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Strategic Performance Projects and Progress-Reforming Evaluation in Albania, under EU Influences

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Abstract

This article examines the government incentives towards foreign direct investments of Central and Eastern Europe countries by evaluating the external influencing factors of foreign investment. It is argued that the major incentive that are study in our paper research, involves more fiscal than financial incentives. The empirical model was used to determine causal relationship between macroeconomic variables and FDI intensity in Central and Eastern European countries. The article introduces some policy recommendation for the increase of strategic projects in Central and Eastern Europe. Globalization will construct a unique culture identity that will represent the human gender. Another variant of this way of thinking, is that Globalization will construct an environment in which culturally self-defining communities will coexist in an harmonious way.

The Socio Evolutionism in Balkan countries approach of global transition (having Spencer, {Spencer ideas of globalization countries, year 2002} as its main exponent and representative) occurred from mid nineteenth to mid twentieth century. During those times, socio-evolutionism became the way in which human progress was normally conceptualized. Spencer ideas were not friendly with the concept of the State. This concept is very wide when the Globalization is one impact that is now present for developing on Balkan areas.

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Keywords: Direct Investments, macroeconomic variables, entrepreneurship, socio evaluation, financial incentives.

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2 Literature Review and Hypotheses

2.1 *The impact, performance and cultural development in Albania and Balkan.*

In this study we are trying to analyze empirically, the impact of cultural, economical, prejudices factors in the municipal bond market, like Balkan countries. We vigorously condemn extremism, terrorism and violence, be it ethnically, politically or criminally motivated. The EU reiterates its unequivocal support to the European perspective of the Western Balkan countries. The future of the Balkans is within the European Union. Based on positive political theory and the benefit principle of taxation, benefit of social development in Balkan areas, it is proposed that states that adhere to best practice debt management policies transmit signals to the credit ratings, investment community and influences of prejudices. Balkan countries and Albanian government, on the other hand, should meet its obligations in a timely manner, resulting in lower debt costs. Although the field of entrepreneurship in Balkan is recognized as being of fundamental importance for Balkan economy and many researchers throughout the world have turned their attention to it, there's no agreement as to the research object in this scientific field. (Alder J 2009), (George C 1972)

We all share the values of democracy, the rule of law, respect for human and minority rights, solidarity and a market economy, fully aware that they constitute the very foundations of the European Union. Respect of international law, inviolability of international borders, peaceful resolution of conflicts and regional co-operation are principles of the highest importance, to which we are all committed. Irma Adelman (1999) Aguilar F 1990) We are trying to analyse; 1) the potential competitive and sustainable territorial resources and realization of the correspondent map and identification of the priorities for the territorial economic development plan. 2) Realisation of a plan for the inclusion of the most disadvantaged people in the mainstream economy. 3) Training and support to territorial economic value chains. 4) Fostering capacities for supporting innovations

2.2 *Albania administrative influences and required technical assistance*

Albania has continued to make progress on key structural and institutional reforms, geared towards integration into the EU and other Euro-Atlantic institutions. It is among the first in the Western Balkans region to have its Stabilisation and Association Agreement (SAA) with the EU ratified by all member states and consequently enter into force. Albania's efforts in EU approximation culminated with its formal application in April 2009 for EU membership. However, significant institutional and economic reform challenges remain, and the Bank aims to assist the country in meeting these challenges successfully over the Strategy period. The Government of Albania has adopted a comprehensive policy reform program to strengthen Albania's weak institutional and governance capacity. (Konnest 2010), (Irma Adelman 1999)

This policy reform program is being supported by a Structural Adjustment Credit, which was approved by the Bank in June of 1999. The overall objective of the proposed Public Administration Reform Project is to provide required resources for technical assistance, training, goods and incremental operating costs that are needed to implement the Government's Institutional and Public Administration Reform agenda effectively. (Irma Adelman 1999 & Anderson W 1983), The Development Credit Agreement (DCA) states the objective of the project to be: The objective of the Project is to assist the Borrower to improve its capacity with regard to policy formulation and coordination, and administrative performance so as to create conditions that will encourage the Department of Public Administration of the Borrower to

improve their service delivery. Sustainable return of refugees and internally displaced persons is critical for ethnic reconciliation and an index of democratic maturity; it remains high on our priority agenda.

We stress the role of education, culture and youth in promoting tolerance, ensuring ethnic and religious coexistence and shaping modern democratic societies. (Alder J 2009) A favourable macroeconomic environment in recent years has been one factor resulting in strong GDP growth averaging about 6.3 per cent annually between 2005 and 2008. Growth has been driven mainly by the services and construction sectors. Sound economic policies and Albania's still limited integration into global markets have helped to mitigate the negative impacts of the global financial crisis. (Ciceri B, Xhafa H 2003)

2.3 Albania's administrative system and public sector. Albanian Municipalities Development

The developing of Albanian regional development supported in the European perspective by promoting territorial and thematic international partnerships (decentralized cooperation), through the following activities: 1) Dissemination of the different county territorial marketing documents, by the international ART services, to the network of Regions, Provinces, Municipalities and Local Development Agencies of the European countries interested in establishing decentralized cooperation partnerships.

2) Support to foreign local governments to formalize their participation to the Program by ART International Services. 3) Support the organization of visits to UNDP, target counties by the foreign communities interested in establishing decentralized cooperation partnerships: 4) meeting with the responsible national authorities, the embassies of the respective countries and with the County Partnership Councils, in order to define decentralized cooperation projects based on the ongoing Strategic Planning process. 5) Realization of decentralized cooperation projects, with the support of experts from the partner communities.

Source: Albanian project report, 2012

2.4 Albanian's transition and governance capacity.

As the public's confidence in Albanian institutions had been significantly eroded by the recent events, restoring the public's trust in the government became the main priority of the government. In order to achieve this objective the capacity of the public administration needed to be dramatically strengthened. Over the next several years, the Albanian Government, in partnership with donors, emphasized institutional reform and capacity building and developed a comprehensive strategy to strengthen the public institutions for more effective governance. Three specific types of task-oriented are (1) public administration (2) implementing reforms and (3) monitoring.

H1. The credit Albanian targeted governance and institution building to support both the public expenditure management and the human resource management agendas

During the first years of the reform, the government focused on improving the legislative framework to ensure that its objectives could be achieved. By 1999, and prior to the approval of the credit under review by this ICR, the Government had identified and adopted a large number of measures which provided important institutional capacity to strengthen the public administration. Supported by the Structural Adjustment Credit (SAC), and Public Expenditure Support Credit, the government undertook a number of pivotal actions which defined the framework of reform. Among them, Parliament revised the Civil Service Law in November 1999, and an independent Civil Service Commission (CSC) was created and staffed. The Western Balkan countries highly value the annual review mechanism of the SAP, based on

the Commission's reports, and commit themselves to implement its recommendations. (Guxolli Z & Ruli G 2011, Z Gruda 2007)

H 2. The Albanian - reforms aimed to create the managerial and professional nucleus required to lead any serious efforts to improve the accountability and performance of public institutions.

The Western Balkan countries welcome the decisions by the EU to strengthen its Stabilization and Association policy towards the region and to enrich it with elements from the experience of enlargement. They welcome in particular the launching of the European Partnerships, as well as the decisions for enhanced co-operation in the areas of political dialogue and the Common Foreign and Security Policy, parliamentary co-operation, support for institution building, opening of Community program. They take note of the ongoing discussions for an increase in the budgeted Community financial support to the region through the CARDS program. [Source: *Albanian project report, 2012, Albanian INSTAT 2012*]

2.5 Human Resource Management and comparison with international practices

The number of civil and public servants in comparison with international practices, and fiscal weight of public employment in comparison with international practice; competitive and non-arbitrary remuneration including civil service pay (vertical and horizontal compression), and comparisons with the private sector; and human resource management based on rules, performance and fairness including rule credibility, and limited incidence of political appointees in the civil service project was complemented by several other investment operations, including health, education, social services, land development, agriculture services, legal and judicial services, as well as various adjustment operations such as the Adjustment Credit (SAC), the Poverty Reduction Support Credit (PRSC) series and the Development Policy Loan I. These investment operations provided the technical assistance that was relevant to the development and implementation of the broader policy changes and allowed the Public Administration Reform project to focus on its core mission.

Micro businesses often use working capital to pay short term obligations as inventory or it can be also utilize for long term projects such as renovations or expansion. If working capital dips too low, a business risks running out of cash. (Irma Adelman 1999) The small loans can be used as a fast cash option to caution the periods when cash flow is not available. We all highly value the close co-operation between the EU and the US and NATO in the region, within the framework of UN Resolutions, as well as the role of other international organizations and financial institutions operating in the area. We encourage close co-ordination of their activities. (Xhafa H, 2009)

H 3. The Albanian investment operations provided the technical assistance that was relevant to the development and implementation of the broader policy changes and allowed the Public Administration Reform project to focus on its core mission.

Policy and Public Expenditure Management: aggregate fiscal discipline including inflation rate, revenue predictability, and fiscal aggregates; strategic prioritization including policy volatility, delays in auditing, and deviation from functional appropriations and operational efficiency including representative deviation by spending units at sector level. In Albania the government is trying to progress the reforming political system and transparent, competitive procurement Public Sector (Dumi A 2009)

H 4. The countries of the region fully share the objectives of economic and political union and look forward to joining EU that is stronger in the pursuit of its essential objectives and more present in the world.

Since the meeting in November 2000, considerable progress was made towards stability, democracy and economic recovery in all countries of the Western Balkans, as well as in regional co-operation and good relations between them, to the benefit of their peoples and of Europe as a whole. All the countries of the region have also made good progress in advancing towards the EU. A comparison with three years ago reveals the road that has been covered. At the same time, the Western Balkan countries, aware that there is much and hard work ahead, commit themselves to intensify the pace of reforms. The European Union pledges full support to their development. (Gene Klan Holkers 2010),

3. Methodology

3.1 Research Goal and Data analyze

On matters of public administration, the Albania Government's strategy focused on addressing two inter-related sets of interventions: (a) strengthening public financial management, including the management of both public expenditures and revenues; and (b) strengthening human resource management. We are used these strong points in our methodology of our study. During the analytic analyze we are trying to study the Albanian resource and project for developing the country. (Owen Hood-Phillips, 1967 & Ciceri B 2003) The Albania Government worked with donors on the public financial management agenda by strengthening core public financial management units (Ministry of Finance, Supreme Audit Institute, Procurement Directorate within the Office of the Prime Minister) as well as the financial management units within each line agency (e.g., budget departments within line Ministries). *Source: Public Administration in Albania*

On matters relating to public sector human resource management, the reform strategy envisaged addressing this issue in two major stages: civil service reform and broader public sector human resource management reform.

During the stage, the reforms aimed to create the managerial and professional nucleus required to lead any serious efforts to improve the accountability and performance of public institutions. The government has responded to the crisis through the provision of liquidity, regulatory measures (such as an increase in the deposit insurance ceiling) and continuing investment in infrastructure which is providing economic stimulus. As a result of the higher spending, the 2008 budget deficit increased to 5.5 per cent, up from 3.5 per cent in 2007, and could be slightly above this level in 2009 (Cynthia McCauley, 2009 & Dr. Kasim Trnka)

This empirically reflects the need to strengthen different strategic capabilities to achieve an adequate level on improve performance and activities in public sector. In a second stage, the reform would address the larger body of public employees to improve productivity and accountability for their work and ensure that public policies, programs and services are delivered reliably and cost-effectively. the financial crisis brought about a contraction in exports (minus 17.2 % in the first half of 2009), lower remittances (at around 10 per cent of GDP in the first quarter of 2009 down from 15 per cent in 2007/08), and reduced foreign investments; all of which are likely to contribute to significantly lower – albeit still positive – growth in 2009-2010. The banking sector has been less affected thus far than other countries due to Albania's lower level of financial integration, improvements in regulation and supervision and a relatively high level of liquidity and capitalisation. (Durata Th 2010, Guxolli Z & Ruli G 2011)

3.2 Management and human resources legislation.

The Public Administration Reform Project (PARP), under review in this ICR, was an investment credit aimed at supporting the implementation of this ambitious reform agenda. While the EU is strengthening its commitment in Southeast Europe, notably in police and security operations, continued engagement of other international actors is necessary. Invest in infrastructure, including upgrading of the national, regional and local road networks, modernisation and expansion of seaports, and improving energy security; increase efforts to commercialise water and waste utilities as well as urban transport, while giving greater fiscal autonomy to municipalities which could plan and invest in these sectors. (Alder J 2004, Liaci Sh 2008)

Sustainable return of refugees and internally displaced persons is critical for ethnic reconciliation and an index of democratic maturity; it remains high on our priority agenda. (*BB & European Commission. Report year 2008*) We stress the role of education, culture and youth in promoting tolerance, ensuring ethnic and religious coexistence and shaping modern democratic societies. Fragmentation and divisions along ethnic lines are incompatible with the European perspective, which should act as a catalyst for addressing problems in the region. (Bregu M, 2009, Anttoli R, 2011)

Conclusions

Policy reforms and progress in European integration have helped to improve Albania's image as an investment destination and help contribute to a favourable economic outlook in the medium term. The business environment however continues to suffer from a high level of corruption, serious shortcomings in the judiciary and weak institutional and law enforcement capacity. (Ray Blunt 2006)

We acknowledge the importance the peoples of the Western Balkans attach to the perspective of liberalization of the EU's visa system towards them. We recognize that progress is dependent on implementing major reforms in areas such as the strengthening of the rule of law, combating organized crime, corruption and illegal migration, and strengthening administrative capacity in border control and security of documents. (Loloçi, K1997) The Western Balkan countries welcome the intention of the Commission to hold discussions, within the framework of the Stabilization and Association Process, with each of them, regarding the requirements for how to take these issues forward in concrete terms. (Bregu M 2009)

1. Economic prosperity is essential to long term stability and democracy in the region. Persistent efforts and structural reforms are required to establish functioning market economies and to achieve sustainable development and to ensure employment.
2. We recognize the importance of developing modern networks and infrastructures in energy, transport and telecommunications in the region, consistent with the Trans-European Networks. We encourage further mobilization of international support in these areas, notably through the European Investment Bank and other International Financial Institutions, and private investment. (Mancellari A 2003)
3. The SAP countries welcome the decisions by the EU to consider further measures for enhancing its trade with them, to extend the Internal Energy Market to the region as a whole and to establish a regular economic dialogue with each country of the region.
4. Considering that small and medium-sized enterprises are a key source of jobs, innovation and wealth and are essential for the functioning of competitive market

economies, the SAP countries hereby commit to the policy principles enshrined in the European Charter for Small Enterprises, as well as to participate in its implementation.

Some complementary measure may be necessary for implementing such a program; these should be specified. Although the new East European laws vary in particular features, the literature agrees on the existence of a common core in the design of the civil service models. Oriented along rational-legal lines, the reform efforts pursued two major de-politicization goals and professionalization of state bureaucracy.

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