastructures and pharmacies were established. Returning Albanian emigrants took the knowledge of community based initiatives they had acquired abroad and used it to shape new culture, sports and theatre societies in Albania. They also set up professional societies to protect workers' rights.*

*But emigration also led to the loss of the most able work force. Most of those who left were young males and this led to the female population in Albania out-numbering males. According to a 1945 census, in some villages of Gjirokastra, females of a marrying age outnumbered men by 3:1; in Përmet the ratio was 2:1. Consequently, there was a substantial gender disproportion in the population, with females representing 51% to 63% of the total population.*

In the summer of 1990, in anticipation of radical political change, the international press suddenly focused on Albania, as thousands of people stormed foreign embassies in an attempt to leave.

After negotiations between Albanian authorities and international community representatives, approximately 25,000 Albanians were allowed to go to Italy, Germany, France and other countries. This was the first wave of emigration and Albania, a long forgotten neighbour, was suddenly and sensationally back on the European and international agenda.

The bureaucratic failure of the host countries to help the first influx of emigrants were among the factors that fuelled the start of negative stereotyping of Albanian emigrants. It got worse dur-

ing the second mass exodus to Italy in March 1991.

This second exodus found the Italian authorities and institutions unprepared. Italian laws and institutions were not designed to receive and host such a huge flow of emigrants in such a short space of time. Faced with this emergency situation, the Italian authorities asked for the co-operation of their Albanian counterparts to stop the exodus.

Since March 1991, the Italian press and mass media have helped persuade public opinion that Albanians are invading Italy. Suddenly, within a few years, Albania had been transformed from a brave little country that had thrown off the shackles of communism into a troublesome country that bred insecurity and crime.

### **Massive emigration - an escape from isolation**

Albania's economic situation at the end of the 1980s and the beginning of the 1990s was desperate and this was certainly a major reason behind mass emigration. But there were also other reasons: the very high percentage of young people (in 1989, approximately 19.5 % of the population was 15-24 years old), rapidly declining employment and the influence of Italian radio and television programmes. During the previous decade, many Albanians watched Italian TV and the images it presented were very attractive.

All this was taking place against the backdrop of rapid and radical political change that had already begun in Central and Eastern Europe at the end of the 1980s. Events elsewhere provided a catalyst for change in Albania and helped to put in motion the organisational skills and energy of those who had been waiting for the right time to act.

After almost ten years of emigration, Albanians have a more realistic image of Europe - it is no longer as attractive and alluring as it first seemed. This new image, more realistic and less appealing is, in large part, due to the reception some countries have given to immigrants.

### **Where to emigrate?**

Between 1990-1999, Albanians have emigrated by all means, legally and illegally. Legal emigra-

tion is mainly to the USA through the Green Card lottery and to Canada. Emigration to these two countries has grown increasingly in the last few years. Illegal emigration, which is more common, takes place in the following ways:

- Remaining in a country after the expiry of a tourist or business visa. This method is the usual way of staying in Greece. Greek consulates in Albania (Tirana, Korça, Gjirokastra) all issue visas. The same method also applies to Italy. The Italian Consulate in Tirana issues a high number of visas per day. According to data from the Directorate of Migration at the Ministry of Labour and Social Affairs, in 1999 there were 65,000 entry applications and 35,000 visas were issued. In 1999, both Italy and Greece introduced legal measures to facilitate the conversion of tourist visas to long term residence permits. Such measures include advancing the process of legalisation in Greece and the implementation of a decree by the Government of Italy on the legalisation of emigrants, as well as allowing for the possibility to change a study, business, or tourist visa into a working permit.
- Illegal crossing of state borders. This is the most common way for low income citizens, who come from remote areas and can not get a visa. According to studies on the migration of Albanians, it is estimated that during 1991-1999, approximately 5,000 Albanians a month went to Greece either with a visa or as clandestines. The average number of emigrants to Italy, both legal and illegal, is approximately 1,500 per month.
- Illegal border crossing on speed boats is the method favoured by those who can afford the relatively high fees involved. Departure takes place from the coast and port cities (Vlora, Durrës, and Shëngjin) with the destination mainly to Italy and to a lesser extent Greece (from Saranda). The existence of this traffic served for a long time to alleviate potential conflicts and pressures which could result from the marginalization and stagnation of coastal cities and areas.
- Illegal border crossing by taxi, ship or air. Albania has a network of taxi drivers that take illegal emigrants, usually to Greece. Oth-

ers use commercial ships or ferryboats that travel between Albania, Italy and Greece. From there, emigrants aim to leave for other countries in Western Europe, as well as to the USA and Canada. Airlines are also used mainly to Western destinations. This route is much more costly and affordable only for wealthy emigrants.

- Claiming Kosovar identity was another important form of clandestine emigration from Albania, especially during 1999 when Western countries started taking in Kosovo refugees. Albanian citizens forged documents claiming Kosovar identity and emigrated as refugees although the authorities have no data as to the exact number who left in this way.

### ***The channel of tears***

***Thirty-seven people, mostly Albanians, who planned to cross the Otranto channel and celebrate the New Year 2000 in Italy, never made it to the other side. Their speedboat, which had left Vlora on the night of December 30, 1999, sank. The number of people drowned or lost in the Otranto channel in 1999 totalled more than 340.***

***After 1992, the clandestine traffic of humans, which was already an alarming phenomenon, saw a steady increase. The war in Yugoslavia closed the normal transit routes to Trieste and the traffic transferred south, to Albania. The situation was exacerbated by a lack of tough legislation and strong policing in the southern city of Vlora. The grave economic situation and lack of employment compounded the problem in some coastal cities of Albania.***

***The clandestine traffic was of particular concern in the summer of 1995, when Italy's accession to the Schengen treaty was conditional on stopping the illegal entry of emigrants into southern Italy through Albania. The Government of Italy asked the Government of Albania to take measures to stop the traffic. In June 1995, the Government of Albania decided to seize all speedboats regardless of their purpose. One hundred and twelve were confiscated, although they were taken back by their owners during the anarchy of 1997. During the same year, press reports stated that 7,000 families in the city of Vlora lived from the profits of the clandestine traffic and that their annual profit was estimated to be in the region of USD 250-300 million. Albania had become an important transit point for illegal traffic.***

***Since March 1997 there have been tentative efforts to stamp out the traffic in the Otranto channel, but they have never yielded satisfactory results. In March 1997, the Government of Albania gave Italy the right to patrol and prevent the movement of speedboats in Albanian territorial waters in the hope that they would be stopped more easily in the narrow passage between Karaburun and Sazan. While trying to stop a ship full of Albanian emigrants at the end of March 1997, an Italian military ship wilfully hit the Albanian vessel "I katërti i Radës". One hundred and two people, including many children, lost their lives in this incident. This has been the greatest tragedy so far.***

***In 1998, the Guardia di Finanza based itself in Durrës and Vlora but with no significant results. During the same year, Albania and Italy signed a repatriation agreement, which provided for the payment of repatriation expenses of Albanian emigrants caught by the Italian coastguard. But this tough legislation, approved by the Parliament in December 1998 has made little difference.***

***The clandestine traffic intensified during the war in Kosovo in the first half of 1999. Not since 1995 have the figures been so high. While we know of the 340 that drowned, there are no estimates as to the number who have successfully crossed the channel. But during 1999, the Guardia di Finanza sent back about 390 speedboats with approximately 17,500 clandestine passengers. It is estimated that for every two speedboats seized, another eight manage to get through.***

***It seems unlikely that the clandestine traffic will stop while the police effort is so weak and political elements are involved in this criminal activity.***

### **A backward economy - the main factor behind emigration**

Emigration of Albanians results from factors that push people from their homeland as opposed to factors that attract them to recipient countries. After nearly a decade of emigration, these dynamics have not changed. The strengthening of push factors has coincided with a weakening of the pull factors, as a result of unsuccessful experiences and increased difficulties for those contemplating life abroad.

Economic factors are the most important reason behind emigration. The country's economic

situation and the lack of a rapid recovery (given limited domestic resources), continues to encourage people to leave.

When Albanians compare the current overall social and political situation with the communist past, they immediately recognise that they are better off. But in terms of the household economy and personal income, they are more sceptical. They face the difficulties and deprivations of daily life, an unstable political/economic situation and a lack of vision for the future.

### **Why do Albanians emigrate?**

***Data from a survey of Albanian emigrants in Greece and Italy speak of the following six main motives for emigration: higher wages (29% of the respondents), to help their families left in Albania (28.4%), better working conditions (16.4%), better living standards (17.2%), better educational possibilities for themselves or their family members (6%) and political reasons (3%).***

All stratas of society in Albania have experienced deep economic and social change. Until the middle of 1996 there was a gradual improvement in the economic situation of Albanian households owing mainly to remittances and the flourishing pyramid schemes. These factors undeniably lessened, albeit temporarily, the major economic and social problems, which emerge as a result of high unemployment rates and big disparities in wealth.

### **Choice of country for emigration**

Research among emigrants reveals that the choice of country of emigration is governed by a range of factors.

Geographical proximity is the prevailing criterion, for the following reasons:

- The prospect of going far away (an early feature of Albanian emigration) is less attractive because of the difficulties of travel and communications. People prefer proximity.
- Culture, especially similarity of language and way of thinking. This aspect has had a sub-

stantial influence if we consider the huge exodus to neighbouring countries like Greece and Italy.

- Short-term or temporary migration. Many people think they might come back.

Culture is a very important factor for emigrants. While economic reasons may be their primary consideration, the cultural needs of the younger generation are very important. Emigrants think of schooling for their children and the possibilities of their integration in the new country.

Ease of movement is also a strong determining factor. This means not only the ease by which emigrants can enter the new country, but also travel to and from their new home and Albania.

Other factors such as the presence of relatives in the host country, the possibility of employment, perhaps in their own profession, and higher wages are motives of less importance.

Re-emigration is becoming more common with neighbouring countries perceived as stopover points for re-emigration to other West European countries. This is regardless of the improvement of working and living conditions in the country used as a stopover.

According to surveys in 1992, 1995 and 1999, the respondents indicated the following countries as their preferred destination for emigration:

**Tab. 16 Preferred countries for emigration**

Order	1992	1995	1999
1	Italy	USA	USA
2	Germany	Italy	Canada
3	USA	Germany	Italy
4	Switzerland	Australia	Great Britain
5	Australia	Switzerland	Germany
6	France	France	France
7	Greece	Great Britain	Switzerland
8	Great Britain	Greece	Greece
9	Canada	Scandinavian countries and Netherlands	Scandinavian Countries and Netherlands
10	Scandinavian countries	Other countries	Other countries

*Source: Centre for Sociological, Political and Communication Research*

According to data from the Albanian Ministry of Labour and Social Affairs, during the last ten years, Albanians have emigrated to about twenty European countries, the USA, Canada and Australia. Most of these emigrants have settled in the following countries:

**Tab. 17 Main settlements of Albanian emigrants**

Countries	Number
Belgium	2 500
France	2 000
Germany	12 000
Greece	500 000
Italy	200 000
Turkey	2 000
Canada	5 000
USA	12 000

*Source: Ministry of Labour and Social Affairs, 1999*

### The situation of emigrants

The degree of integration of Albanian emigrants in Greece and Italy, the main host countries, is more or less the same and the problems they experience with the local population, institutions and social services are also similar.

The ratio of clandestine emigrants to legal emigrants is beginning to even out given the expected effects of the legalisation of immigrants in Greece and the establishment of legal and institutional instruments as well as a new law on foreigners which acknowledges Greece as a country of immigration.

*During the last few years the role of emigration as an important factor in the alleviation of the economic and social problems of Albanian society is declining. There have been many reasons for this, most of which are related to the ever-increasing difficulties that emigrants face:*

- Restriction of opportunities and possibilities offered by Greece and Italy, the main host countries. Both countries, at different levels, are undergoing deep, financial and institutional reform as part of their goal to achieve higher standards of integration within the European Union.*
- Intensive campaigns against emigrants resulting in stigmatisation, discrimination and the demonisation of Albanians. An element behind this is the involvement of some Albanian emigrants in illegal and trafficking activities in neighbouring countries. Such a climate of intolerance and racism surfaces in both, Italy and Greece, despite the differing number of emigrants. The serious accident of March 1997 in the Otranto channel came just one day after an Italian politician said that everything should be done to prevent clandestine Albanians from coming to Italy, even if it meant throwing them into the sea.*
- A good proportion of emigrant remittances ended up in the labyrinthine pyramid schemes that collapsed in 1997. It seems very unlikely that they will ever be returned.*
- During the last decade there has been a gradual ageing of the first generation of emigrants, while the second generation is not yet properly integrated in the economic, social and cultural life of the host country. The second generation remains by and large passive as it mainly comprises young people, who rely on their parents to provide finances for their livelihood and education.*

*Given the above factors, after almost a decade of emigration experience, there are no visible signs of emigrants returning to Albania and there is no significant investment on their part in Albania.*

*The chances of emigrants returning to reconstruct and help develop their country is further reduced by the fact that many are non-economic emigrants. Many, especially in the spring of 1997, were forced to leave in a hurry because of their fear of the political turmoil and insecurity in Albania.*

Male Albanian emigrants in Greece and Italy mainly engage in construction or agriculture, whereas women are employed in domestic services. The fact that so many Albanian emigrants are employed in difficult manual labour has reduced their chances of improving their professional qualifications and familiarising themselves with modern skills and technologies. Employment in poorly paid sectors is a way of survival - it is not a means of integration, or emancipation.

The process of integration in host countries becomes difficult due to the following factors: a difficult labour market, extremist political and religious attitudes and negative stereotyping by the press and mass media which has turned the presence of Albanian emigrants into a political issue. The negative factors have been compounded by a number of criminal acts committed by Albanians, which have been widely publicised by the mass media.

Emigration represents a means of guaranteeing survival for families in Albania. The financial support from remittances has been and still is one of the main sources of revenue for Albanian families who have poor economic prospects. Emigration is perceived as a way to make a living rather than as a means of personal and professional development.

Albanian emigrants have almost no social or community life in host countries. This is due to a number of reasons including the marginal and poor nature of employment, the high number of illegal immigrants, the involvement of some emigrants in the black market and other illegal activities and the lack of priority given by host governments to emigrants' integration.

### **The balance of legal/illegal emigrants**

*By the end of 1997, 50% of emigrants in Italy were illegal, while in Greece, only one out of every forty was legal. Consequently, attempts to balance these ratios became a major objective of the Albanian government. During 1999, the ratio of legal to illegal emigrants improved noticeably.*

During 1990-1997, most of Albanian emigrants were illegal. By the end of 1997, there were estimated to be 150,000 emigrants in Italy,



of which only 82,000 were registered. The disproportion in the number of illegal emigrants was highly more pronounced in Greece, where only 10,000 of the approximately 400,000 Albanian citizens were legal (prior to the publication of the Decree of the Greek President).

During 1998-1999, for the first time in the last decade of Albanian emigration, the ratio of legal to illegal emigration began to equalize. Out of approximately 200,000 Albanian emigrants living in Italy, approximately 130,000 were legal by the end of 1999. Thirty thousand were legalised during the course of the year. Meanwhile, of the 360,000 emigrants waiting for a green card in Greece, about 60% are Albanians. Consequently, it is expected that in the year 2000, the number of legal Albanian emigrants entering Greece will be 220,000.

***According to official data, between 1991 and May 1996, Greece sent back to Albania approximately 1,5 million illegal emigrants. The Greek police through "Fshesa" (Broom) mopping-up operations forced illegal emigrants to return. The timing and intensity of these expulsions were often the result of internal political developments in Greece or of problems in bilateral relations. Sums allocated by the Greek authorities for tracking down, arresting and evicting illegal Albanian emigrants during the above mentioned period, are estimated to be in the vicinity of 3.5 billion drachmas.***

## 3.2 Brain Drain

***Various surveys show that during 1990-1999, approximately 40% of the professors and research scientists of the universities and science institutions in the country have emigrated. This exodus is growing and a 1998 survey shows that even more of the highly educated people want to emigrate. Sixty three per cent of the respondents from universities and science institutions, mainly young people, wished to emigrate for a long time or forever. Another survey in 1999, of 300 academics who received Ph.D.-s in the West during the 1980s and***

***the 1990s, revealed that 67% had emigrated. It is clear that if the economic and social situation in the country does not improve, the Albanian brain drain will continue as intensively as before.***

Emigrants include highly educated and qualified people from all walks of life, who were formed in Albania's high schools, universities, and science and arts institutions. Some of them, in particular during the 1980s and 1990s, were educated and trained in the universities of Western Europe or the USA.

The difficult economic and social situation, the lack of appreciation of academic work and the poor facilities for scientific work combined with the allure of the outside world which seems to provide a better chance for their children, are all strong reasons for specialists to leave. Current legislation in Albania poses no obstacles to emigration.

These emigrants are mostly young and male: 51% of them are under 40 years old and approximately 67% are males. Unlike the mass emigration discussed earlier, the majority of highly educated emigrants (67%) have left with their families. This demonstrates that they plan their departure carefully, have clear goals and aim to create stable, well-integrated lives in the host country.

The majority of these emigrants come from the cities where there are universities and science institutes. Eighty three per cent come from Tirana, which has the largest concentration of academic facilities, 7% from Fier and 20% from Elbasan and other cities. An important factor influencing these moves, is that these highly educated people have been either studying in foreign universities or have attended long-term training courses in science institutions of Western Europe and have therefore established friendships and working relationships with peers and colleagues in these institutions. This is particularly the case with emigration to France, Austria and Great Britain and to a lesser extent to Italy and the USA.

## ***The "Canada phenomenon"***

***In Albania, there is a growing concern and ongoing debate about the so-called "Canada phenomenon". This is not only because so many Albanians have gone to Canada, but also because in the last ten years, Canada has almost become the only option for legal economic migrants, as entry into Europe gets more difficult.***

***The particular concern about the emigration to Canada is due to its selective nature, which favours emigrants with high levels of education or training, some of whom are among the small minority of Albanians that have studied abroad.***

***This emigration is organised by the Canadian government, which selects on the basis of education, employment qualifications (based on the need of the Canadian job market) and also on the need to maintain a demographic equilibrium between regions.***

***Furthermore, applicants are also required to take with them a considerable amount of money, which represents a net export of capital that is badly needed in Albania.***

***The "Canada phenomenon" is now so widespread that it risks attracting all those who are likely to become leaders in Albanian society and contribute to stability and development in the country. Among the emigrants to Canada there are some who started very successful businesses in Albania in the last few years.***

***The "Canada phenomenon" receives increasing press coverage and has become a symbol of the massive brain drain. Instead of shrinking, the phenomenon grows continuously. Although the exact figures are uncertain, TVSH (Albanian public TV) recently reported that, during 1997, 4,500 Albanians went to Canada, but that in 1999 this figure had risen to 12,000 persons. The number of Canadian visa applicants is very high.***

***The most credible explanation for this massive emigration is the continuing insecurity and tension in the country, the lack of confidence in the future and the marginalisation of highly educated people who feel they cannot contribute to a real change in Albania. What makes the phenomenon even more disconcerting is the indifference of the State and politicians towards the problem.***

The emigration of the highly educated elite started after the first wave of mass emigration. It began with the implementation of economic reforms, which meant hardship for all the population and above all a reduction of real wages and declining employment in Albanian science institutions. Until 1994, the bulk of the emigration was to Greece, Italy, France and Germany. Later on, more emigrants went to the USA and Canada. From 1996, the USA became the most popular choice for well educated people seeking to emigrate.

Many highly educated people who have gone abroad do not work in their area of specialisation. Data from a 1998 survey reveals that in Greece approximately 74% do not work in their previous area of activity. In Italy, this figure drops to 67%, in Austria, 58% and in the USA, 70%. This indicator is lower in Germany, approximately 47%, and in France, only 19%. It is reasonable to conclude that most of emigrants will eventually forget their skills and knowledges that they have developed.

After the collapse of communism, thousands of young people, with financial assistance from foreign foundations, the EU and scholarships from foreign governments and universities, have attended university or post-university studies in Western Europe or the USA. This sector of Albanian society, which is exposed to Western methodology and practice especially in the field of science, is in a position to revitalise all institutions in Albania and give new impulse to social, economic and political life.

Some of the highly educated people return after their studies and others may consider it. But given the Albanian reality - a prevailing culture of bureaucracy, indifference and mediocrity in public administration - there is little to encourage them to seek to live here, to participate in public life and to help solve the very real problems of the country.

### **3.3. The impact of emigration**

#### **Domestic labour market**

Emigration has had an important impact in the reduction of unemployment in the country. According to official data, during 1998 unem-

ployment in the country reached 17.7%, with a figure of 19.1% in the north-eastern areas where the level of emigration is lower and 13.4% in the south where mass emigration exists.

While unemployment reached 38 % in Kurbin, 26% in Shkodra, 24.5% in Puka, 21.5% in Kukes, 14.2% in Korça, 12.4% in Kolonja, 12.1% in Gjirokastra, 11.9% in Tepelena, 7.5% in Saranda, 5.1% in Devoll and 4.6% in Delvina.

Given that Albanian emigration is often driven by seasonal and temporary employment, this has had an impact on the Albanian labour market. It is estimated that half the overall number of emigrants are seasonally employed. In Greece, this figure rises to 60%. Employment is either seasonal or temporary - it is estimated that 58% of employed emigrants have temporary jobs. The seasonal and temporary nature of employment is also influenced by the periodic campaigns in Greece and Italy to repatriate emigrants.

In Greece and Italy, Albanian emigration helps regulate the domestic labour market. In Albania, in particular in the rural areas, it results in large fluctuations in the size of the labour force which leaves the land untilled and agricultural produce uncollected. This phenomenon is most visible in the border areas close to Greece.

## Emigrants remittances

***Emigrants' remittances represent approximately one fifth of GDP, almost twice as much as foreign exchange revenues from exports, almost four times the value of direct investments and approximately 60% more than the revenue generated by industrial production.***

Emigrant remittances continue to be an important financial resource not just for families, but also for the economic and social stabilisation of the country. Rough estimates show that emigrant remittances have grown from USD 107 million in 1991 to approximately USD 500 million in 1999.

A relative comparison of remittances data for all the Mediterranean countries has shown that Albanian emigrants' remittances are significantly higher. As a percentage of GDP, they are ap-

proximately 2.5 times higher than in Yugoslavia, 5.1 times higher than in Turkey, 7.7 times higher than in Greece and 40 times higher than in Italy. This trend is partially explained by the low level of GDP in Albania.

Annual remittances are also higher than Albania's annual foreign aid. In 1994, foreign aid (technical assistance, food and developmental aid, and other forms of assistance) amounted to approximately USD 200 million, while remittances totalled approximately USD 370 million.

## Emigration and investments

Remittances have been an important source of finance for domestic investment. The majority of remittances have gone towards business development, housing and personal savings in banks.

***Studies conducted on the start-up capital for small and medium size private business, show that 39% of the funding comes from family members in Albania or abroad, of which 17.5% are remittances. Whereas finance from government programmes and bank credits account for only 9%.***

World trends have shown that in most cases, remittances are spent on consumer and individual goods and assets (household appliances, cars, land purchase, and shops) rather than investment in production. This trend is to a certain extent present in Albania, where more than a half of the number of private enterprises are trade enterprises.

Remittances have also served in alleviating the housing problem. Recent surveys show that 60% of new apartments have been constructed with remittances. They have also aided the recovery of the banking sector through increased savings.

Different surveys show that Albanian emigrants want to invest two thirds of their savings in Albania and a third in the country where they have emigrated. The top investment priority is the purchase of land and construction of a house in their hometown. Bank savings in the country where they have emigrated, is also a high priority.

## Emigration and education

Albania's population has a relatively high level of education. In 1989, approximately 93% of the population were educated, while for those

of working age (under 39 years) the figure was 100%. In 1992, the average number of years spent at school for those 25 years old and over was 6.2 (for females, this figure was 5.2 years). Education was an important factor in the process of integration of emigrants in foreign countries. Surveys show that the level of unemployment among emigrants of basic and middle education was approximately 50% higher than those with high school and university education. Income is also dependent on education. The higher the level of education, the higher the earnings.

But emigration has had a negative impact on children's education. Many children do not go to school in host countries for a variety of reasons: among the most prevalent are the inability to speak the language, temporary residence in the country or having to work.

Generally, those children who do attend schools are unable to learn their mother tongue. According to different surveys conducted in Greece, 75% of children in the 10-15 year age group speak well, but not fluent Albanian, whereas the other 25% have forgotten how to read and write the language. The latter category belongs to the group who immediately settled in Greece. Approximately 30% of youth between 20 and 30 years old have forgotten many words and do not speak Albanian well. This is especially so for those in their early twenties.

Speaking the language of the host country is the most important step towards integration. The level of language fluency determines the pace of successful integration, both economically and socially. Surveys show that approximately 47% of emigrants do not speak the language of the host country, 36% speak it partially and just 17% speak it well. The situation varies from one country to the other. Fifty seven per cent of Albanian emigrants did not speak a word of Greek when they first emigrated to Greece. But in contrast, only 37% of Albanians bound for Italy did not speak Italian.

Detailed analysis of the data shows that the higher the education level, the better the language fluency. Among Albanian emigrants in Italy, only 9% of emigrants with middle and high school education speak Italian, while 60% of university graduates speak the language, because they are better prepared.

Approximately 41% of emigrants knew almost nothing of the host country, 46% had partial knowledge and 13% were well acquainted. Emigrants' knowledge of Greece is less compared to Italy.

### ***Multicultural integration or assimilation?***

***Developed Western countries have been pursuing policies that promote the integration of emigrants. These policies vary in kind and can be grouped into integration policies of a multicultural character and integration policies of an assimilative nature.***

***According to the assimilation policy, an emigrant's culture and language will gradually fade leaving only a "symbolic ethnicity". Multicultural integration is the opposite. It is based on the principle that different population groups can demonstrate their identity and strong cultural traditions, which should be respected by the judicial and administrative bodies of the country where they live. This approach helps the emigrants keep their traditions, language and culture alive.***

***In the case of Albanian emigrants it is difficult to determine which of these forms of integration is more prevalent since there are no studies to this end and the data cannot be generalised. But, the efforts that emigrants make to find employment and housing and to overcome the many difficulties in the host country mean that they focus less on keeping their traditions, language and culture. There are cases where people have changed their names and even religious beliefs to overcome the great difficulties of integration.***

### **The family and emigration**

The majority of Albanian emigrants have emigrated without their families. According to a 1998 survey in Greece and Italy, only 31% of the interviewees had emigrated with one or more members of their family. Of these, 47% had emigrated with one family member, 29% with two family members, and 24% with three or

more family members. Emigrants who have gone to Greece with their family members have been accompanied by an average of 1.97 persons and those to Italy, by 1.64 persons. Thirty seven per cent of those family members are children, 28% spouses and 35% other family members.

Emigration without the family has increased the number of divorces. In turn, the disintegration of families due to emigration has led to increasing violence and criminality.

Both in the country and abroad there are increasing numbers of marriages between Albanians and foreigners. In Tirana in 1998, there were 60 cases of marriage with foreigners. In 1999 there were 95 cases, of which 70% involved Albanian women. In 4% of these mixed marriages the age difference between partners was considered normal. Of the remainder, the age difference between the foreign male and the Albanian female varied from ten to thirty years and between the foreign female and the Albanian male, five to twenty years.

# Chapter IV

## MIGRATION

*For the last ten years, internal migration has been one of the most dramatic features of the Albanian transition. It has occurred rapidly and has not followed the normal trends of urbanisation that we see in other countries.*

*For the first time in the history of Albania, families, individuals and social groups that hardly know each-other have moved into urban neighbourhoods together. They now share the same public spaces although they have very different customs, mentalities and lifestyles.*

*Migration has contributed to increased levels of conflict in urban areas. Young people who were closely controlled in rural areas now suddenly enjoy a new freedom in the city. They become anonymous and some take advantage of this situation to resort to antisocial behaviour.*

*Although they may want to, the youth newly arrived from rural areas are in no position to bond or integrate in any social group. This situation is unlikely to change for some time. As a result, there have been incidences of collective acts of destabilisation or a tendency to apply radical solutions - which is not an unusual phenomenon in post-communist Albania.*

### 4.1 Historical overview

Demographic changes in Albania are influenced by three factors: population growth, internal migration and external migration. These factors have brought about a continuous change in the number and structure of the population, its age and geographical location inside and outside the country as well as its social, professional, educational and cultural mix.

Migration within the country, from one residential area to another, is the result of differing economic levels and should ultimately lead to equilibrium between economically stagnant areas with a labour surplus and better off areas that can absorb a larger workforce. Migration is

omnipresent in Albanian history. Its dimensions, intensity, direction and motives have been determined by the economic, political and social developments of the country. Migration has fuelled Albania's urbanisation.

### The stages

Analysis of population growth since 1923, (the first general registration of the population), shows a clear and continuous movement from rural to urban areas.

**Tab. 18 Annual average population** in thousands

Population/Years	1923	1945	1960	1990	1998
Population total	804	1103	1607	3256	3354
In the cities	128	235	474	1176	1543
In the villages	676	868	1133	2080	1811

**Source: INSTAT**

Between 1923-1945, the urban population grew by 84%, compared to 28% in village and rural areas. This period was characterised by the large-scale migration of people from remote mountainous areas to the lowlands and in particular to the coastline. This trend is demonstrated by the fact that while the population of the districts of Berat, Durrës, Tirana and Vlora had grown by approximately 60-170 per cent, those of Gjirokastra, Korça and Shkodra had grown by just 5-30 per cent and the population of the Dibër district declined.

This period coincided with the emergence of capitalism, the first steps towards the development of industry, communications, trade and services, the first attempts to solve the agrarian problem and the creation of a favourable climate for the introduction of foreign investment. These factors encouraged the growth of cities which in turn encouraged migration.

After World War II, the internal movement of the population came in three stages:

**First stage**, (1945 - 1960). A large scale movement of people from villages to the cities. Throughout this period emigration was forbidden by law, whereas internal migration was permitted.

The development of industry, construction and transport led to a rapid growth of cities - Tirana, Shkodra, Korça, Vlora, Fier, Elbasan, Durrës and to the creation of new industrial cities such as Ballsh, Kurbnesh, Cërrik, Memaliaj and Laç. Demand for labour in these centres encouraged the migration of whole families from rural areas. During this period the city population doubled, while rural areas grew by just 30%. In districts such as Gjirokastra, Kolonja, Përmet, Saranda and Tepelena there were fewer people than before the war.

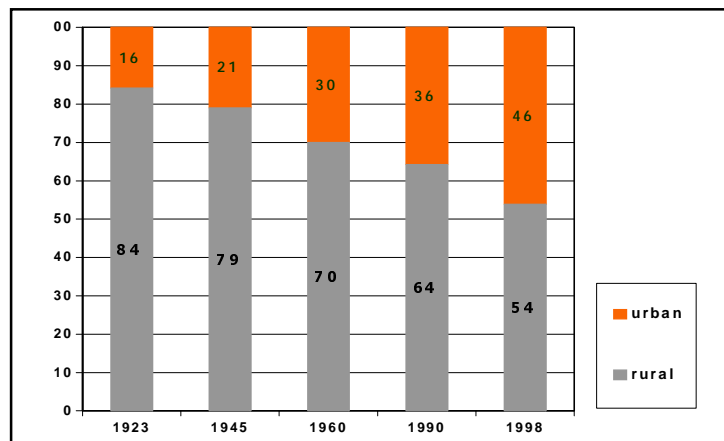
**Second stage**, (1961 to 1990). Urban growth stopped as a result of government policy, in direct contrast with the trend in Europe where cities and urban areas were growing rapidly. In 1990, the urban population accounted for 36 % per cent of the population, compared to 73% in Europe.

During this period, the reduction in domestic investment and foreign aid (mainly from communist countries), made it impossible for the state to generate new employment and meet the housing, food and infrastructure needs of the urban population. The policy of "T'u qepemi maleve dhe kodrave e t'i bëjmë ato pjellore si dhe fushat"(Let's climb the mountains and hills and make them as fertile as the plains) created great difficulties for the villages, in particular in the North-Eastern areas of Albania where land surface and wages per capita reached critically low levels. The artificially high populations of villages during this period led to social problems, which were more acute in the North-Eastern areas where reproduction rates have always been higher. The inadequate allocation of land and other resources as well as economic, social and cultural backwardness made migration inevitable when restrictions were lifted.

**Third stage** (after 1990). Policies restricting the free movement of citizens were lifted and the country saw substantial changes in its social, political and economic structure. As a result, there has been mass migration from villages, in particular from remote mountainous areas to ur-

ban areas and the central belt. Between 1990 and 1998, the city population grew by 31% and for the first time the rural population fell by 13 %.

**Fig 17: Changes in the ratio of urban and rural population (in %)**



**Source: INSTAT**

## The direction of migration

Most migration occurs between the village and the city. The main goal is to escape the misery of life in the villages. Villagers and in particular young people cite the following reasons for leaving:

- Insufficient land plots to support families
- Land disputes and blood feuds
- Loss of houses and work because of restitution of land to ex-owners.
- Isolation and remoteness of schools and health centres.
- Lack of mechanisation, lack of irrigation and chemical fertilisers.
- No clear and effective economic policy to support agricultural production.
- Lack of rural credit banks. Although micro credit has been successful, it provides only limited development possibilities.

The above factors are still a problem and it is likely that migration from rural areas will continue, although at a reduced level.

The displacement of the population from

mountainous areas, in particular from the North-East, to the lowlands and the coastline is particularly acute. The move is influenced by the difficult geographical and climatic conditions, as well as by the extreme poverty of families that live in the mountainous areas. Special social and economic policies need to be formulated and implemented to keep these areas populated.

There is also a clear trend of movement from small urban towns towards big cities. This move is most obvious in the industrial towns, that were created during the communist years. Employment was limited to the local industry and when these industrial activities were halted, mass migration began. In some of the small industrial towns such as Kurbnesh, Memaliaj and Selenica, there is only a small chance that mining activity will recommence and there is a continuous migration away as a result. In other small towns there is actually a population increase, but this is probably due to transient people who plan to move on to the bigger cities.

The Tirana - Durrës region is growing the most rapidly and could become a metropolis. About one-third of the country's population is concentrated in this area and the trend suggests it will grow even faster in the future. This region is not only the most developed part of the country in terms of the economy and social amenities, but it also has the biggest concentration of state, educational, cultural and scientific institutions. Its natural resources and potential for industry make it attractive to migrants. A priority of the current Government is to study the effect that this population growth will have on the development of the region.

## 4.2 Sociological aspects

### Favoured rural settlements

Prior to the political changes of 1990, the highest rates of migration from villages to the towns took place between 1945 and 1960. Until 1960, when the communist political and economic transformations were deemed almost complete, Albania saw the abolition of private property, the creation of agricultural co-operatives and the beginning of a rapid process of industrialisation in the urban areas of the coun-

try. These transformations began as an antifascist and antilandowner movement vested with egalitarian and utopian principles, but soon had a growing number of opponents. The movement had an impact on all stratas of society, and for well known reasons, it was widely supported by the rural population, as well as the city poor and part of the intelligentsia.

After World War II, villagers came to the cities not only as supporters of a new political movement, but also as new players in the economic life of the country. This migration enabled the implementation of industrialisation plans - a politically and economically forced process.

***The rural population that came and lived in the towns formed the social power base of the communist movement. It was precisely this support that allowed the leadership to enforce an authoritarian policy of isolation and control, while restricting more and more the political and civil rights of the individual.***

At this time, almost all public administration positions were filled by officials of rural origin, who brought with them a particular mentality, nourished in a patriarchal environment. The new arrivals did not care about the difficulties and privations of life in the city because it was such a vast improvement compared to village life. The loss of individual rights seemed, initially, to be compensated by the increased material, economic and social advantages.

Life in the city was blissful for many of the newcomers. They lived in urban houses - a far cry from the isolated dwellings with poor access to health services, education or culture which they had been used to. Before, their families had tilled the land or been shepherds under open skies in difficult climatic conditions. Now, they were working under shelter in well lit buildings.

They started learning and mastering new crafts and skills and became mechanics, brick layers, textile workers, drivers, electricians and engineers. Their grandfathers had been mill workers, woodcutters and carpenters. They had abandoned, secluded and isolated jobs and family lives, for the collective professional life of the factories. For the first time, men could work in the same place with women and girls. As a re-



sult their customs began to relax and grow more liberal - but society was becoming more closed and isolated as the leadership followed a rigid programme of Stalinist style industrialisation.

***The social impact of totalitarian society did not affect all Albanians alike. As the socialist industrialisation model advanced, the rural newcomers to the cities were initially its most ardent supporters because they felt favoured by the policies of the state. The industrialisation model and rural migrants became mutually dependent - the one requiring the other for its existence.***

## **Rural or urban unemployed?**

Those that arrived in the cities after 1990 came for different social reasons. It was mainly the middle aged (between 35 and 50 years) and the young who were leaving rural areas in large number, either to internally migrate or emigrate. Rural youth can move with greater ease than before and are better educated and informed, especially through the TV media. They have a clear image of city life and a fantasy vision of western consumer society. Spiritually, they have begun to loose their ties to the land and animals and a life as farmers or shepherds. A new mentality has been born. They would much rather go and work in the city where there is promise of a steady wage than help out on the farm. On the small family farm these youth have to work but never get a wage, so they consider themselves as unemployed.

***For rural youth, there is a clear choice between unemployment in the village and unemployment in the cities. It is not difficult for them to choose between rural and urban unemployment. This is why they set out for the cities.***

Middle-aged people that migrate from rural areas are motivated by other considerations. They are less inspired by the chances of employment because these people in their 30s and 40s know that finding a job is very difficult in the cities. Instead they leave largely because of their children and the hope that they can have a better future. To attain this goal, they are willing to face the hardships of living in dirty suburbs, in

particular in Tirana, and of almost permanent unemployment, family isolation and the painful loss of cultural traditions.

***What matters most to this strata of the population is the fact that their children will have escaped the rural mire and isolation once and for all and benefit from city life. They or future generations will get better education and in time, may have the same starting point as other city children.***

City migration has its own internal laws. Elderly people, women and girls are left behind, at least in the early stages, to care for the land and other material property. Their main function is to maintain and ensure a continuity of the village economy and generate some form of income to guarantee the survival of the rest of the family in the cities.

Youth, in the most part male and couples in their 30s and 40s arrive in the city with an immediate priority to build a home, and often they start to build a home with two or three floors. The construction is often illegal - they seize a piece of free land or obtain a construction permit of doubtful legality. Their aim is to create living conditions to allow the whole family to join them in the city.

The social composition and structure of the young rural population settling in the cities today is different from that of their predecessors who came after World War II. While the latter found employment in Albania's new industrial plants, today's newcomers join the city's unemployed. It is very hard for them to adjust to city life and to make a living. If they have a job it tends to be in the black market and service-oriented: foreign exchange dealers in the financial informal market, retail junk sellers, minibus drivers, workers on road maintenance, warehouse and school guards, cleaners, and very rarely, brick layers.

***Albanian society is opening up to the liberal capitalist economic model. But the rural strata that has moved to the cities finds it difficult to adapt to urban life and feels disadvantaged.***

New comers to the cities have acquired a number of individual democratic freedoms but feel deprived of the social advantages that a contemporary well-studied policy of urban integration could offer them.

## 4.3 Main causes of migration

### Transition in a liberal society

The totalitarian society prior to 1990 implemented policies that led to an artificial population of the country's rural areas. Since it was a society that adjusted its relations through the centralising policy of the state, the demographic and economic policies had to follow suit. By the same token, job allocation and job distribution throughout the country was determined by demographic distribution. Well populated villages were also seen as a strategic factor in the context of military configuration and preparedness in the case of war and was part of the propaganda and politics of the communist state.

The change in the political and economic situation as well as the liberalisation reforms undertaken in the 1990s reversed the trend. The villager, who was now free to choose his place of residence and work, naturally began to orient himself towards the city, considering that settling there was a democratic right provided to him by constitutional principle. Consequently, the artificially overpopulated rural areas began to empty as part of the population lost faith in the possibility of a bright future in those areas. Many non agricultural activities closed down since they were no longer viable, while social and cultural institutions gradually disappeared because the state could no longer support them.

### Weakening of economic ties in the villages

Before 1990, for several decades, all land belonged to agricultural co-operatives rather than individuals. So when transition began, the rural family had no property or real estate to speak of and as a result a wide strata of the rural population, and in particular the youth, had no sustainable ties or relationship with the village or land.

The implementation of the Law on Land in the beginning of the 1990s not only failed to re-establish economic ties between the rural family and the land, but in many cases made their economic situation worse. Land plot distribution per family head brought about land fragmentation and heavily reduced economic efficiency. On average rural families were entitled

to approximately 0.5 - 1 hectare of agricultural land. If we bear in mind the fact that the land was often divided into isolated plots then we can better understand the difficulties of the farmer to make the best use of the land. Furthermore, while the land belongs to a family - it will be sub-divided again when the sons inherit, further decreasing efficiency. This is another reason for the breaking of ties with the land.

The fragmentation of land into uneconomic plots has been worse in the North-Eastern and South-Eastern parts of the country, which are the least attractive areas economically. They are far from the markets, have poor arable lands and are short of water. This is why there has been massive migration to the cities.

The inhabitants of small towns have little or no relation with their area of previous residence, mainly the remote areas in the country. The majority of industrial enterprises of these towns have closed down. Of all the former state property, people were left with no more than their apartments, which were often of poor standard and inadequate for large families. Opportunities for economic activities in those areas are very limited.

### The collapse of the family clan structure

Even in the past, Albanian society has gone through periods of economic hardship and social crisis. But, it has never experienced such intense and rapid migration.

An important factor that prevented mass migration in the past, was the stable structure of extended families in rural Albania. Life took place in and around these large family groups which had close and very strong organisational and spiritual ties. It was very hard to cut free and to lead an independent life as parental authority was very strong and maintained the cohesion of the family group. But patriarchal authority has been weakening for a long time and is no longer an impediment to youth who want to move to the city in search of a better life. Education and vocational training have helped fuel these hopes.

### The city as an ideal

Today Albanian society is bombarded by intensive TV messages, which are based on city images. Even rural life in the West seems as gla-

morous as city life to the Albanian villager. The city is an alluring fantasy - conveyed in interesting, strange and attractive colours, which have immediate appeal to the viewer. Anyone living in a rural area who is exposed regularly to television would soon conclude that his or her lifestyle was outdated.

### **No need for self-defence**

Historical circumstance led to many Albanian villages and even cities being placed in strategic positions, high above sea level and protected by the topography in case of possible aggression. But today, many Albanians have moved to cities, lowland and coastal areas in order to have better opportunities to trade and to have contact with the outside world.

## **4.4 Migration impacts**

### **The social and economic consequences of migration**

The massive migration of recent years has been spontaneous, uncontrolled and unplanned and has caused many serious economic and social problems.

It is true that displacement of the rural population towards the cities is due mainly to economic factors and the quest for a better life. But the haphazard and rapid settlement of rural families in Tirana, Durrës and other large conurbations has resulted in increased poverty, unemployment, the spread of black market labour, housing difficulties, a lack of schools and health centres, inadequate water and electricity supplies and a further deterioration in infrastructure.

This huge and sometimes overwhelming movement of people has deeply damaged the urban and environmental equilibrium. Vital elements of urban life such as sewerage, roads, waste management, access to open and green spaces, transport and building regulations have been seriously compromised. Over-population of the cities has stretched public services to the point that public health is jeopardised.

***A survey conducted in 1998 among the population of some of the main cities gave the following results:***

- ***The respondents rated urban waste collection, sewerage, respecting construction rules, lighting of buildings and streets, road conditions and urban transport, and health services as "very bad"***
- ***Housing and living conditions, environment, rural market services, education and the school network, institutions for cultural activities and the arts, and air pollution were rated as "bad".***
- ***Water supply and heating system was considered "somewhat ok".***
- ***The only "good" ratings were given to the network of commercial services and catering.***

***Life in the cities is deteriorating rapidly due to insufficient investment, a shortage of urban studies and projects and the lack of a clear strategy on the part of the state and local administration.***

Slowly but steadily, urban centres are losing the traditional features of city life as they become increasingly threatened by a very rough and ready urbanisation. Although superficially it might look like a natural evolution, in substance it is followed by structural changes of society and the loss of traditional values. Social segregation, criminality, antisocial behaviour, lack of respect for the rules and norms of public co-existence, violation of sanitation conditions, public insecurity and noisy neighbourhoods, are not only sporadic phenomena related to transition. They are also the result of unchecked and uncontrolled urbanisation.

On the other hand, the depopulation of the villages has also begun to exercise a negative impact on rural areas. Since it is the young and the middle-aged that are leaving, villages already suffer from shortage of an active labour force and as a result, the agricultural productivity and the processing of agricultural produce are declining. Meanwhile, the Albanian market has been overrun by imported food, and other agricultural and livestock products.

The departure of young couples and in particular young men towards the cities is destroying the social and demographic structures of the rural population. Marriages are getting rarer and the birth rate in rural areas is declining. Impov-

erished by the loss of the young, villages now have ageing populations. Surveys show that those who leave first and hope to adjust the best to the labour market in the cities are those who have an education and a profession.

There is a need for at least a medium term strategy that would control and fine-tune the urbanisation process. This strategy should include measures for the establishment of a land market, mechanisms to merge small land plots to form bigger areas, the promotion and implementation of a rural credit scheme, development of businesses that connect agriculture to other non-agricultural sectors in the village, and general infrastructure improvements.

However, the migration of population towards the cities should not be seen solely in terms of negative social phenomena. The experience of Western European countries has shown that with the passing of time and growth of management capacities, society has managed to find an equilibrium for these developments. Urbanisation helps the growth of political democracy and promotes the development of uniform living standards and working conditions for all the population.

Urbanisation in Albania, even though uncontrolled at present, is following a general development pattern. There is a movement away from the primary sector of the economy, most notably agriculture, towards the secondary sector, processing, industry and construction. Ultimately this leads to the growth of the tertiary sector, which includes trade, transport, services, education and health.

### **The tension created by urbanisation**

The huge rural population that arrived in the cities in a short space of time, brought with it different customs, traditions, mentalities and lifestyles from many parts of Albania. The social diversity which resulted from this movement has caused conflict and tension in city areas which were hitherto relatively homogenous communities.

Indigenous city residents are often scornful and dismissive of the new arrivals while some even fear the villagers who have moved into their neighbourhoods. On the other hand the villagers often feel like strangers and excluded. This situation can awaken rebellious instincts and in

some cases provoke aggression towards the environment that surrounds them. Lawlessness and delinquency are exacerbated by the inadequacy of state control.

Tensions between homogeneity and social diversity have also grown due to the lack of clear urbanisation strategies. Studies conducted to date have focused more on the nature and size of migration and the living conditions of newcomers. There have been no studies on how migration affects urban areas and the impact it has on its native population, or studies on the ability of cities to integrate the new arrivals.

The demands of the new comers could hardly be met by the local government, which was unprepared and at a loss to organise, and manage the current spontaneous and massive urbanisation, and its unexpected consequences.

For its part, the media has only described the events without exploring in depth the reasons behind them. It has tended to focus on the positive aspects while neglecting the drama of abandoning century old lifestyles, often to be faced by disappointment.

There is also tension stemming from differences and priorities. New arrivals want to see their difficulties addressed immediately. While the city's former inhabitants want the new arrivals' problems to be resolved once and for all, they want the city's problems, which are just as big and costly, to be addressed first. But some of these improvements will take a lifetime and cannot happen in the short-term.

It would have been ideal if both parties had shown more patience as they shared a mutual desire for change and improvement. Because of the great expectations they had placed in democracy and urbanisation, these people have become weary and disappointed. They are the ones who spread the epidemic of complaints, protest, and intolerance because they expect too much too quickly.

Unreasonable expectations of change and the time needed to achieve it have often resulted in unfair protests against the state and government, rather than a more general criticism of the democratic system that has created the situation in the first place. Emotions that prevail over reason

do nothing to explain the fact that successful urbanisation takes a lot of time. It also fuels the indefensible argument that reform, change and democracy in Albania are impossible, that there is no rule of law and that this country is always being led by incapable people and governments. People need to be reminded that urbanisation is a long process. For instance, it took London six centuries to reach its current level of urbanisation.

### ***Old and new yardstick***

***Using old parameters to assess the current situation has created tension. Urbanisation is often assessed using yesterday's yardstick and not that of the future.***

***According to the old yardstick, the right of the citizen to participate in public life begins and ends with participation in elections. But, for many of us it is not clear how to use that yardstick to measure participation in public life. What is less known, is how to involve the newcomers in solving everyday problems. Political life in a democracy should not just be about preparing people for elections. The underlying priority of a democracy is first and foremost the participation of citizens in the process of governance.***

***Different yardsticks are used even when it comes to the evaluation of democracy and the democratic process. Some see democracy as belonging just to them, without considering their own roots, and they find it difficult to include the newcomers, who they deem uncivilised.***

***Others, who accept that everyone is to blame to some extent for the problems of society, appreciate the right of the newcomers to participate in building democracy. Stuck in the middle are the newcomers who in many cases participate in the democratic process with impatience and aggressivity. Some get together in groups and organise mass protests, which if not physically violent, at least convey verbal violence.***

***We have to readjust also our yardstick when it comes to the notion of plurality. A democratic society can be defined as a union of small communities of all kinds. The impatience to***

***see people develop common values and cultures is nothing more and nothing less than an expression of the use of the old yardstick. Over emphasis on assimilative practices has consequences on the progress of democracy. The concept "we want our Tirana" is not a far cry from the appeals, made in times past for the levelling of values, points of view, cultures and political attitudes.***

### **The psychological impact of urbanisation**

Migration from rural to urban areas, over population of cities, heavy traffic, pollution of the environment, and the threat of long forgotten diseases, have resulted in the rise of serious psychological problems.

In Tirana alone, there are fifty thousand vehicles, 85% are motor vehicles and many are driven by youth. Heavy pollution of cities, hundreds of electronic game parlours, dilapidated bus services and people who harass, insult and threaten each other are some of the reasons behind the considerable rise in psychological illness.

The first general symptom is stress. City life itself tends to generate stress, but in those cities that have experienced rapid overpopulation in recent years, the phenomenon is worse. This is a result of increased insecurity about one's life and property, an anxiety about what tomorrow will bring, the hectic and chaotic movement of people and vehicles, noise, pollution, lack of water, the sound of weapons being fired and the sudden and repeated power cuts.

Psychological studies show that of all the many factors that encourage aggression, three contribute the most: disappointment, verbal insults and violent provocation. A new comer to the city, exhausted by the long search for a house and a job, faces an unfriendly environment. One may well be disappointed and is likely to get angry or depressed and even aggressive.

Road rage is a common phenomenon. Individuals attacked or provoked in the street do not always "turn the other cheek", but react violently towards the aggressors. Verbal and physical violence is most common in places where people

congregate to play or be observed by others: gambling clubs, snooker halls, bars, discos, etc.

The loss of personal space is also a cause of irritation and concern for individuals and can lead to threatening and aggressive behaviour. Albanians are used to restricted living space, but in the past this has always been compensated by lots of space in streets, squares and parks. But now this public space is increasingly occupied by heavy traffic, pollution, waste and dumped construction materials.

Twenty nine out of thirty people living in Tirana are pedestrians. But sidewalks, in many cases, have been blocked by kiosks and bars, mud and potholes, missing manhole covers and by bicycles that cannot use the road because of badly parked vehicles.

The state cannot bear sole responsibility for the solution to these problems which have been created by the arrival of newcomers to the cities. Civil society organisations must get involved in civic education to reduce the tensions of urbanisation. Schools are leading the way in this. But civic education through community involvement, which might lead to a happy co-existence, is still at a very early stage.

### The metropolis

After 1990, Tirana and its surrounding villages experienced a spectacular influx of people. In 1999, 618,000 inhabitants lived in the district of Tirana. The urban population of the district reached 452,000, of which approximately 429,000 lived in the capital, representing 27% of the urban population of Albania.

An analysis of Tirana's population figures between 1980-1999 reveals that the highest rate of growth took place in the last four years. If this rate continues, Tirana City will double in size within ten years.

Of the eleven administrative units that make up the capital, half of the city population is concentrated in the four most peripheral units. But this does not mean that central Tirana has not gone through changes because of the uncontrolled settlement of people. Changes have also occurred in the oldest neighbourhoods, where people have had a possibility of finding lodging in existing buildings or in one of the multi-storey buildings that are being constructed on any available free lot.

Other highly populated areas are the communes surrounding Tirana. They have turned into small towns crammed with houses and villas often built illegally by newcomers without respecting building regulations or existing infrastructure capacities.

The most popular communes for newcomers are Kamëz and Paskuqan, followed by the lowland districts, Zallher, Preza, Vaqar and Vora. These are the most attractive areas since they have little difficulty connecting to the capital and therefore offer greater possibilities for the labour force and for the trade of agriculture and livestock products.

The newcomers to Tirana have arrived from many different districts, especially the rural areas of Dibër, Mat, Korça, Kukës, Puka and Tropoja, but a good part of them have descended from the remote mountainous villages of Tirana itself. They are victims of poverty and general hardship.

In most cases, the newcomers' families comprise a couple and children. But extended families with two to four couples are also fairly common. While in Tirana City, a traditional family is made up of 3.5 members, the average for newcomers is 5 persons. For these newcomers, it is difficult immediately to do away with the patriarchal organisation and some of the outdated traditions to which they are accustomed. The heaviest burden continues to fall on the woman who faces even more deprivations in the city than in the country.

In general, the young and educated have the strongest tendency to migrate to Tirana. The elderly cannot adjust to the unstable labour market, whereas the educated have more knowledge of the possible economic and social op-

**Tab. 19 Population of Tirana district** **In thousands**

	1980	1985	1990	1995	1999
<b>District population</b>	297,7	329,7	374,5	470,5	618,2
<b>Urban</b>	197,0	219,3	253,1	341,7	452,1
<b>Rural</b>	100,7	110,4	121,4	128,8	166,1
<b>Percentage of urban population</b>	66,1	66,5	67,6	72,6	73,0

*Source: Annual statistics of Albania and the civil status office of Tirana municipality.*

portunities available in Tirana. However, there is a real threat of unemployment. Although not statistically proven, the rate of unemployment in Tirana is estimated to be substantially higher than the country average.

Tirana is becoming a metropolis. Successive governments have watched almost indifferently the assault of the villages on the capital, while the local authorities are financially powerless to improve the situation. International institutions have intervened wisely with pilot projects. Non-governmental organisations also seem to be well aware of the problem facing Tirana and are taking the first steps to address the situation.

Statistics speak increasingly about the rapid urbanisation of Tirana. But, in reality, Tirana seems to become more and more rural.

### **Satisfied or disappointed?**

During the last ten years, Tirana's administrative district of Lapraka, has had the most rapid population growth in the region as a result of migration and a high birth rate.

Overpopulated by families that descended from different areas of Albania, this neighbourhood now has over fifty thousand inhabitants and presents all the problems associated with uncontrolled growth of the suburbs.

For this reason, a statistical survey was carried out in Lapraka with the participation of 114 families and 578 persons. The results of the survey give a good picture of how the newcomers settle and the social and psychological relationships that develop.

More than one half of the newcomers have come to Lapraka in the last four years.

The low construction price of a house and low rents have made Lapraka popular. Families do not settle all at once. As a rule, it is the adult males that settle in first, but this does not have to be the head of the family. Those that migrate are not the poorest families of the village since migration requires considerable amounts of money for transport and to illegally buy land and construct a house. Usually, the migrants' money comes from the sale of animals or the village house, remittances, or sale of vouchers

for the ex-politically persecuted.

The biggest issue for newcomers has always been finding a piece of land to settle. Many of the displaced have built illegal houses or have bought the land from the legal owner and then connected electricity and water illegally. Almost one half of the heads of families are unemployed and are daily on the lookout for any kind of employment that can help them support their families. The average income level per family varies from Lek 10,000 to 30,000/month. Those who live on emigrant remittances are slightly better off than the rest. However, the income level is substantially less than the minimum required to live.

While many families have managed through great sacrifice to build a house, the interior of the houses often have no commodities. There are also many families that live in very bad conditions by the river, constantly threatened by difficult climatic conditions and with no source of assistance, apart from the solidarity of the neighbours.

By and large families say that their present living circumstances are an improvement compared to their former homes and that since they first arrived in the city, conditions have continued to improve. However, in most of the cases, families say that they would never have moved if the economic situation had been better where they lived before.

The newcomers admit to being nostalgic about their former way of life, but continue to accept that they had no option other than to move to the capital. This is further evidence that depopulation of some regions could be avoided if more attention were paid to supporting peoples' efforts to meet at least minimum required living standards.

Families rated street pavement, sewerage and waste water systems, water supply and access to schools as the most important urban services. The new inhabitants of Lapraka complain that their children have to walk for 30-60 minutes to get to school. When asked about their economic and social situation, the respondents generally stated that they are satisfied or very satisfied with relations with family and neighbours as well as with the neighbourhood, their houses and the

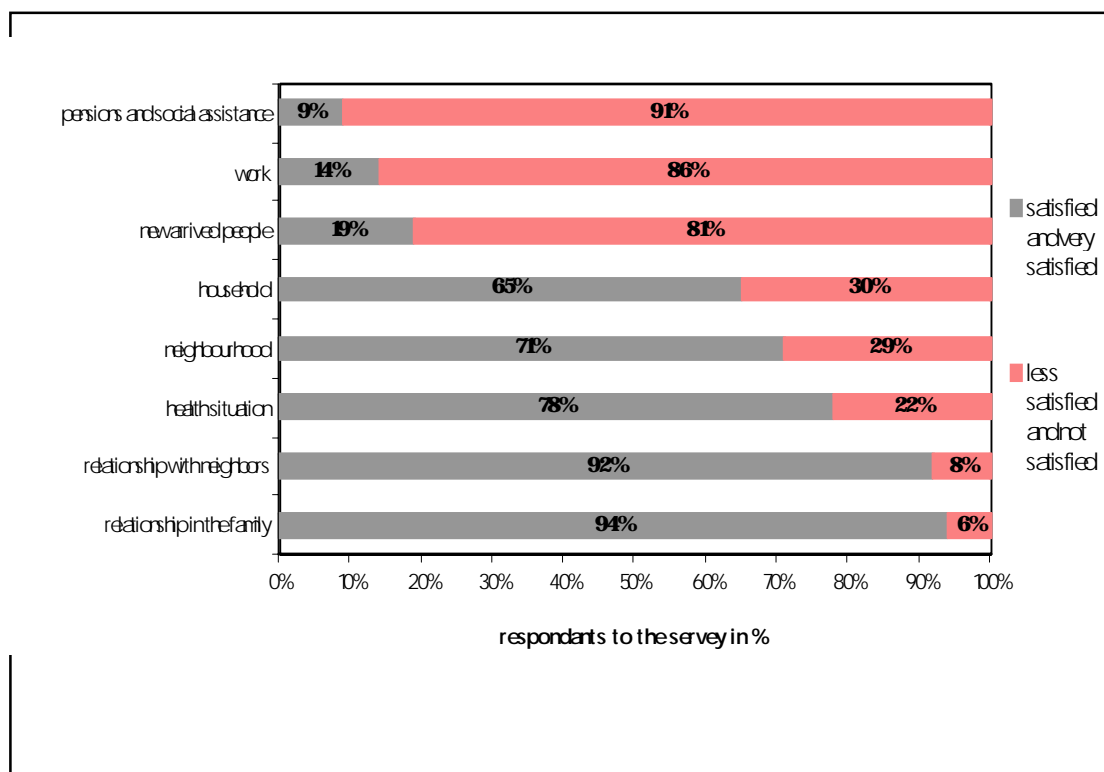
health situation. But they are unhappy or very unhappy with work, income and pension benefits. All those who are able to work, the elderly in particular, are unhappy that they can no longer give as much help to the family. In the village, they would have undertaken various agricultural chores, but now they no longer have the satisfaction of contributing to the family well-being. This concern becomes more acute when the family faces hardships. Some of the unemployed consider that with a bit of help from the state, they could be employed repav-

ing roads, replanting and tidying up parks and rehabilitating areas covered in construction waste.

Lapraka is an urban area with a predominance of young people and newcomers, sections of society that traditionally have a high birth rate. In general women do not know about family planning methods or the use of contraceptives. However, once they become aware of the benefits of family planning, some of them express the willingness to adopt these methods.

**Fig. 18 Rate of satisfaction with the economic and social conditions**

(In %)



Source: INSTAT



# ALBANIA WITH REFUGEES AND EMIGRANTS

### 5.1 The Kosovo crisis and Albania

In the early days of January 1999, Adem Demaçi, the then-political representative of the Kosovo Liberation Army (KLA), Rexhep Qosja, Chairman of the New Democratic Movement and Bujar Bukoshi, Prime Minister of the Kosovo Government in exile visited the Albanian capital. The return to Albania of the Kosovar Albanian leaders after a relatively long absence was due to their preparation for talks with the international community on the future of Kosovo. Albania was trying to lend a hand in solving the "crisis of representation" of the Kosovar leaders.

Major changes had occurred in the Kosovar political and military leadership. After the emergence of the KLA, Ibrahim Rugova, the leader of the Kosovar Albanians had lost his monopoly over Kosovar politics. He had been elected leader twice, in parallel elections, which were not recognised by the international community. The emergence and strengthening of the KLA reflected the impatience of Kosovar Albanians in the face of Serbian repression, as well as their loss of faith in Rugova's peaceful politics to realise their aspirations to separate from Serbia.

The so-called crisis of representation of the Kosovar Albanians was finally resolved after international pressure. As a result, in February 1999, the Kosovo delegation participated in the Rambouillet Conference, in Paris. During these difficult talks, the delegation accepted at the last minute the agreement presented by the Contact Group, but asked for a three weeks delay before its official signature. On March 15, 1999, the representatives of the Kosovar Albanians signed the Rambouillet Agreement in Paris, while the Serb delegation failed to show up and refused to sign. Thus, de facto, the Kosovar Albanians

signed an agreement with the West that promised to stop the violence and terror of the Milosevic regime.

On March 24, NATO began military air strikes against Yugoslavia. Albania offered its unconditional support to the Allied troops. All ports and airports, as well as the country's military infrastructure were put at the disposal of NATO. The Albanian government and public opinion were unified in support of the offensive.

A couple of hours before the beginning of the air strikes, Tirana airport was closed. The air raid shelters were put on high alert. The Government sent to the northern border its biggest military reinforcements since World War II and the army was placed on high alert. Women and children were evacuated from villages along the border with Kosovo for fear of possible clashes with Serb troops. The Government led by Pandeli Majko, avoided declaring a state of emergency during the conflict.

On March 28, large numbers of Kosovar refugees surged across the northern Albanian border. The small town of Kukës became a giant refugee settlement. Within a week, the number of Kosovar refugees, violently displaced by the Milosevic regime's ethnic cleansing campaign reached around 450,000 - a figure equal to approximately 15 % of the population of Albania. The Government of Albania launched an appeal for help to the international community which met with an immediate response. Many refugee camps were built throughout the country. Governments and humanitarian organisations throughout the world sent an extraordinary amount of aid.

But it was the solidarity of the local population

that was decisive in preventing a human catastrophe. Two thirds of the refugees took shelter in the houses of the local population. Despite their poverty, Albanians offered everything they had to the Kosovar refugees. Concomitantly, the moment marks the first real encounter between the Albanians of Kosovo and the Albanians of Albania, who for most of the 20th Century had lived apart with little mutual contact.

The period of the Kosovo conflict saw a heavy military presence in Albania. A contingent of about eight thousand NATO troops was installed on Albanian territory to support the complex operation of sending humanitarian aid to the North of Albania, as well as to help guarantee the sovereignty of Albania. But NATO was not the only military presence - the KLA also had a large contingent based mainly in the North of Albania. After an order was issued for the general mobilisation of the population by the KLA general command, KLA troops set up training camps for the new recruits. These troops were joined by volunteers who came to Albania from the USA and parts of Europe. Different sources estimate that there were between 8,000 and 11,000 volunteers.

With all efforts concentrated on the conflict, the internal political life of the country entered into a period of détente. But there was a significant divergence in opinion between Albanian politicians and their Kosovar counterparts.

On April 1, the world media showed pictures of the Rugova - Milosevic meeting. The next day, April 2, Hashim Thaçi, the KLA political leader announced the formation of a temporary Kosovo Government, "based on the agreement reached in Rambouillet among LDK, KLA and LBD". From this moment on, there was a clear division between political groupings, which led to fierce mutual criticism. On the one hand, until the end of the war, there was the socialist Government of Tirana led by Majko, with the KLA and the Temporary Government of Kosovo, led by Thaci, while on the other there was the Albanian opposition led by ex-President Berisha, with Rugova and Bukoshi's Government in exile. Kosovo had two governments throughout the conflict.

After leaving Pristine and going to Rome, Rugova refused to visit Albania, while Tirana

became an almost permanent base for Thaçi and other KLA representatives.

During the Kosovo crisis, Albania became a key destination for statesmen, heads of international organisations, army generals and diplomats. The local population and Kosovar refugees warmly received the British Prime Minister, Blair, the Italian Prime Minister, D'Alema, the German Chancellor, Schröder, the French Prime Minister, Jospin, the Spanish Prime Minister, Asnar, as well as many other high level officials.

The signing of the Kumanovo Agreement in June marked the end of the NATO air strikes as well as the end of the Kosovo conflict. The Serb police and military troops withdrew from Kosovo. This withdrawal was followed by the NATO take-over and the KLA fighters came down from the mountains and entered into the main Kosovo cities. The population that had remained in Kosovo together with the returning refugees from Albania and Macedonia welcomed the NATO soldiers as liberators and the KLA fighters as heroes.

The return to Pristine of the Kosovar politicians and the establishment of the UN civil administration in Kosovo marked the end of the role of Tirana in the Kosovo developments. Pristine became the epicentre of Kosovar politics.

On August 15, the Albanian Prime Minister Majko visited Kosovo. This was the first visit of an Albanian Prime Minister to Kosovo since the creation of the Albanian State. To enable the visit to Pristine, Majko seized the opportunity of a private occasion. While he was there, he met with Rugova at his home, as well as Thaci and other leading players in Kosovar politics.

Albania came out of the Kosovo war with an improved international image. For the first time, the international community had an opportunity to see Albania as a partner, not as a problem. Albania signed the Stability Pact with great expectations that the Pact would be both a reward for its contribution during the Kosovo conflict, and a way forward for the future.

The presence of NATO troops in Kosovo meant a redefinition of the geopolitical and geostrategic equilibrium in South Eastern Europe where Albania has an important role

to play. Despite the traditional animosity between the Tirana Government and its political opposition, they share the same view on NATO presence in the country and there is no problem with public opinion or pacifists.

The return of the Kosovars, who had taken shelter in Albania, created a vacuum not only in the empty refugee camps, but also in the political arena of the country. After a political "cease-fire" forced by the Kosovo crisis, Albanian politics returned to their usual agenda and internal conflicts. The two main political forces in the country, the ruling Socialist Party and the opposition Democratic Party, reverted to the usual inter-party conflict as well as internal party struggles. These led to changes in leadership following party congresses that were held almost at the same time in October 1999. The 32 year old Prime Minister and Secretary General of the Socialist Party, Pandeli Majko lost the election for the Chairmanship of the Socialist Party to the ex-Prime Minister and ex-Chairman of the Socialists, Fatos Nano. Majko resigned and the socialists formed the third cabinet in their three years of government. Thirty-one year old Ilir Meta headed the new cabinet.

The Democratic Party called an end to its lengthy parliamentary boycott and returned to Parliament after a one-year absence. But the opposition increased its demands to hold early elections. The October congress reconfirmed Berisha as Chairman of the Party, but at this point he faced criticism from a group of members of Parliament and high Party officials led by the ex-Vice Chairman of the Party, Genc Pollo.

Despite the internal conflicts, there have been no substantial changes in the respective political stance of the major Albanian political parties regarding the question of Kosovo. In a nutshell, the current Albanian position is one of full support for a long-term international Protectorate for Kosovo.

## 5.2 "Death brought us together"

***The Kosovo conflict provided an historical opportunity for the Albanians of Albania to meet the Albanians of Kosovo. As the renowned writer Ismail Kadare has put it "Death brought us together". This process***

***of getting acquainted is an important precursor to building future relations between the two Albanian communities. While the Kosovar refugees were impressed by the generosity and hospitality of their "blood brothers", they were shocked by the state of the country's infrastructure - roads, electricity, water distribution, hospitals, etc.***

Demographically, Albania in the spring of 1999 was in a very unusual situation. Europe's poorest country was giving shelter to half a million Kosovar refugees while almost half a million Albanian emigrants were living in Greece and Italy. In other words, for every six citizens of the Republic of Albania there was one refugee in Albania and one emigrant outside Albania. This demographic situation, which is unlikely to be repeated in any other country, had short and long-term impacts on the economy, politics, and people's mentalities. Albania was faced with a great challenge, which despite all its problems, it managed to cope with successfully.

With no impediments to prevent further contacts (citizens of the Republic of Albania could not get a visa to visit Kosovo before), the ties between families, who had shared the same roof for almost three months, have remained intact.

The Kosovo crisis was an opportunity for the Albanians to show the good aspects of their country. Negatively portrayed, in particular by the media of neighbouring countries, Albanians broke through these stereotypes and gained wide sympathy. This has been an important step for a society that has lived in a general state of crisis and pessimism caused by a long and painful transition. Faced by an influx equal to 15% of its population, Albania demonstrated its human and organisational capacities (without underplaying the vital role of the international community, without which the crisis would have not been managed). This is an experience that can be put to good effect in the post-conflict period.

Besides expanding human relations, the Kosovo conflict served to rapidly develop cultural relations between Albanians on both sides of the border. Kosovar children took up lessons that had been suspended in Kosovo, in the improvised schools that were set up in the refugee camps and Albanian schools. The Albanian Min-

istry of Education has come up with an initiative for the unification of textbooks and school curricula for both Albania and Kosovo.

The conflict period and its aftermath also created an opportunity for the intensification of relations between the cultural and intellectual elite. Many Kosovar refugees, victims of ethnic cleansing, included teachers, writers and journalists, who found in Albania and Macedonia the support of their colleagues. Immediately after the end of the conflict, an Albanian book fair was organised in Pristina, a Tirana television began broadcasting in Kosovo and many of the books published in Tirana during the last decade became available in Kosovar book shops.

Part of getting acquainted is understanding the differences in mentalities, customs, and lifestyles, especially since the elite of Tirana and Pristina have not always shared the same views. But while barriers have come down, there are still obstacles to overcome and bridges to be built.

Kosovars resent the criminal elements that have moved, and are continuing to move from Albania to Kosovo. While in Albania, the majority of the population who have not been aggressively nationalistic over the last ten years, find it difficult to sympathise with or are indifferent to the Kosovar revenge attacks on Serbs. Despite that, a new sense of political and national identity is appearing.

The half a million Albanian emigrants working in Greece, Italy and other European countries have helped to support the poor Albanian families that faced unforeseen expenses during the three months the refugees were in the country. Their financial remittances, which for the last decade have been vital to the Albanian economy, were suddenly more important than ever.

### ***Tirana-Pristina, no barriers in-between***

***The Albania - Kosovo border is one of the anomalies of the 20th Century. For some time it represented a border for the preservation of ideological "purity", but in reality it was an artificial barrier created to prevent contact between the Albanians of Albania and those of Kosovo. It alienated Albanians, and made them forget that they***

***once had aspirations for a common state. It was an artificial barrier which in time would inevitably be destroyed. However, the way this happened was particularly dramatic, as half a million people displaced from their homes crossed the border between March and April 1999. The barrier had shattered to pieces.***

***Relations between Tirana and Pristina were conditioned by three main factors: the painful and anarchic awakening of Albania from its long isolation, Kosovo threatened by Serb atrocities and the international factor. The international community was unclear as to the consequences of the barrier coming down between the two Albanian communities and was, as a result, openly opposed to any project that would promote integration of the Albanians.***

***Against this background, Tirana-Pristina relations were sometimes contrived and perhaps hypocritical. Albania was the only country that had acknowledged the Republic of Kosovo, constituted in September 1991 by the Kosovo Assembly. But while, in recognition of this, Kosovo had opened a representative's office in Tirana, the government kept an ambivalent stand on Kosovar aspirations. Its support was equivocal. In reality officials used one language for foreign diplomats, a different one for the representatives of Kosovo and a third for internal purposes. The Kosovars, for their part, shifted back and forth between an idealistic attachment to the Albanian State and a disappointment with the stance of Albanian officials on cardinal issues.***

***The crisis, the anarchy and the collapse of state authority in 1997 had an impact on Tirana - Pristina relations. The Kosovar leader Ibrahim Rugova, during his frequent visits to Albania, had contacts only with the ruling party at the time, not the opposition. Meanwhile, Rugova's opposition in Kosovo as well as in exile had very close contacts with the left wing forces in Albania. When war broke out in Kosovo - and the Serbs may well have thought they could benefit from Albania's internal crisis - Tirana and North Albania had become bases for Kosovo Liberation Army operations.***

***The war in Kosovo and the threat to the Albanian population, managed for some time to unite political forces and public opinion in Albania. The slogan of the time was "one nation - one stand". But it did not last long. After June 1999 and the rapid return of the refugees, the border remained open. Even though this had an impact in bringing closer the people who lived in the border areas, Tirana and Pristine were faced with real difficulties in communications and felt the distance that separated them.***

***There were a number of people, mainly among businessmen, politicians and the cultural elite, especially the latter, who were not particularly enthusiastic about the opening of the border. Albania had its own internal problems and so did Kosovo. There were few things to exchange. Even the most fervent supporters of unification became more realistic and began to see it as a process, which would only come about after Albania and Kosovo had both recovered from resolving their respective problems.***

***Tirana and Pristine share the fear that anarchy could spill over from one side to the other, and that there is more potential for co-operation among criminal elements than for political and economic integration. There are no official channels of communication between Tirana and Pristine, not only because there is no mandated local government in Kosovo, but also because UNMIK has not permitted Albania to open an information office in Kosovo, although many other countries have been allowed to do so.***

***This is possibly a reflection of the international community's concern - that once control is relaxed, Albanians will want to establish a joint state.***

The conflict period demonstrated once again the strong ties that emigrants have with their mother country and their efforts to preserve national identity. In addition to the young people of the diaspora, Albanian economic emigrants of the last decade also registered and joined the ranks of the KLA. But the number was negligible. This is for two reasons: firstly, the new Albanian emigrants are under the influence of

the old Diaspora and secondly, and more importantly, the new emigrants have witnessed a discrimination which has fuelled a greater sense of identity and nationalism. During the air strikes, Albanian emigrants in Greece and Italy organised pro Kosovo and pro NATO rallies.

### 5.3 The impact on the economy

***From an economic viewpoint, Albania came out of the Kosovo war as neither a winner nor a loser. Some indicators suggest that while it benefited during the war it lost out afterwards. In general, during the Kosovo conflict, which lasted about three months, the Albanian economy was not a war economy. It would be mistaken to restrict the assessment of the impact of the Kosovo war to those three months, simply because the Albanian economy has suffered for years and continues to suffer from the impact of conflicts and insecurity in the region. These long term effects have accompanied and sometimes perpetuated the difficulties and problems of economic reform during the last ten years. Failure to find a solution to many of the economic problems in Albania has been closely related to the troublesome situation in the region.***

A report published by the Bank of Albania immediately after the end of the conflict says that despite the difficulties "the economy is in a better shape than before the conflict". According to the Bank of Albania, during the Kosovo crisis there was a current account surplus of thirty million dollars.

The flow of half a million refugees, the arrival of large quantities of humanitarian aid from the West, the presence of a considerable number of NATO military troops, journalists and employees of international organisations helped the Albanian economy reach a level of services almost four times higher than usual. As a result, the exchange rate of the local currency appreciated, the inflation was minimal and there was a recovery in the services sector and a rise in exports.

Apart from some positive signs in the fiscal, monetary, and balance of payments areas, the Kosovo war had negative impacts on some sectors of the economy, which will have an obvious long term impact. It restrained structural reforms, the privatisation process, and public and private investment, in particular, foreign investment. The country's infrastructure was also heavily dam-

aged. The Albanian economy lost revenues from closing down Rinas airport for civilian activities to make it available to NATO. It also lost substantial revenues from a decrease in commercial activity at Durrës port - these revenues are among the country's most important sources of income.

Apart from restraining investments, the cost of the crisis should also include the freezing of structural reforms and privatisation operations. Other than the immediate consequences, the state budget did not receive the expected revenues from privatisation. Experts believe that Albania will lose out in the medium-term since these delays will have a negative impact on achieving future economic targets.

Even more worrying are the consequences for the private sector. For years Albania has been considered a high-risk country for local and, in particular, foreign investment. The war in Kosovo further reiterated the risks faced by potential investors. Direct Foreign Investments have been declining and the Kosovo war aggravated this situation. Investment in infrastructure made by NATO in terms of road and the building of the Kukës airport did not make up for the loss of private investment.

In handling the crisis, Albania spent approximately USD 150 million. To this amount, should be added an approximate USD 10 million reduction in customs revenues as a result of fiscal evasion, which was one of the direct consequences of the crisis. These expenditures would have had dire consequences, had not the international community responded positively to the request of the Government of Albania for direct budget financing of approximately USD 160 million.

This extra finance to cover the expenditure incurred, contributed substantially to keeping inflation down. During the crisis and in the period afterwards, the rate of inflation remained stable and at an acceptable level. When the conflict finished at the end of June, the budgetary deficit stood at Lek 21.5 billion, a figure that was lower than forecast. The domestic contribution towards this debt was only Lek 9.3 billion. But while non-realisation of budgetary expenditures, especially with regards to public investments, helped to keep down inflation in the short-

term, it had a detrimental effect in terms of production growth and employment in the future.

An overview of the balance of payments for the period March - May 1999, suggests that the presence of half a million refugees had contradictory effects. Revenue from the export of services rose to USD 88 million. According to Bank of Albania data, the refugees spent considerable sums on goods for everyday living as well as rent for accommodation. Daily expenditures per person were estimated to have been about USD 1.40, which represented a total sum of about USD 60 million being spent in Albania. The money was from family savings and remittances from emigrant relatives.

The money transfers on behalf of international organisations, humanitarian agencies, media and military troops present in Albania during the months of crisis provided another source of foreign exchange. The international presence in the country gave a considerable boost to the service sector, such as hotels, restaurants, transport and communication.

The Kosovar crisis also had a positive impact on the foreign trade balance sheet. The population increase of almost 15 % in April 1999 brought about a big growth in domestic demand, which resulted in a 35% increase in imports. This increase in demand for food products was managed in large part by the international community and aid imported into Albania in April 1999 represented 50% of all imports. The large quantities of aid prevented rapid inflation and a shortage of food in the shops. Exports grew by 7 % as Kosovar refugees returning home took with them a considerable quantity of food and industrial goods.

During the crisis, the monetary and fiscal sectors were, generally, well managed and the economy did not collapse as so often happens in time of crisis. The macroeconomic setting remained the same, and the results stayed within projected levels.

The Kosovo conflict had almost no impact on industrial activity in the country. In general, the industrial sector, which was already very weak, continued as before although there was a slight growth of 5%. Problems with the mining, metallurgical and construction material industries

were a continuation of previous difficulties and not a direct impact of the Kosovo conflict. Meanwhile, the construction sector marked a growth of 16 %, which is believed to be the result of renewed investment in public works implemented with the assistance of the international community and NATO.

## 5.4 Handling the emergency

***The arrival of massive numbers of Kosovar refugees created a great logistical challenge. From the beginning of the air strikes against the Milosevic regime on March 24, 1999 until June 9, 1999, a little before the end of the war, the number of refugees reached almost 500,000. Within a few days approximately 320,000 had taken shelter in the houses of Albanian families, 75,000 in the camps built during the emergency period and about 85,000 in public buildings which were turned into large scale collective shelters. There were major concentrations of refugees in Kukës, Tirana and Durrës. At the end of the war, within less than four weeks, 95 % of the Kosovar refugees in Albania returned home.***

### Management of the emergency

The handling of the emergency in Albania had four stages: receiving the displaced, accommodating them, repatriation and finally rehabilitation of the areas affected by the crisis. Apart from the mechanisms of central and local government, many organisations were involved in the management of the humanitarian crisis, including UN agencies such as UNHCR, UNOCHA, WFP, UNICEF, WHO, UNDP, European and regional organisations such as OSCE, ECHO, NATO/AFOR, MAPE, as well as almost 200 foreign and local non-governmental organisations.

The dimensions and dynamics of the humanitarian emergency highlighted the need for co-ordination involving all the key players: the Government of Albania and UNHCR (together with all the rest of the UN organisations) to lead the effort, NATO/AFOR to support and facilitate the humanitarian mission and OSCE to monitor. A special decision of the Council of Ministers established a Government Commission chaired by the Prime Minister to co-ordinate and supervise the distribution of humanitarian aid. The

Emergency Management Group was set up to manage the overall aid process.

***The Emergency Management Group was made up of six key players with clearly defined tasks:***

- ***UNHCR, the co-manager of the Group, took a very professional leading role. During the rehabilitation stage, the leading role was passed on to UNDP.***
- ***WFP together with the Ministry of Agriculture and Food co-ordinated the management of basic food products.***
- ***WHO jointly with the Ministry of Health co-ordinated the process for the prevention of diseases and guaranteed health and medical assistance.***
- ***MAPE supported the Ministry of Public Order to guarantee order and peace in the camps, security of warehouses and the escort of convoys of materials for the refugees.***
- ***OSCE co-ordinated the collection of all data on the needs, problems and concerns in the field.***
- ***NATO worked with the Ministry of Defence to control logistical supplies and airport traffic and to increase the efficiency of Durrës port as well as to repair roads.***

Albania received humanitarian aid from four main sources:

- Bilateral humanitarian aid from different countries. This aid was managed by the Government through the Office for Refugees at the Ministry of Local Government in co-operation with the State Reserve.
- Multilateral humanitarian aid through international organisations such as UNHCR, UNICEF, WFP, etc. This aid was managed and monitored by the organisations themselves.
- Humanitarian aid through local and foreign NGOs. This aid was also managed and monitored by the organisations concerned. In addition, it was monitored by the Directorate for Humanitarian Aid and NGO Co-ordination at the Ministry of Labour and Social Affairs.
- Bilateral humanitarian aid through missions from different countries. Based on a framework agreement, the latter took upon themselves camp construction as well as management and delivery of all services required for running the camps.

Management of the emergency situation was made possible due to the full involvement of all the elements of central and local administration. The role of the Emergency Management Group was to co-ordinate and plan. Local government dealt directly with the problems. At the local level (based on Prefectures), the Co-ordination Unit was composed of the Prefect and other elected leaders from the municipalities, communes and districts within each prefecture. In Kukës, the Unit was further strengthened with the appointment of the Government's Special Envoy. Local government carried a very heavy burden throughout the conflict with the arrival of refugees, arrangements for their transportation throughout the country, distribution of humanitarian aid, etc. Besides handling the refugee crisis, local government ensured that normal activities continued as usual.

Central and local government co-operated very well throughout the crisis period. This is especially significant since relations between the central socialist-controlled government and the local democrat controlled government were delicate, if not confrontational.

### **Civil society and the Kosovo crisis**

The fact that almost 65 % of nearly half a million refugees were received, accommodated and sheltered in the houses of Albanian families is an extraordinary achievement for a small country like Albania.

The participation of families and communities in handling the emergency situation, although not very organised, represented a step forward in the consolidation of the emerging Albanian civil society. Many local and foreign NGOs got involved in the management of the crisis. Paradoxically, the general public seems more capable in times of crisis than in peacetime. During the crisis of 1997, when the Albanian State collapsed, civil society managed to survive and even send out messages of hope and revival. During the

***Beyond the context of the Kosovar crisis, Albanian society continues to be politicised. The organisations of civil society reflect to a large extent the general politicisation of Albanian society and in particular its fragmentation. There are two main trends that characterise the Albanian political class: one views NGOs as adversaries, the other considers them as allies.***

Kosovar refugee crisis, non-governmental organisations managed to mobilise more quickly than state bodies and UNHCR.

Undoubtedly, Albanian civil society suffers from the fact that it functions in a country where the state and its institutions are weak. NGOs are sometimes accused of being unnecessarily distrustful of the state, but in Albania, the weakness of the state makes the environment in which they work more difficult and insecure.

Albanian NGOs have managed to survive thanks to the help and support of foreign donors. This in turn has created a certain dependency on foreign donors, which is expressed by NGOs' tendency to present projects according to the donor's objectives rather than base them on the immediate demands of the country.

The Kosovo crisis was a test for Albanian civil society and its relations with the communities in Albania were substantially strengthened. The implementation capacities of civil society organisations were enhanced and they established contacts and relations with several Kosovar NGOs. Foreign donors now have more confidence in Albanian non-governmental organisations.

### ***Media: A Fleeting Consensus***

***The national media found the biggest news story of 1999 at their doorstep. The refugee situation in Albania, and NATO air strikes on Yugoslavia brought the eyes of the world on the region. For the first time in the post-communist history of Albania, the highly politicised media sent a unified message to the Albanian public: We support NATO, we support the refugees.***

***When the bombings began, the media covered almost exclusively war developments, and between March and July the largest Albanian newspapers on average dedicated over 30% of their pages to coverage of the war. Some newspapers and private TV stations, despite extremely meagre budgets, sent correspondents abroad for the first time, to cover the Rambouillet talks. The local media made extensive use of the international media's coverage of the war, whenever they were not able to cover the events themselves. CNN, BBC World News, Euronews, Italian news, and***



*other pro-NATO sources accessible via satellite were shown on the State and private television stations, dubbed into Albanian language when time permitted. Editorials and articles from the New York Times, the Washington Post, La Republica, Corriere della Sera, and other foreign newspapers were translated, reprinted, and commented upon in the Albanian press. The locally based Reuters and ANSA news services were also widely relied upon by the local media as sources of information.*

*The Albanian public was, in terms of the volume of information, kept well informed. Radio and television stations produced an array of programmes featuring interviews, press conferences, and in-studio debates and discussions on developments. Aside from direct coverage and analysis of the conflict, the local media was also extremely active in directly aiding the refugee community by disseminating information on the whereabouts of lost family members, UNHCR activities and procedures, and the dangers of landmines.*

*The media was singularly and overwhelmingly in favour of supporting NATO. The only difference of views among media concerned their position regarding Ibrahim Rugova and Hashim Thaçi. The Democratic Party-led opposition press tended to support Rugova while the Government and Socialist Party press demonstrated close ties with the Kosovo Liberation Army and Thaçi. The opposition press also criticised international entities and the Government for alleged mishandling of humanitarian aid.*

*Hundreds of international journalists were present in Albania throughout the conflict, with most major news agencies renting offices in the capital, Tirana, as well as Kukës. A satellite truck was located in the parking lot of the Tirana International Hotel, sending out the latest pictures of refugees crossing the border, and visits of international officials, politicians, and celebrities. The generally young and inexperienced Albanian journalists were somewhat taken aback by their aggressive international counterparts who arrived in large numbers with deep pockets to pay for meals, accommodation, vehicles, and interpreters. However, the Albanian journalists were fully present and accounted for in NATO and UN press confer-*

*ences, in the refugee camps and on the border, asking their questions and getting their stories. Despite limited resources, the local media, with ingenuity and promptness, played a professional and positive role in the success of Albania's handling of the Kosovo crisis.*

*By the end of 1999 the crisis was but a memory, with only a few thousand refugees remaining in Albania. Although events in Kosovo remained an important component of the news, the Albanian media by and large returned to coverage of internal political quarreling.*

## **5.5 New relations with the international community**

After the political changes of 1991, international co-operation and integration has been a top priority for Albania. The Kosovo crisis allowed Albania to extend its partnership with other countries and further integrate into international institutions. Never in its modern history was Albania so close to the West as during the Kosovo conflict.

### **Co-operation with NATO**

Albania became a member of the North Atlantic Co-operation Council in 1992. It was also the first ex-communist country to ask for full NATO membership. In 1994, Albania signed the Peace Partnership agreement. During the Bosnia war, Albania offered Allied Forces its airports and military infrastructure. Every year, Allied troops have held joint military manoeuvres and trained with the Albanian army. But, Albania's hope of inclusion within NATO was getting more remote because Albania was situated in a conflict zone and its army had collapsed during the crisis in 1997.

On June 1, 1998, NATO opened the Peace Partnership Office in the Ministry of Defence. This office was entrusted with the co-ordination and implementation of the Individual Peace Programme. The opening of this office, the first of its kind, demonstrated increasing interest on the part of NATO to expand its relations with Albania, which was related first of all to the threat of conflict in Kosovo.

As the Kosovo situation deteriorated, the Gov-

ernment of Albania repeatedly asked the Allied Forces to put their troops on Albanian territory and to intervene in Kosovo. In response to the tense situation, NATO increased technical assistance to Albania and Macedonia, and continued with its joint military manoeuvres as a warning to Serbia. In June 1998, there were military air manoeuvres in Albania and Macedonia, while in August, Albania saw the largest military manoeuvre to date between NATO troops and the Albanian army (Co-operative Assembly 98).

The air strikes in Yugoslavia marked the close affinity between Albania and the Atlantic Alliance. Without flinching and with the full support of public opinion and the opposition, the Government of Albania offered the Alliance its ports, airports and all the military infrastructure of the country.

Albania felt obliged to do its utmost to show its solidarity with the Albanians of Kosovo. But the country also felt more secure under the NATO umbrella in case the conflict should escalate. The presence of NATO troops also helped maintain the country's own internal stability, which was threatened by the widespread presence of arms and an unstable political climate.

During the air strikes, 8,000 Allied troops (NATO/AFOR) were based in Albania and played an invaluable role in helping Albania to cope with the humanitarian crisis.

After the conflict, a limited contingent of 1,800 NATO troops remained in Albania. Although, Albania is not a NATO member, the large presence of NATO suggests that it co-operates closely with the Albanian armed forces.

### **Co-operation with OSCE**

Albania became an OSCE member in June 1991 and OSCE has played a more specific and substantial role in Albania than in any other country of the region.

Especially after 1997, OSCE has been playing an important role in monitoring the political developments and elections in Albania, in co-ordinating the international assistance programmes, consolidating civil society and in intervening to help forge a dialogue between the government and the opposition. OSCE has

opened a number of offices in several districts of Albania.

OSCE is in charge of the co-ordination of the "Friends of Albania" group established in October 1998. The purpose of this Group is to increase international help and support for Albania. The "Friends of Albania" is made up of representatives from 24 countries and eight international organisations. This informal group has been turned into the main forum for the monitoring of economic and political reforms in Albania.

OSCE plays an important role in the legal field. The Administrative Centre for the Co-ordination of Assistance and Public Participation (ACCAPP) was established in October 1997. This Centre was responsible for ensuring national and international participation in the drafting of the new Constitution of Albania. OSCE monitored the Referendum for the Constitution of Albania. On the basis of this Referendum, in which the opposition did not participate, the country approved the first Constitution of the post-communist period.

By the beginning of 1998, the OSCE mandate was extended to include monitoring of the border between Albania and Yugoslavia. To this end, OSCE opened six temporary offices in Bajram Curri, Kukës, Tropojë, Padesh, Krumë and Koplik. During the Kosovo conflict, OSCE assisted UNCHR in co-ordinating the national and inter-national efforts for managing the refugee crisis.

### **Albania and the Council of Europe**

Albania became a member of the Council of Europe in June 1995. After gaining membership Albania approved the European Charter of Human Rights and suspended capital punishment - an action that caused much discussion.

The Council of Europe provided technical assistance to Albania for the drafting of the Constitution.

During 1999, Albania signed the Charter of Local Government Autonomy, the Framework Convention for the Protection of National Minorities, while in the beginning of 2000 it signed the Protocol 6 of the European Convention

on Human Rights for the Abolition of the Death Penalty.

## United Nations Agencies

The humanitarian agencies of the United Nations System, particularly, UNHCR, UNICEF and WFP played a crucial role in the management of the refugee crisis.

UNHCR was the lead UN agency responsible for receiving and accommodating refugees and also co-ordinating humanitarian aid. In this function, UNHCR was supported by the United Nations Office for the Co-ordination of Humanitarian Affairs. In co-operation with the Government of Albania they devised plans for all stages of the refugee crisis such as hosting and accommodation of refugees, organisation of their return and rehabilitation of the areas used by refugees.

UNICEF was responsible for the co-ordination of activities related to the schooling and health of children. This agency made an important contribution in the area of training for psychological counselling to assist children traumatised by the conflict. Large groups of psychologists and education experts were involved in psychological rehabilitation projects in the refugee camps and neighbourhoods where refugees were staying. Summer schools were opened and the authorities were given assistance with the increased workload. UNICEF sent groups of doctors and supported the vaccination campaign against different diseases. It also launched an awareness campaign related to the dangers that awaited the refugees when they returned home, in particular the threat of landmines and unexploded ordnance.

WFP co-ordinated all in-country food distribution, providing basic rations to the refugees. A network of distribution warehouses was established close to the refugee camps. Shortly after the peace agreement and the subsequent rapid repatriation of Kosovar refugees, WFP started to provide food relief to Kosovo as well.

## Albania and its neighbours during the Kosovo conflict

The political, economic and social development of Albania has been conditioned to a large extent by the developments in the region. In this context, the Kosovo crisis has had a direct impact.

*The Diaspora of Albanians in all the neighbouring countries undoubtedly makes the Albanian factor a very sensitive issue for the Balkans. For this reason, Albania has an important role to play in the delicate balance of the region.*

Albania is an active participant in a number of regional initiatives such as the Balkans Leaders Summit, the Black Sea Initiative, Corridor 8, Southeastern European Co-operative Initiative (SECI) and the Royaumont Initiative, all of which aim to expand regional co-operation in different areas. In Albania, the most talked-about of these initiatives is Corridor 8, also known as the East-West Corridor, which will connect the Port of Durrës to Skopje, Sofia and Istanbul.

With the exception of Yugoslavia, bilateral co-operation with countries in the region has continued to grow.

Albania and Macedonia have made progress in their bilateral relations and have signed in a short period of time fourteen agreements covering different areas. The tense situation generated between the two countries after the Bllaca events, when thousands of Kosovars were blocked for several days in the Macedonian border, soon passed. The relations between Albania and Greece have also strengthened and expanded. Relations remained intact and unchanged despite substantial differences of opinion between the two countries on NATO air strikes and on the Kosovo issue in general. Albanian-Turkish relations have always been positive. An important indicator of the good relations between Albania and Turkey, is their close military co-operation.

In April 1999, Belgrade broke off diplomatic relations with Tirana because of the support Albania gave to NATO and the KLA. Now, there are no contacts between the two countries. Despite this, Albania has good relations with Montenegro and supports the pro-Western President Djukanovic. It is a well known fact that Albanians who represent almost six per cent of the population of Montenegro have supported Djukanovic and opposed his rival Bulatovic.

## 5.6 Albania and the Stability Pact

*Of all the Balkan countries, Albania was perhaps the most enthusiastic about the Stability Pact. There has*

***been full Albanian political consensus on the Pact from the first day of its launch. The Stability Pact was perceived as the region's key opportunity to rid itself of conflicts and get closer to the rest of Europe.***

Given that the reaction to the idea of a Stability pact was so enthusiastic, it is reasonable to say that expectations were somewhat unrealistic. Like in other countries, the first step was the declaration of political commitment to the Stability Pact, but there was no vision of the objectives, strategies and instruments of the Pact. This process of elaboration of a vision has yet to be completed and will continue in parallel with the implementation of the Pact.

The Stability Pact was initially conceived as a supplementary source of donor finance for the region. But to compare the Stability Pact with the Marshall Plan showed a lack of understanding and a flawed perception of current and past realities. The Stability Pact is not a new player, nor a new donor in the region. It is a new political agreement between countries and donors in the Balkans.

The Stability Pact is perceived as an important catalyst to speed up transition and reform, and to bring the region closer to Europe. But in countries where there is a low starting point, such as Albania (where the social, economic, and political problems are very complicated) the process of stabilisation and drawing benefit from the Pact will take longer to materialise.

Regional co-operation is undoubtedly one of the key objectives of the Stability Pact. This co-operation is of special significance in the current political context of the Balkans. The emphasis of the foreign policy of the European countries and USA, in supporting regional co-operation, demonstrates these countries' unprecedented political commitment to the Balkans. While during the 1990s, the political and financial assistance of the West focused, for a number of reasons, on the post-communist countries of Central Europe, today there is a great political and diplomatic commitment to the Balkans.

The interest and the political involvement of the EU and the USA in the Balkans today is not a result of traditional geographical and political interests in the region or in any particular coun-

try in the region. The interest applies to the region as a whole. The Stability Pact is an effort to promote a new regional identity.

But it has been noticed in Albania that regional co-operation is often reduced to economic affairs. The emphasis is placed on commercial exchange, connecting infrastructure and economic co-operation. While these are important goals, they are not sufficient. Economic co-operation alone cannot address problems of poor political and cultural communication, which could hinder regional co-operation in the long term.

***Economically, Albania is in a state of prolonged stagnation and much energy has been spent on macroeconomic stability, but not enough on development. The Stability Pact is an opportunity to change that.***

Albania has submitted a number of projects for consideration by the Stability Pact. Those projects are an attempt to fine-tune the needs of the country with those of the region. Projects include rehabilitation of infrastructure (road, energy, water and port infrastructure), institutional capacity building, good governance, development of civil society and independent media, disarmament of the population and strengthening of internal and regional security. Most of the projects are multilateral regional schemes with the construction of Corridor 8 being the biggest.

Albania also submitted to the Sarajevo Summit a number of proposals including the formation of free economic zones in the region, the establishment of conditions for the free circulation of goods and people, the reform of education and communication systems and the creation of de-militarised border zones.

Albania perceives the Stability Pact as an opportunity to communicate with all the neighbouring peoples and in this context to promote an inter-Albanian communication. But, there is apprehension within the international community about supporting inter-Albanian projects, especially those that have to do with Albania and Kosovo. This belief that every inter-Albanian project is somehow related to Kosovo and a national question has not gone unnoticed by the Albanian government.

While the political barriers that impeded communication between the Albanians of Albania and the Albanians of Kosovo have been lifted, there are still strong infrastructural barriers. The roads that connect Albania to Kosovo are in a very bad state and unlike Macedonia, which has an agreement with Yugoslavia that allows trade goods passing into Kosovo to be free of double tax, no such agreement exists with Albania.

Likewise, the development of economic relations with Kosovo via Montenegro which is one of natural routes between Albania and Kosovo, is hindered by instability in Montenegro. All these factors place Albania at a disadvantage when it

comes to economic relations with Kosovo in the post-conflict period.

For Albania to maximise its benefit from the Stability Pact it would be necessary first, to create some type of national Stability Pact, i.e. an internal agreement, which would channel energies away from political conflict towards consensus and reconstruction of the country.

The political class in Albania must realise that the Stability Pact is not an international patronage that will solve all the country's problems. It should be seen as a way forward to create a new destiny for the country.

# ANNEXES :

# STATISTICAL DATA

**Tab. 20 Annual average population** *(in thousands)*

Years	Total	Male	Female	Urban	Rural	Density
<b>1923</b>	804	...	...	128	676	28
<b>1950</b>	1215	624	591	249	966	42
<b>1960</b>	1607	828	779	474	1133	56
<b>1970</b>	2136	1097	1039	680	1456	74
<b>1980</b>	2671	1378	1293	897	1774	93
<b>1990</b>	3286	1686	1600	1176	2080	114
<b>1992</b>	3190	1589	1601	1165	2024	111
<b>1993*</b>	3167	1566	1601	1314	1852	110
<b>1994*</b>	3202	1586	1616	1345	1857	111
<b>1995*</b>	3249	1608	1641	1381	1868	113
<b>1996*</b>	3283	1624	1659	1445	1838	114
<b>1997*</b>	3324	1629	1695	1526	1798	115
<b>1998*</b>	3354	1650	1704	1543	1811	117

*\*) Estimation by INSTAT*

**Tab.21 Natural movement of population** *(in figures)*

Year	Live Births	Deaths	Natural Increase	Marriages	Divorce
<b>1950</b>	47291	17215	30076	12341	976
<b>1960</b>	69686	16775	52911	12571	850
<b>1970</b>	69507	19774	49733	14449	1625
<b>1980</b>	70680	16981	53698	21729	2024
<b>1990</b>	82125	18193	63932	28992	2675
<b>1991</b>	77361	17743	59618	24853	2236
<b>1992</b>	75425	18026	57399	26405	2361
<b>1993</b>	67730	17868	49862	25963	2251
<b>1994</b>	72179	18342	53837	27895	2108
<b>1995</b>	72081	18060	54021	26989	2333
<b>1996</b>	68358*	17600**	50758	27690**	1901
<b>1997</b>	59541	18224	41317	24111	1430
<b>1998</b>	60139	18250	41889	27871	2005

*\*) Ministry of Health*

*\*\*\*) Operative Data*

**Tab. 21 Life expectancy at birth (in years)**

Year	Total	Male	Female
1950-51	53.5	52.6	54.4
1960-61	64.9	63.7	66.0
1980-81	69.5	67.7	72.2
1989-90	72.2	69.3	75.4
1990-95*	71.4	68.5	74.3

\*) Estimation by INSTAT

**Tab. 23 Population and labor force (in thousands)**

	1993	1994	1995	1996	1997	1998	1999
Population	3,167	3,202	3,249	3,283	3,324	3378	...
Population eligible to work	1,763	1,786	1,820	1,850	1,861	1888	...
Labor force	1,364	1,423	1,309	1,274	1301	1320	1313
<i>Participation rate (in %)</i>	77	81	73	69	70	82	82
Employed	1,063	1,161	1,138	1,116	1107	1085	1073
Unemployed registered	301	262	171	158	194	235	240
<i>Unemployment rate (in %)</i>	22	18	13	12	14.9	17.7	18.3

**Tab. 24 Employment, as per NACE\* classification**

	<i>in thousands</i>						<i>in %</i>					
	1994	1995	1996	1997	1998	1999	1994	1995	1996	1997	1998	1999
<b>Total</b>	<b>1,162</b>	<b>1,138</b>	<b>1,116</b>	<b>1,107</b>	<b>1,085</b>	<b>1,073</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Agriculture and Fishing	780	778	777	771	768	770	67.1	68.4	69.6	69.6	70.8	71.8
Extracting Industry	20	21	18	16	16	15	1.8	1.8	1.6	1.4	1.5	1.4
Processing Industry	81	65	62	58	54	55	7.0	5.7	5.6	5.2	5.0	5.1
Electricity, Water	9	9	10	14	14	14	0.8	0.8	0.9	1.3	1.3	1.3
Construction	18	21	22	15	11	12	1.6	1.9	1.9	1.3	1.0	1.1
Trading	32	51	58	47	22	27	2.8	4.5	5.2	4.2	2.0	2.5
Hotels, Restaurants	10	11	20	10	13	12	0.9	1.0	1.8	0.9	1.2	1.1
Transport and Communication	28	30	27	27	33	33	2.4	2.6	2.4	2.4	3.1	3.1
Education	55	53	46	49	49	48	4.7	4.7	4.1	4.4	4.5	4.5
Health	32	26	23	25	27	27	2.8	2.3	2.0	2.3	2.5	2.5
Others	96	73	62	75	78	60	8.3	6.4	5.5	6.7	7.2	5.6

\* European classification of economic activities

**Tab. 25 Employment**

	<i>in thousands</i>					<i>in %</i>				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Total Number of Employees	1,138	1,116	1107	1085	1073	100	100	100	100	100
State Sector	276	239	226	213	209	24.2	21.4	20.4	19.6	19.5
Agricultural Private Sector	750	761	761	761	761	65.9	68.2	68.7	70.1	70.9
Non-Agricultural Private Sector	112	116	120	111	103	9.9	10.4	10.9	10.3	9.6

**Tab. 26 Registered unemployment, long term unemployment and unemployment rate**

		1995	1996	1997	1998	1999
Total Number of Unemployed People	<i>in thousands</i>	171	158.2	193.5	235	240
- long term unemployed people	<i>in thousands</i>	124.3	120.2	162.6	209	216
- unemployment rate	<i>in %</i>	12.9	12.3	14.9	17.7	18.3

**Tab. 27 Wages and pensions**

(in Leks)

	1993	1994	1995	1996	1997	1998	1999
Unemployment Salary	1,237	1,920	2,150	2,150	2,150	2,500	2,500
Minimum Official Wage	1,200	2,400	3,300	4,400	4,400	5,800	5,800
Average Monthly Wage*	3,084	4,778	6,406	8,638	9,558	11,509	
Maximal Pension							
Urban	1,710	3,840	4,400	5,920	6500	8,000	8,800
Rural	750	750	750	1,138	1248	1,248	1,250

\* Average monthly wage in state sector

**Tab. 28 Average annual change of the CPI and wages in the public sector**

(in %)

	1991	1992	1993	1994	1995	1996	1997	1998	1999
CPI change	35.5	226	85	22.5	7.8	12.7	42.07	20.6	16.3
Wage change	27.5	145.3	72.8	54.9	34.1	34.8	10.65	20.4	0.39
Increase of real wage*	-5.9	-24.8	-6.6	26.4	24.4	19.6	-22.12	-0.17	15.8

\*Calculated as Ratio of the Average Wage Index with Consumer Price Index

**Tab. 29 Monthly retirement pensions**

(in Leks)

	1993	1994	1995	1996	1997	1998	1999
<b>Minimal Pension</b>							
Urban	1075	2200	2710	3750	3750	4000	4400
Rural	528	700	700	1075	1075	1075	1150
<b>Maximal Pension</b>							
Urban	1710	3840	4400	5920	6500	8000	8800
Rural	750	750	750	1138	1248	1248	1250



**Tab. 30 Family economic protection***(in thousand Leks)*

	1993	1994	1995	1996	1997	1998	1999
<b>Total</b>	<b>153.0</b>	<b>145.0</b>	<b>134.9</b>	<b>143.5</b>	<b>145.9</b>	<b>137.7</b>	<b>149.7</b>
Out of which:							
with 1 member	13.1	12.2	10.7	10.4	10.5	9.6	9.6
2 members	21.7	20.4	18.8	17.7	15.9	14.8	14.8
3 members	30.1	29.1	28.2	29.7	28.6	25.9	25.9
4 members	34.2	33.4	33.2	37.4	41.8	40.1	43.9
5 members	22.6	21.0	19.8	21.7	23.3	22.8	26.5
5 Members	14.3	13.1	11.5	12.6	12.7	12.3	14.2
More than 6 members	16.9	15.8	12.6	14.0	13.1	12.2	14.8

**Tab. 31 Family economic protection by prefecture***(in thousand Leks)*

	1994	1995	1996	1997	1998	1999
<b>Total</b>	<b>145.0</b>	<b>134.9</b>	<b>143.5</b>	<b>145.9</b>	<b>137.7</b>	<b>149.7</b>
Berat	8.4	8.6	9.3	10.3	10.1	12.3
Dibër	21.5	17.7	17.8	16.5	12.7	19.1
Durrës	6.0	5.4	4.8	5.2	4.1	4.3
Elbasan	18.8	18.9	19.9	20.7	20.3	19.9
Fier	6.2	3.1	5.8	7.2	6.6	6.6
Gjirokastrë	2.8	2.1	2.4	2.6	2.4	2.9
Korçë	11.1	11.2	11.3	12.3	12.6	12.8
Kukës	14.9	11.3	14.8	12.4	12.5	14.1
Lezhë	9.9	9.4	9.0	9.7	9.7	10.3
Shkodër	17.2	20.3	23.6	21.5	24.3	25.7
Tiranë	22.1	21.2	19.8	19.4	16.3	16.5
Vlorë	6.2	5.7	5.2	8.1	6.1	5.2

**Tab. 32 Evolution of consumption price index (CPI) and main groups***Annual Growth (in %)*

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Total</b>	<b>2.5</b>	<b>104.1</b>	<b>236.6</b>	<b>30.9</b>	<b>15.8</b>	<b>6.0</b>	<b>17.4</b>	<b>42.07</b>	<b>8.69</b>	<b>-1.03</b>
Food, Beverages and Tobacco	3.6	111.1	256.4	27.0	7.3	6.4	20.0	45.76	8.42	-1.44
Clothing and Footwear	2.5	111.5	169.8	11.8	4.9	8.7	15.6	41.8	10.51	1.66
Rent, Water Fuel and Power	-4.7	15.1	274.7	116.3	122.1	3.1	21.4	29.09	16.21	2.87
Household Goods and Maintenance	0.0	117.4	288.6	0.6	-1.3	0.6	5.3	46.6	2.14	-8.36
Health Care	0.0	0.0	183.3	20.6	48.2	24.4	9.5	19.03	11.29	12.8
Transport and Communication	4.4	22.9	225.1	141.1	44.7	5.3	3.7	33.54	5.66	2.28
Recreation, Education and Culture	0.0	102.9	156.3	54.6	-2.1	13.8	7.0	27.16	2.86	-7.87
Personal Care	0.0	394.9	147.3	19.1	7.5	5.9	6.0	48.44	6.06	4.12

**Tab. 33 Educational institutions**

	School Year				
	1994 -1995	1995 -1996	1996 -1997	1997-1998	1998-1999
Kindergartens	2668	2670	2656	2408	2330
Elementary Schools	1782	1797	1799	1803	1815
Middle Schools	472	430	408	400	394
High Schools and Universities	10	10	11	11	11

**Tab. 34 Student enrolled**

*(in figures)*

	School Year				
	1994 -1995	1995 -1996	1996 -1997	1997-1998	1998-1999
<b>Children in Kindergartens</b>	<b>80384</b>	<b>84536</b>	<b>84232</b>	<b>80418</b>	<b>81734</b>
<b>Total students enrolled</b>	<b>672898</b>	<b>678082</b>	<b>687130</b>	<b>693947</b>	<b>694074</b>
<b>Elementary School</b>	<b>550737</b>	<b>558101</b>	<b>560731</b>	<b>559324</b>	<b>553411</b>
<b>Middle School</b>	<b>93830</b>	<b>89895</b>	<b>93058</b>	<b>98721</b>	<b>102161</b>
General Middle School	73216	71391	76424	83161	87028
Profesional Middle Schools	20614	18504	16634	15560	15133
<b>High Education and Universities</b>	<b>28331</b>	<b>30086</b>	<b>33341</b>	<b>35902</b>	<b>38502</b>
Full time	17792	17325	17094	18550	20696
Correspondence	10539	12851	16247	17352	17806

**Tab. 35 Education indicators**

	School Year				
	1994 -1995	1995 -1996	1996 -1997	1997-1998	1998-1999
<b>Number of pupils per classroom</b>					
Elementary School	23	27	28	29	29
Middle School	29	29	32	33	33
<b>Number of pupils per teacher</b>					
Elementary School	18	18	18	19	19
Middle School	15	14	15	17	17

**Tab. 36 Educators, teachers and professors**

*(in figures)*

	School Year				
	1994 -1995	1995 -1996	1996 -1997	1997 -1998	1998 -1999
Kindergartens	4428	4416	4463	4116	4092
Elementary School	30893	31369	30926	30111	29428
Middle School	6365	6321	6118	5989	5897
High Education (effective scientific-teaching core)	...	1594	1562	1585	1780

**Tab. 37 In-patient health care indicators**

	1994	1995	1996	1997	1998	1999
Hospitals	51	51	51	51	51	51
Total beds	9661	10371	10319	10321	9480	9501
Total Hospitalizations	281990	288856	289268	301087	250043	301132

**Tab. 38 Out-patient health care indicators**

	1994	1995	1996	1997	1998	1999
<b>Medical Centers without beds</b>	<b>2733</b>	<b>2507</b>	<b>2437</b>	<b>2439</b>	<b>2327</b>	<b>2364</b>
Of which:						
- Clinics	58	53	53	53	50	52
- Health Centers	702	622	637	639	631	634
- Ambulances	1973	1832	1747	1747	1646	1678

**Tab. 39 Health prevention indicators**

	1994	1995	1996	1997	1998
Mother Consultancy	2091	2097	2073	2073	1709
Family Planning Centers	80	83	92	92	92
Consultancy in Family Planning Centers	49140	49801	63565	65301	55496
Women Applying the Contraceptive Methods	8306	5367	33129	35871	52915
Children Consultancy Centers	2268	2167	2167	2167	1692
Pharmacies and Pharmaceutic Agencies	364	...	743	743	743

**Tab. 40 Electric power balance***(in million kwh)*

	1995	1996	1997	1998	1999
<b>Total Resources</b>	<b>4616.8</b>	<b>6263.5</b>	<b>5895.1</b>	<b>6136.8</b>	<b>6509.1</b>
<b>Domestic Production</b>	<b>4477.9</b>	<b>5778.8</b>	<b>5183.8</b>	<b>5067.9</b>	<b>5396.4</b>
Thermal power plants	172.2	206.3	157.5	82.6	112.7
Hydro power plants	4305.6	5571.4	5025.6	4984.8	5283.5
others( pilot enterprizes)	0.0	1.1	0.7	0.4	0.2
<b>Import</b>	<b>138.9</b>	<b>484.7</b>	<b>711.3</b>	<b>1068.9</b>	<b>1112.7</b>
<b>Total Use</b>	<b>4616.8</b>	<b>6263.5</b>	<b>5895.1</b>	<b>6136.8</b>	<b>6509.1</b>
<b>Export</b>	<b>213.0</b>	<b>1407.5</b>	<b>839.2</b>	<b>690.4</b>	<b>754.6</b>
<b>Network losses</b>	<b>2347.3</b>	<b>2547.6</b>	<b>2913.1</b>	<b>3189.3</b>	<b>3047.5</b>
<b>Use by domestic consumers</b>	<b>2056.5</b>	<b>2308.5</b>	<b>2142.8</b>	<b>2278.9</b>	<b>2707.1</b>
Out of which :					
Industry	505.5	540.8	364.6	383.1	453.6
Agriculture	39.1	46.2	26.2	29.3	34.5
Population	882.5	1093.5	1104.8	1239.2	1501.1
Others not specified	629.4	628.0	647.2	627.3	717.8

**Tab. 41 Construction cost index (in %)**

Quarter I, 1993 = 100

Title	Weights	Quarter IV 1995	Quarter IV 1996	Quarter IV 1997	Quarter IV 1998	Quarter IV 1999
<b>Total</b>	<b>100</b>	<b>151.39</b>	<b>159.66</b>	<b>176.88</b>	<b>216.5</b>	<b>231.62</b>
<b>I. Direct Expenditures</b>	<b>73.72</b>	<b>154.85</b>	<b>162.28</b>	<b>186.04</b>	<b>217.5</b>	<b>236.86</b>
1.Expenditures for Materials in total	65.75	142.27	148.14	164.72	180.9	184.21
a. Building materials	62.77	143.22	149.25	165.7	182.8	185.83
b. Electric materials	0.98	110.23	110.51	118.69	121.3	127.23
c. Hydrosanitary materials	2	127.95	131.74	156.52	151.1	154.92
2. Basic salaries fees	4.03	390.54	432.19	569.88	864.0	1177.0
3. Transport fees	2.18	111.11	106.03	144.38	155.2	151.46
4. Machinery fees	1.75	139.07	141.71	154.31	178.8	177.24
<b>II. Complementary Expenditures</b>	<b>8.11</b>	<b>152.49</b>	<b>160.29</b>	<b>175.44</b>	<b>231.0</b>	<b>263.94</b>
<b>III. Anticipated Profit</b>	<b>12.27</b>	<b>151.41</b>	<b>153.61</b>	<b>143.37</b>	<b>201.2</b>	<b>172.80</b>
<b>IV. Set up Site</b>	<b>4.7</b>	<b>67.83</b>	<b>114.82</b>	<b>45.61</b>	<b>94.4</b>	<b>78.86</b>
<b>V. Turn Over Tax</b>	<b>1.2</b>	<b>258.68</b>	<b>232.46</b>	<b>482.55</b>	<b>692.2</b>	<b>696.18</b>

**Tab. 42 Vehicles**

	Year 1996	Year 1997	Year 1998	Year 1999
<b>Total</b>	<b>116,906</b>	<b>126,007</b>	<b>145,201</b>	<b>158,740</b>
Cars	67,278	76,364	90766	99220
Buses	7,612	8,741	9227	10316
Trucks	27,774	30,228	34378	37880
Road Tractors	2,838	3,192	2731	3018
Motorcycles	7,907	3,694	4109	4061
Trailers	3,497	3,788	3990	4245

**Tab. 43 International air transport**

	1995	1996	1997	1998	1999
Air Companies	12	12	13	13	12
Flights	2,817	3,790	3388	4304	8249
Commodities (in Ton)	585	873	794	926	895
Mail (in Ton)	98	143	149	222	210
Passengers	213,343	283,010	242435	295308	356823

Tab. 44 Foreign trade

in million Leks

Year	Export	Trade Import	Changes	Exp/Imp in %	Aid
1993	12,500	42,982	-30,482	29	15,355
1994	13,386	51,913	-38,527	26	5,105
1995	18,710	60,312	-41,602	31	5,835
1996	22,001	94,947	-72,946	23	3,113
1997	21,044	92,299	-71,255	22	2,722
1998	31,104	119,700	-88,596	26	6,571
1999	37,913	123,793	-85,880	31	35,166

Tab. 45 Gross Domestic Production (GDP) by Main Sector

(in million Leks)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Total (with current price)</b>	<b>16,813</b>	<b>16,404</b>	<b>50,697</b>	<b>125,334</b>	<b>184,393</b>	<b>229,793</b>	<b>280,998</b>	<b>337,114</b>	<b>460,868</b>	<b>542,46</b>
Industry	6,252	5,260	8,548	17,362	23,112	26,943	35,137	41,782	56,974	63,87
Agriculture	6,762	6,967	27,491	68,484	100,755	125,435	148,318	188,698	249,645	287,06
Construction	1,114	1,085	3,867	11,344	17,721	23,621	32,107	37,896	57,589	72,78
Transport	550	537	1,520	3,876	6,213	8,118	9,226	9,239	13,798	17,58
Others	2,135	2,554	9,271	24,268	36,592	45,677	56,210	59,498	82,862	101,15
<b>GDP per capita (thousand Leks)</b>	<b>5.1</b>	<b>5.1</b>	<b>15.9</b>	<b>39.6</b>	<b>57.6</b>	<b>70.7</b>	<b>85.6</b>	<b>102.1</b>	<b>137.3</b>	<b>...</b>
<b>Total (with constant price)</b>	<b>16,813</b>	<b>12,105</b>	<b>11,235</b>	<b>12,309</b>	<b>13,331</b>	<b>15,107</b>	<b>16,482</b>	<b>15,325</b>	<b>16,548</b>	<b>17,87</b>
Industry	6,252	3,882	1,894	1,705	1,671	1,771	2,013	1,899	2,046	2,10
Agriculture	6,762	5,141	6,092	6,726	7,284	8,246	8,494	8,578	8,964	9,45
Construction	1,114	801	857	1,114	1,281	1,553	1,840	1,723	2,068	2,39
Transport	550	396	337	381	449	534	529	420	495	57
Others	2,135	1,885	2,055	2,383	2,646	3,003	3,608	2,705	2,975	3,33
<b>GDP per capita (thousand Leks)</b>	<b>5.1</b>	<b>3.7</b>	<b>3.5</b>	<b>3.9</b>	<b>4.2</b>	<b>4.6</b>	<b>5.0</b>	<b>4.6</b>	<b>4.9</b>	<b>...</b>

**Tab. 46 Structure of GDP components**

(in %)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Industry	37.2	32.1	16.9	13.9	12.5	11.7	12.5	12.4	12.4	11.8
Agriculture	40.2	42.5	54.2	54.6	54.6	54.6	52.8	56.0	54.2	52.9
Construction	6.6	6.6	7.6	9.1	9.6	10.3	11.4	11.2	12.5	13.4
Transport	3.3	3.3	3.0	3.1	3.4	3.5	3.3	2.7	3	3.2
Other	12.7	15.6	18.3	19.4	19.8	19.9	20.0	17.6	18	18.7

**Tab. 47 Annual growth of GDP by sector**

(in %)

	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Total (constant price)</b>	<b>-28.0</b>	<b>-7.2</b>	<b>9.6</b>	<b>8.3</b>	<b>13.3</b>	<b>9.1</b>	<b>-7.0</b>	<b>8</b>	<b>8</b>
Industry	-37.9	-51.2	-10.0	-2.0	6.0	13.6	-5.6	7.7	4
Agriculture	-24.0	18.5	10.4	8.3	13.2	3.0	1.0	4.5	5.5
Construction	-28.1	7.0	30.0	15.0	21.2	18.5	-6.3	20	15
Transport	-28.0	-14.9	13.0	18.0	18.8	-1.0	-20.5	18	15
Others	-11.7	9.0	16.0	11.0	13.5	20.1	-25.0	10	12

**Tab. 48 Balance of General Government Budget**

in million Leks

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Budget Revenues</b>	8,291	5,168	13,308	33,476	46,833	54,409	52,907	60,351	101,769	124,782
<b>% of GDP (current price)</b>	49	32	26	27	25	24	19	17.8	22.1	23.0
<b>Budget Expenditures</b>	10,869	8,565	21,317	50,678	60,984	74,154	87,593	100,748	141,200	165,081
<b>% of GDP (current price)</b>	65	52	42	40	33	32	31	30	30.6	30.4
<b>Deficit of General Govt. Budget</b>	-2,578	-3,397	-8,009	-17,202	-14,151	-19,745	-34,686	-40,398	-39,431	-40,299
<b>% of GDP (current price)</b>	15.3	20.7	15.8	13.7	7.7	8.6	12.3	12	8.6	7.4

Source: Ministry of Finance

**Tab. 49 Foreign exchange rate**
*(average of the period)*

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
USD/ Leks	8.9	24.2	75.0	102.1	94.7	92.8	104.5	148.9	150.64	137.53
DEM/Leks	4.7	8.2	47.1	61.7	58.3	64.8	69.5	85.7	86.65	75.14
GRD 100/ Leks	...	...	...	44.6	39.1	40.1	43.4	54.5	51.07	44.99
ITL 1000/ Leks	6.4	11.0	59.1	65.1	58.7	57.0	67.7	87.4	86.78	75.92

*Source: Bank of Albania*
**Tab. 50 Balance of payments**
*(in million USD)*

	1992	1993	1994	1995	1996	1997	1998
Current Account	-50.8	14.7	-42.7	-14.6	-107.2	-271.2	-65
Export Merchandise, f.o.b.	70.0	111.7	141.3	204.8	243.7	158.6	208
Import Merchandise, f.o.b.	-	-601.6	-601.0	-679.8	-920.5	-693.5	-811.7
	540.5						
Trade Balance	-	-489.9	-459.7	-475.0	-676.8	-534.9	603.6
	470.5						
Services: Credit	20.3	77.5	83.1	97.0	129.2	64.1	86.6
Services: Debit	-89.2	-162.0	-171.5	-156.3	-188.9	-114.9	129.3
Income: Credit	2.6	64.9	55.6	70.8	83.6	61.6	86.1
Income: Debit	-37.7	-31.0	-41.5	-28.5	-12.1	-11.9	-8.7
Private Transfers	150.0	274.8	374.1	348.9	476.0	235.7	421.3
Official Transfers	373.7	280.4	117.2	128.5	83.5	29	82.6
Direct Investments	20.0	58.0	52.9	70.0	90.0	47.5	45
Portfolio Investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Capitals	10.7	52.1	11.6	-93.1	-20.9	98.2	9.9
Resident Official Sector	55.0	106.9	119.0	-24.6	68.4	49.4	132
Deposit Bank	-59.6	-43.5	-80.2	-56.9	-79.6	82.1	-92.3
Other Sectors	15.3	-11.4	-22.3	-11.6	10.5	-33.3	-29.8
Net Errors and Omissions	44.8	-9.9	33.0	57.1	96.5	157.1	65.6
<b>Overall Balance</b>	<b>24.7</b>	<b>114.9</b>	<b>54.8</b>	<b>30.6</b>	<b>47.1</b>	<b>43.8</b>	<b>63.3</b>
Reserve and Related Items							
Reserve Assets	-24.7	-114.9	-54.8	-30.6	-47.1	-43.8	-63.3
Use of Credit and Loans by IMF	13.9	16.6	22.2	11.1	0.0	12.2	7.9
Obligations towards Foreign	...	...	...	...	...	...	...
Authorities							
Exceptional Expenditures	...	...	...	...	...	...	...
Memorandum Items							
Total Change in Reserve Assets	-24.9	-114.9	-54.8	-30.6	-39.5	28.3	-75.9
Differences from Re-evaluation	...	-3.8	7.3	5.1	-7.2	-15.5	12.6

*Source: Bank of Albania*

**Tab. 51 Comparative data for the countries in the region**

Country	Population (in million, June 1999)	Private sector share of GDP (% , June 1999)	Enterprises			Trade and markets			Financial institutions	
			Privatization of big enterprises	Privatization of assets and small enterprises	Property structure and restructuring	Price liberalization	Trade and Foreign Exchange	Competition	Banking reform and liberalization of interest rates	Capital market and financial non-banking institutions
Albania	3.2	75	2	4	2	3	4	2	2	2-
Bulgaria	8.2	60	3	3+	2+	3	4+	2	3-	2
Bosnia	4.3	35	2	2	2-	3	3-	1	2+	1
FYROM	2	55	3	4	2	3	4	1	3	2-
Rumania	22.4	60	3-	4-	2	3	4	2	3-	2
Croatia	4.5	60	3	4+	3-	3	4	2	3	2+
Slovenia	2	55	3+	4+	3-	3	4+	2	3+	3

*Source: Transition Report 1999, EBRD. Evaluation system: from 1-little progress, to 4+, the standard of industrialized European countries.*



